

Periodic information of capital adequacy and liquidity risks 2017-10-31 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

Common Equity Tier 1 capital	
Capital instruments	45 000
- of which: share capital	45 000
Retained earnings	591 373
Common Equity Tier 1 capital before regulatory adjustments	636 373
Common Equity Tiera 1 capital: regulatory adjustments	
Deferred tax assets	-11 535
Intangible assets	-7 445
Foreign exchange forwards	-357
Common Equity Tier 1 capital after regulatory adjustments	617 036
Additional Tier 1 capital	-
Tier 1 capital	617 036
Tier 2 capital	-
Own funds	617 036



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	20,37 %	480 737
Tier 1 capital ratio	20,37 %	435 304
Total capital ratio	20,37 %	374 727

Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,76 %	230 192
Capital conservation buffer	2,5 %	75 721
Countercyclical buffer	1,76 %	53 173

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 479 449	198 356
Operational risk	536 395	42 911
Currency risk	13 002	1 140
Total	3 028 846	242 407

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	729 127	-	-
Regional governments	299 362	-	-
Public sector entities	11 594	11 594	928
Institutions	15 635	3 127	250
Corporates	604 940	437 032	34 963
Retail	2 459 086	1 844 315	147 545
Exposures in default	6 235	9 353	748
Other items	173 694	173 694	13 896
Total	4 299 673	2 479 449	198 330



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)	347 %
Leverage ratio	13,5 %

