

## Periodic information of capital adequacy and liquidity risks 2017-03-31 Telia Finance AB

*Telia Finance AB (org.nr. 556404-6661) is a subsidiary of Telia Company AB publ. (org.nr 556103-4249), registered in Stockholm. The company started their business in 1990. The company has divisions in Denmark, Finland, Norway and Lithuania.*

*Our main business is financing, packaging and sales of the Group's investments related to specific customer contracts. Our role as an internal finance company is to strengthen and develop the Telia Company's business with finance solutions.*

### **Introduction**

*The report provides periodic information of capital adequacy and liquidity risks. The information is presents at Telia Finance website regarding 31 March, 30 June, 30 September, 31 December, in accordance with the Swedish Financial Supervisory Authority concerning publication of information, FFFS 2014: 12 regulatory requirements and capital buffers and FFFS 2010: 7 the handling and disclosure of liquidity risks credit institutions and securities companies. Terminology and phrase has been adapted to prudential regulation (575/2013 / EU) and the implementing regulation (1423/2013 / EU). All amounts are presented in thousands of Swedish kronor (SEK) unless otherwise specified.*

### **Capital adequacy**

#### **Own funds**

<b>Common Equity Tier 1 capital</b>	
Capital instruments	45 000
- of which: share capital	45 000
Retained earnings	568 042
Common Equity Tier 1 capital before regulatory adjustments	<b>613 042</b>
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Deferred tax assets	-13 426
Intangible assets	-6 529
Foreign exchange forwards	-191
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>592 896</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>592 896</b>
<b>Tier 2 capital</b>	-
<b>Own funds</b>	<b>592 896</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	19,31 %	454 762
Tier 1 capital ratio	19,31 %	408 717
Total capital ratio	19,31 %	347 325

## Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,38 %	257 234
Capital conservation buffer	2,5 %	77 399
Countercyclical buffer	1,38 %	42 743

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 518 128	201 450
Operational risk	536 395	42 911
Currency risk	15 104	1208
<b>Total</b>	<b>3 168 766</b>	<b>252 915</b>

## Risk-weighted exposure amount and capital requirements for credit risk per exposure

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	701 924	170	14
Regional governments	259 098	-	-
Public sector entities	10 432	10 432	834
Institutions	11 865	2 365	189
Corporates	805 749	414 797	33 184
Retail	2 370 700	1 775 323	142 026
Exposures in default	4 469	6 703	536
Other items	308 337	308 337	24 667
<b>Total</b>	<b>4 472 574</b>	<b>2 518 127</b>	<b>201 450</b>



## ***Liquidity risk and financing***

### **Sources of funding**

The company is financed through a bank overdraft facility, owned by the parent company Telia Company AB.

### **Liquidity stock**

The liquidity reserve consists of assets that are available for Telia Finance AB:s disposal. The assets are loanable at the central banks and are not claimed as collaterals. Current liquidity reserve consisting of financial assets in form of Swedish government bonds and the bond is valued at current market value with a risk weight of 0 %.

### **Liquidity**

Liquidity coverage ratio (LCR)	156 %
Leverage ratio	13 %

