

Periodic information of capital adequacy and liquidity risks 2018-12-31 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 | 536 352 |
| Common Equity Tier 1 capital before regulatory adjustments | 581 352 |
| Common Equity Tiera 1 capital: regulatory adjustments | |
| Other reserves | 118 994 |
| Deferred tax assets | -17 647 |
| Intangible assets | -110 029 |
| Foreign exchange forwards | -415 |
| Common Equity Tier 1 capital after regulatory adjustments | 572 255 |
| Additional Tier 1 capital | - |
| Tier 1 capital | 572 255 |
| Tier 2 capital | - |
| Own funds | 572 255 |



Capital ratios

| | Capital ratio | Surplus/ Deficit |
|------------------------------------|---------------|------------------|
| Common Equity Tier 1 capital ratio | 18,6 % | 440 550 |
| Tier 1 capital ratio | 18,6 % | 393 617 |
| Total capital ratio | 18,6% | 331 038 |

Capital buffers

| | Buffer value | Buffer |
|---|--------------|---------|
| Institution specific buffer requirement | 8,6 % | 255 070 |
| Capital conservation buffer | 2,5 % | 78 223 |
| Countercyclical buffer | 1,62 % | 50 585 |

Risk-weighted exposure amount and capital requirements

| | Risk-weighted exposure amount | Capital requirements |
|------------------|-------------------------------|----------------------|
| Credit risk | 2 483 340 | 198 667 |
| Operational risk | 636 059 | 50 885 |
| Currency risk | 9 525 | 762 |
| Total | 3 128 924 | 250 314 |

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

| | Exposure | Risk-weighted exposure amount | Capital requirements |
|---------------------------------------|------------------|-------------------------------|----------------------|
| Central governments and central banks | 616 203 | - | - |
| Regional governments | 291 126 | - | - |
| Institutions | 20 086 | 4 017 | 321 |
| Corporates | 1 271 015 | 551 223 | 44 098 |
| Retail | 2 444 096 | 1 820 458 | 145 637 |
| Exposures in default | 11 891 | 17 631 | 1 410 |
| Other items | 90 011 | 90 011 | 7 201 |
| Total | 4 744 428 | 2 483 340 | 198 667 |



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) | 164 % |
|--------------------------------|---------|
| Leverage ratio | 10,96 % |

