

Periodic information of capital adequacy and liquidity risks 2016-12-31 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	508 607
Common Equity Tier 1 capital before regulatory adjustments	553 607
Common Equity Tiera 1 capital: regulatory adjustments	
Deferred tax assets	-14 372
Intangible assets	-7 175
Foreign exchange forwards	406
Common Equity Tier 1 capital after regulatory adjustments	531 654
Additional Tier 1 capital	-
Tier 1 capital	531 654
Tier 2 capital	-
Own funds	531 654



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	16,92 %	393 429
Tier 1 capital ratio	16,92 %	345 898
Total capital ratio	16,92 %	282 522

Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	3,8 %	120 413
Capital conservation buffer	2,5 %	79 219
Countercyclical buffer	1,3 %	41 194
Common Equity Tier 1 available to meet buffers	9,92 %	314 342

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 699 845	215 988
Operational risk	450 271	36 022
Currency risk	18 650	905
Total	3 168 766	252 915

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	754 645	260	21
Regional governments	312 914	-	-
Public sector entities	11 366	11 366	909
Institutions	11 945	2 389	191
Corporates	713 395	544 067	21 76
Retail	2 513 740	1 885 305	101 366
Exposures in default	9 865	14 797	1 184
Other items	241 661	241 661	19 333
Total	4 569 531	2 669 845	215 988



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)	85,74 %
Leverage ratio	11 %

