

## Periodic information of capital adequacy and liquidity risks 2018-03-31 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	569 001
Common Equity Tier 1 capital before regulatory adjustments	<b>614 001</b>
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Other reserves	20 674
Deferred tax assets	-17 552
Intangible assets	-13 464
Foreign exchange forwards	-1 265
Common Equity Tier 1 capital after regulatory adjustments	<b>602 394</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>602 394</b>
<b>Tier 2 capital</b>	-
<b>Own funds</b>	<b>602 394</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	20,4 %	469 381
Tier 1 capital ratio	20,4 %	425 044
Total capital ratio	20,4 %	365 927

## Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,25 %	274 497
Capital conservation buffer	2,5 %	83 181
Countercyclical buffer	1,25 %	41 591

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 292 495	183 400
Operational risk	636 059	42 912
Currency risk	27 287	996
<b>Total</b>	<b>3 327 240</b>	<b>266 180</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	719 695	-	-
Regional governments	269 804	-	-
Institutions	16 160	3 232	259
Corporates	1 345 042	521 878	41 750
Retail	2 253 512	1 673 852	133 908
Exposures in default	11 962	17 499	1 400
Other items	76 034	76 034	6 083
<b>Total</b>	<b>4 692 209</b>	<b>2 292 495</b>	<b>183 400</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)	251 %
Leverage ratio	11,7 %

