

Periodic information of capital adequacy and liquidity risks 2017-06-30 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

Common Equity Tier 1 capital	
Capital instruments	45 000
- of which: share capital	45 000
Retained earnings	567 948
Common Equity Tier 1 capital before regulatory adjustments	612 948
Common Equity Tiera 1 capital: regulatory adjustments	
Deferred tax assets	-12 480
Intangible assets	-8 245
Foreign exchange forwards	-210
Common Equity Tier 1 capital after regulatory adjustments	592 011
Additional Tier 1 capital	-
Tier 1 capital	592 011
Tier 2 capital	-
Own funds	592 011



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	19,76 %	457 174
Tier 1 capital ratio	19,76 %	412 229
Total capital ratio	19,76 %	352 301

Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,38 %	257 253
Capital conservation buffer	2,5 %	76 741
Countercyclical buffer	1,38 %	42 379

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 445 713	195 657
Operational risk	536 395	42 911
Currency risk	14 270	1 142
Total	2 996 379	239 710

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	751 169	-	-
Regional governments	304 475	-	-
Public sector entities	11 392	11 392	911
Institutions	10 568	2 114	169
Corporates	743 249	400 279	32 022
Retail	2 405 021	1 799 849	143 988
Exposures in default	6 474	9 712	777
Other items	222 368	222 368	17 789
Total	4 454 716	2 445 713	195 656



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)	138 %
Leverage ratio	13 %

