

## Periodic information of capital adequacy and liquidity risks 2016-09-30 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**

<b>Common Equity Tier 1 capital</b>	
Capital instruments	45 000
- of which: share capital	45 000
Retained earnings	504 415
Common Equity Tier 1 capital before regulatory adjustments	<b>549 415</b>
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Deferred tax assets	-10 003
Intangible assets	-7 831
Foreign exchange forwards	0
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>530 857</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>530 857</b>
<b>Tier 2 capital</b>	-
<b>Own funds</b>	<b>530 857</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	16,44 %	385 522
Tier 1 capital ratio	16,44 %	337 077
Total capital ratio	16,44 %	272 483

## Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	7,79 %	251 591
Capital conservation buffer	2,5 %	80 742
Countercyclical buffer	0,79 %	25 514
Planning of capital buffer (Kapitalplaneringsbuffert)	1 %	32 297
Common Equity Tier 1 available to meet buffers	12,68 %	409 522
Systemic risk buffer	-	-

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 762 033	220 963
Operational risk	450 271	36 022
Currency risk	17 368	1 389
<b>Total</b>	<b>3 229 672</b>	<b>258 374</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	538 847	404	32
Regional governments	303 233	-	-
Public sector entities	9 084	9 084	727
Institutions	12 466	2 493	199
Corporates	911 815	631 856	50 548
Retail	2 508 319	1 881 239	150 499
Exposures in default	129 989	10 141	811
Other items	212 609	237 425	18 994
<b>Total</b>	<b>4 323 129</b>	<b>2 772 642</b>	<b>221 811</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.

	SEK	USD	EUR	DKK	NOK
Overdraft credit	1 360 160	1 000	81 500	5 000	5 000

### 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 %.

	KSEK	KDKK	KNOK	KEUR	SUM (KSEK)
Transferable assets representing claims on or guaranteed by the central government of a Member state.	419 231	-	-	-	419 231
Sum (KSEK)	419 231				419 231

### Liquidity

Liquidity coverage ratio (LCR)	82,48 %
Leverage ratio	11 %

