

Periodic information of capital adequacy and liquidity risks 2018-06-30 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	547 133
Common Equity Tier 1 capital before regulatory adjustments	592 133
Common Equity Tiera 1 capital: regulatory adjustments	
Other reserves	43 539
Deferred tax assets	-15 173
Intangible assets	-39 883
Foreign exchange forwards	-1 440
Common Equity Tier 1 capital after regulatory adjustments	579 176
Additional Tier 1 capital	-
Tier 1 capital	579 176
Tier 2 capital	-
Own funds	579 176



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	18,6 %	439 228
Tier 1 capital ratio	18,6 %	392 579
Total capital ratio	18,6 %	330 380

Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,15 %	253 524
Capital conservation buffer	2,5 %	77 749
Countercyclical buffer	1,15 %	35 827

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 438 387	195 071
Operational risk	636 059	42 912
Currency risk	35 511	2 841
Total	3 109 957	240 824

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	678 638	-	-
Regional governments	285 281	-	-
Institutions	20 016	4 003	320
Corporates	1 137 986	546 779	43 742
Retail	2 274 802	1 693 519	135 482
Exposures in default	6 744	9 884	791
Other items	184 202	184 202	14 736
Total	4 587 669	2 438 387	183 400



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)	254 %
Leverage ratio	11,3 %

