

Periodic information of capital adequacy and liquidity risks 2017-12-31 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	585 120
Common Equity Tier 1 capital before regulatory adjustments	630 120
Common Equity Tiera 1 capital: regulatory adjustments	
Deferred tax assets	-18 900
Intangible assets	-14 345
Foreign exchange forwards	-392
Common Equity Tier 1 capital after regulatory adjustments	596 483
Additional Tier 1 capital	-
Tier 1 capital	596 483
Tier 2 capital	-
Own funds	596 483



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	17,9 %	446 757
Tier 1 capital ratio	17,9 %	396 848
Total capital ratio	17,9 %	330 303

Capital buffers

	Buffer value	Buffer
Institution specific buffer requirement	8,65 %	287 660
Capital conservation buffer	2,5 %	83 181
Countercyclical buffer	1,65 %	54 753

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 778 400	222 272
Operational risk	536 395	42 912
Currency risk	12 445	996
Total	3 327 240	266 180

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	729 007	-	-
Regional governments	291 207	-	-
Public sector entities	11 167	11 167	893
Institutions	15 265	3 127	250
Corporates	964 028	393 705	31 496
Retail	2 931 491	2 195 654	175 652
Exposures in default	4 398	6 597	528
Other items	168 150	168 150	13 453
Total	5 114 713	2 778 400	222 272



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)	278 %
Leverage ratio	11,9 %

