

Telia Försäkring AB

Annual Report 2016

Table of contents

Table of contents	2
Administration Report	3
Proposed appropriation of earnings	5
Five-year summary and KPIs	6
Performance analysis	7
Income statement	8
Balance sheet, assets	9
Balance sheet, shareholders' equity, provisions and liabilities	10
Changes in equity	11
Cash flow statement	12
Overview of notes	13
Accounting policies and Risks	14
Notes to the company's financial statements	23
Signatures	30

Administration Report

The Board of Directors and the President and CEO of Telia Försäkring AB hereby present the annual report for the period 01/01/2016–31/12/2016, the company's twenty-second year of business.

Organisation

The company is wholly owned by Telia Company AB (corporate registration number 556103-4249, registered office: Stockholm) and has its registered office in Stockholm. Its address is Stureplan 8, 106 63 Stockholm and its corporate registration number is 516401-8490.

The company provides insurance for fire and other damage to property and general liability, as well as transport. This takes place through both direct insurance and inward reinsurance. The customer base is limited to include only Telia Company AB's consolidated subsidiaries.

The company has a total of five reinsurance contracts in force. The reinsurers under the contracts all have a financial strength resulting in a credit rating of A or better by Standard & Poor's.

The company has an official rating from credit rating agency Standard & Poor's. The rating is the same as for the parent company, A-.

The company has an agreement in place with insurance company Allianz on a fronting arrangement in relation to the USA and Russia. Fronting agreements have been signed with various local insurance companies for business from the countries of Kazakhstan, Azerbaijan, Georgia, Moldova, Uzbekistan and Tajikistan. This has been made possible by the fact that the company has been given an official rating by Standard & Poor's since 2014.

Development during 2016

The company's operations have remained unchanged during the year in terms of branches of insurance. During the year, a number of smaller newly acquired companies in Sweden were added as customers. The company's insurance obligation for Teliahusen in Farsta ended on 31/12/2016. During 2016, the company has gradually become the insurance provider for the chattels at Telia Company's new head office in Solna.

The insurance obligation for Ncell in Nepal and Xfera in Spain ended during 2016.

New two-year reinsurance contracts for Liability and Property crime were signed on 1 June 2016. The reinsurance contracts for Property/ Interruption and Terrorism have been extended to 31/05/2017.

The annual review by Standard & Poor's took place at the end of 2016. The result was that the previous rating was retained.

Final payments were made for the earthquake claims incurred in Nepal in 2015 and these are now closed. The company's share of the damages is 99.95%. The company's reinsurer has paid its share of the claims.

In total, outstanding claims have been settled with a settlement gain of SEK 6,262,000. Overall, this has produced a negative claims result of SEK 12,862,000 (SEK 30,496,000). The reserve for outstanding claims has decreased from SEK 63,028,000 in 2015 to SEK 25,936,000 in 2016.

The company's business is highly volatile, which makes it difficult to establish an "accurate" IBNR on the basis of the company's own claims data. The IBNR for the year has been calculated using a different model compared with the previous year. This has resulted in a slight increase in provisions.

Liquidity and capital requirement

The company has good liquidity and a good financial position and is therefore well-prepared to cover additional risks in the future. The KPIs indicate that the company has operated a profitable insurance business over the past few years.

The company has calculated a solvency capital requirement (SCR) during the year; for more details see the section on Solvency II below.

Events after the balance sheet date

As of 01/01/2017, the Company has extended its commitment at Telia Finance Leasingaffär to also include leasing to external customers.

Staff

Telia Försäkring AB is a specialist company in insurance and claims handling and does not have any employees of its own but does have access, via Telia Company AB, Corporate Insurance, to a permanent workforce of two people. Together, these provide broad specialist expertise with experience of both the Swedish and foreign insurance markets. In addition to its access to the

Group's own resources, the company contracts specialist resources for assistance with such things as residual value recovery and claims handling.

No remuneration has been paid to the President & CEO or Board members. The salaried employee who is also President & CEO of the Company receives a fixed and a variable remuneration for their employment from their employer Telia Company AB. The remuneration has no direct link to the insurance company's revenue or financial results.

The company's function for Compliance and Risk Management has been outsourced to Marsh Management Services AB.

As of 2017, the Company will be changing its internal audit supplier from Telia Company AB, Internal Audit, to external company Transcendent Group.

Performance

Written premiums before outward reinsurance amounted to SEK 40,872,000 (SEK 52,970,000). The company has not provided insurance in Nepal during the year and written premiums have therefore reduced compared with the previous year.

Premiums ceded to reinsurers amounted to SEK -16,631,000 (SEK -17,827,000). The technical result from insurance operations was SEK 10,578,000 (SEK -2,163,000).

Financing operations returned a result of SEK -1,710,000 (SEK 3,246,000) before investment return transferred to non-life insurance operations of SEK 130,000 (SEK 239,000).

The investment return has been calculated as 0.36% (1.46%) of the average technical provisions for own account; see Note 5.

Operating expenses in 2016 amounted to SEK 6,416,000 (SEK 5,956,000), resulting in an expense ratio of 22% (18%). The main reason for the increase in operating expenses is that VAT is expensed at the company as of 1 January 2016.

Earnings before appropriations and taxes amounted to SEK 8,738,000 (SEK 1,083,000).

Solvency II

In 2016, the company prepared an ORSA report, which showed that the company had an SCR ratio of 347%. The ratio was also above 100% in the forward-looking forecasts and in the company's

stress scenarios, which means that the company's solvency capital base exceeds the capital requirement calculated using the standard formula. The company continued to work on its governance documents and system of governance during 2016 in order to ensure compliance with the Solvency II Directive, which entered into force at the turn of the year, 01/01/2016.

The company has also submitted quarterly QRT reports to the Swedish Financial Supervisory Authority.

The company has begun work on the annual report to the Swedish Financial Supervisory Authority, which will be submitted in May 2017.

Proposed appropriation of earnings

The following is at the disposal of the Annual General Meeting:

Retained earnings	SEK 4,542,628
Profit/loss for the year	<u>SEK 1,033</u>
<i>Total</i>	SEK 4,543,660

The Board of Directors and the President and CEO propose that the retained earnings be carried forward.

Group contributions have been made, subject to the approval of the annual general meeting, in the amount of SEK 11,559,000 and this has been recognised in the income statement.

The Board believes that the proposed distribution, in the form of Group contributions, will not prevent the company, from fulfilling its obligations in both the short term and the long term or from making any necessary investments. Therefore, the proposed value transfer can be justified in accordance with the provisions of Chapter 17, Section 3 (2-3) of the Swedish Companies Act (the prudence rule).

The results and financial position of Telia Försäkring AB are shown in the following income statement, balance sheet and notes.

A five-year summary and performance analysis, as well as KPIs, are provided below.

Five-year summary and KPIs

	2016	2015	2014	2013	2012
Profit					
Premiums earned, f.o.a.	29,539	34,004	32,527	32,868	34,180
Investment return, net in insurance operations	130	239	677	815	1,074
Claims incurred, f.o.a.	-12,682	-30,496	835	-14,905	11,324
Bonuses and discounts	0	0	7,994	-8,027	-8,216
Technical result from insurance operations	10,578	-2,163	36,091	4,391	34,955
Profit/loss for the year	1	-40	35,121	3,632	26,900
Financial position					
Investment assets at fair value	293,586	244,550	293,528	268,785	323,512
Technical provisions, f.o.a.	30,984	40,821	31,943	51,191	44,630
Consolidation capital	249,544	252,365	251,317	251,749	251,440
Deferred taxes	9,900	10,521	10,283	10,717	10,646
Capital base	-	252,365	251,317	251,749	251,440
Required solvency margin*	-	34,730	34,188	32,560	30,170
Capital base (Solvency II)	248,915				
Minimum capital requirement	36,501				
Solvency capital requirement	83,407				
Solvency ratio up to and including 2015	-	727 %	735 %	773 %	833 %
Solvency ratio from and including 2016	298 %				
Insurance operations					
Claims ratio, f.o.a.	43 %	90 %	-3 %	45 %	-33 %
Expense ratio, f.o.a.	22 %	18 %	18 %	19 %	13 %
Combined ratio, f.o.a.	65 %	107 %	16 %	65 %	-20 %
Asset management					
Direct return	0.31 %	1.46 %	1.14 %	1.79 %	1.48 %
Total return	0.00 %	1.43 %	2.70 %	1.00 %	1.27 %
Financial position					
Consolidation ratio	1029 %	718 %	761 %	790 %	728 %

Definitions

Claims ratio (f.o.a.)	Claims incurred as a percentage of premiums earned
Expense ratio (f.o.a.)	Operating expenses for insurance operations as a percentage of premiums earned
Combined ratio (f.o.a.)	Sum of the claims ratio and the expense ratio
Direct return	Investment income as a percentage of a weighted average of the investment assets at fair value
Total return	Total investment income plus realised and unrealised changes in value as a percentage of a weighted average of the investment assets at fair value
Consolidation capital	Sum of shareholders' equity, untaxed reserves and the surplus value of investment assets not recognised on the balance sheet
Consolidation ratio	Consolidation capital/(Written premiums - premiums ceded to reinsurers)
f.o.a.	For own account

Performance analysis

	Note	Direct insurance, Swedish risks			Direct insurance, foreign risks	Inward reinsurance	Total
		Business & property	Liability	Transport			
Premiums earned	(a)	6,591	2,794.438	497	8,554.607	11,102	29,539
Allocated investment return transferred from financing operations		35	15.562	3	42.110	35	130
Other technical income (f.o.a.)		1.6	0.740	0.1	2.001	1.7	6
Claims incurred (f.o.a.)	(b)	-9,833	-2,970.190	0	1,429.965	-1,308	-12,682
Bonuses and discounts (f.o.a.)		0	0.000	0	0.000	0	0
Operating expenses		-1,713	-769.258	-124	-2,081.625	-1,728	-6,416
Technical result from insurance operations		-4,919	-928.709	375	7,947.058	8,103	10,577
Settlement result (gross)		4,041	-378.369	19	-2,707.196	5,287	6,262
Technical provisions, before outward reinsurance							
Unearned premium reserve		4,575	2,327.000	379	5,011.711	4,070	16,363
Provisions for outstanding claims		5,720	5,268.000	0	9,948.170	5,000	25,936
Provisions for bonuses and discounts		0	0.000	0	0.000	0	0
Total technical provisions before outward reinsurance		10,295	7,595.000	379	14,959.880	9,070	42,299
Reinsurer's share of technical provisions							
Unearned premium reserve		1,963	686.000	152	2,298.923	1,608	6,708
Provisions for outstanding claims		482	0.000	0	212.000	3,914	4,608
Total reinsurer's share of technical provisions		2,445	686.000	152	2,510.923	5,522	11,316
Notes to the Performance analysis for non-life insurance operations							
Note A – Premiums earned (f.o.a.)							
Written premiums		10,912	4,900.481	793	13,260.778	11,007	40,872
Premiums ceded to reinsurers		-4,440	-1,994.043	-323	-5,395.910	-4,479	-16,631
Change in provisions for unearned premiums and unexpired risks		-114	-25.000	-1	1,007.035	5,036	5,904
Reinsurer's share of change in provisions for unearned premiums and unexpired risks		233	-87.000	28	-317.296	-462	-606
Total premiums earned (f.o.a.)		6,591	2,794.438	497	8,554.607	11,102	29,539
Note B – Claims incurred (f.o.a.)							
<i>Claims paid</i>							
Before outward reinsurance		-3,429	-59.000	0	-5,161.807	-36,856	-45,506
Reinsurer's share		0	0.000	0	0.000	25,167	25,167
Total claims paid		-3,429	-59.000	0	-5,161.807	-11,689	-20,339
<i>Change in provisions for outstanding claims</i>							
Before outward reinsurance		-5,516	-2,911.190	0	6,982.406	41,005	39,560
Reinsurer's share		-888	0.000	0	-390.633	-30,624	-31,903
Total change in provisions for outstanding claims		-6,404	-2,911.190	0	6,591.772	10,381	7,657
Total claims incurred (f.o.a.)		-9,833	-2,970.190	0	1,429.965	-1,308.446	-12,682

Income statement

Technical account for non-life insurance operations	Note	2016	2015
Premiums earned (after outward reinsurance)			
Written premiums before outward reinsurance	Note 3	40,872	52,970
Premiums ceded to reinsurers		-16,631	-17,827
Change in provisions for unearned premiums and unexpired risks	Note 15	5,904	-1,189
Reinsurer's share of Change in provisions for unearned premiums and unexpired risks		-605	50
Total premiums earned f.o.a.		29,539	34,004
Allocated investment return transferred from financing operations			
Other technical income f.o.a.	Note 4	130	239
		6	46
Claims incurred f.o.a.			
<i>Claims paid</i>			
Before outward reinsurance		-45,506	-22,201
Reinsurer's share of claims paid		25,167	2,302
<i>Change in Provisions for outstanding claims</i>			
Before outward reinsurance		39,560	-47,108
Reinsurer's share of provisions for outstanding claims		-31,903	36,511
Total claims incurred f.o.a.	Note 5	-12,682	-30,496
Operating expenses	Note 6	-6,416	-5,956
Other technical expenses f.o.a.			
Technical result from non-life insurance operations		10,578	-2,163
Non-technical account			
Technical result from non-life insurance operations		10,578	-2,163
Investment income	Note 7	924	4,400
Investment expenses	Note 8	-1,702	-825
Unrealised loss on investment assets	Note 9	-933	-89
Allocated investment return transferred to non-life insurance operations	Note 4	-130	-240
		-1,840	3,246
Profit/loss before appropriations and tax		8,738	1,083
Appropriations	Note 10	-8,737	-1,083
Income before taxes		1	0
Tax on profit/loss for the year	Note 11	0	-40
PROFIT/LOSS FOR THE YEAR		1	-40

Balance sheet, assets

Assets	Note	2016-12-31	2015-12-31
Investment assets			
<i>Investments in Group companies and associates</i>			
Interest-bearing securities issued by, and loans to, Group companies	Note 12	284,332	215,754
<i>Other financial investment assets</i>			
Bonds and other interest-bearing securities	Note 13	9,254	28,796
Total investment assets		293,586	244,550
Reinsurer's share of technical provisions			
Unearned premiums and unexpired risks		6,708	7,313
Outstanding claims		4,608	36,511
Total reinsurer's share of technical provisions		11,316	43,824
Receivables			
Reinsurance receivables		1,618	17
Other receivables	Note 14	573	1,273
Total receivables		2,191	1,290
Other assets			
Cash at bank and in hand		0	51,459
Total other assets		0	51,459
Prepaid expenses and accrued income			
Accrued interest income		130	342
Prepaid acquisition costs		560	1,109
Total prepaid expenses and accrued income		690	1,451
TOTAL ASSETS		307,784	342,573

Balance sheet, shareholders' equity, provisions and liabilities

Shareholders' equity, provisions and liabilities	Note	2016-12-31	2015-12-31
Shareholders' equity			
<i>Restricted equity</i>			
Share capital, 2,000,000 shares with a par value of SEK 100 per share		200,000	200,000
Retained earnings		4,543	4,583
Profit/loss for the year		1	-40
Total equity		204,544	204,543
Untaxed reserves			
Security reserve		45,000	47,822
Total untaxed reserves		45,000	47,822
Technical provisions (before outward reinsurance)			
Unearned premiums and unexpired risks	Note 15	16,363	21,617
Outstanding claims	Note 16	25,936	63,028
Total technical provisions (before outward reinsurance)		42,299	84,645
Liabilities			
Other provisions			
Pensions and similar obligations		2,778	2,828
Total other provisions		2,778	2,828
Liabilities			
Liabilities relating to direct insurance		0	454
Other liabilities	Note 17	12,084	1,164
Total liabilities		12,084	1,618
Accrued expenses and prepaid income			
Reinsurer's share of prepaid acquisition costs		526	553
Other accrued expenses and prepaid income	Note 18	552	563
Total accrued expenses and prepaid income		1,079	1,116
TOTAL EQUITY, PROVISIONS AND LIABILITIES		307,784	342,573

Changes in equity

	Budget equity	restricted equity		Total equity
		Retained earnings	Profit/loss for the year	
2015				
Opening balance as at 1 January 2015	200,000	-30,543	35,121	204,578
Group contributions received		5		5
Tax effect of Group contributions		-1		-1
Total transactions recognised in shareholders' equity	200,000	-30,538	35,121	204,583
Profit/loss for the year			-40	-40
Total income and expenses reported for 2015	200,000	-30,538	35,081	204,543
Appropriation of earnings for 2014		35,121	-35,121	0
Closing balance as at 31 December 2015	200,000	4,583	-40	204,543

	Budget equity	restricted equity		Total equity
		Retained earnings	Profit/loss for the year	
2016				
Opening balance as at 1 January 2016	200,000	4,583	-40	204,543
Group contributions received				0
Tax effect of Group contributions				0
Total transactions recognised in shareholders' equity	200,000	4,583	-40	204,543
Profit/loss for the year			1	1
Total income and expenses reported for 2016	200,000	4,583	-39	204,544
Appropriation of earnings for 2015		-40	40	0
Closing balance as at 31 December 2016	200,000	4,543	1	204,544

Telia Försäkring AB is a wholly owned subsidiary of Telia Company AB.

Cash flow statement

	2016	2015
Operating activities		
<i>Insurance operations</i>		
Premiums paid in	40,872	52,970
Claims paid	-45,506	-22,201
Payments relating to operating expenses (commission)	-6,416	-5,956
Commission received	8	0
Bonus		7,994
Total	-11,042	32,808
<i>Reinsurer's share of</i>		
Premiums paid in	-16,631	-17,827
Claims paid	25,167	0
<i>Investing activities</i>		
Interest received on interest-bearing securities	918	856
Realised gains on investment assets (net)	6	-321
Net investments in investing activities, interest-bearing	-49,037	223,978
Other cash flow from operating activities	66,353	-48,216
Cash flow from operating activities	15,735	191,277
Financing activities		
Group contributions	5	-43,050
Cash flow from financing activities	5	-43,050
Interest paid	-127	-118
Taxes paid	-1	-4
Cash flow for the year	15,612	148,105
Cash and cash equivalents at beginning of year	267,213	113,923
Exchange differences in cash at bank and in hand	1,507	5,185
Cash and cash equivalents at end of year	284,332	267,213
Change in cash and cash equivalents	15,612	148,105

Cash and cash equivalents are defined as cash pool balances as well as cash at bank and in hand. The cash flow statement has been prepared in accordance with the direct method.

Overview of notes

Note 1. Accounting policies.....	14
Note 2. Risks.....	18
Note 3. Written premiums before outward reinsurance.....	23
Note 4. Allocated investment return transferred from financing operations ..	23
Note 5. Claims incurred (f.o.a.)	23
Note 6. Operating expenses	24
Note 7. Investment income	24
Note 8. Investment expenses	25
Note 9. Unrealised losses on investment assets	25
Note 10. Appropriations	25
Note 11. Tax on profit/loss for the year	25
Note 12. Interest-bearing securities, issued and loans from Group companies	26
Note 13. Bonds and other interest-bearing securities	26
Note 14. Other receivables	26
Note 15. Unearned premium reserve.....	26
Note 16. Provisions for outstanding claims	27
Note 17. Other liabilities	27
Note 18. Accrued expenses and prepaid income	27
Note 19. Assets pledged, contingent liabilities and commitments	27
Note 20. Information about agreements with related parties	27
Note 21. Financial instruments by category	28
Note 22. Net gain or loss for the year for each category of financial instrument	29
Note 23. Information about items in the income statement.....	29

Accounting policies and Risks

Note 1. Accounting policies

Basic accounting policies

The Annual Report has been prepared in accordance with the Swedish Annual Accounts for Insurance Companies Act and the Swedish Financial Supervisory Authority's regulations and general guidelines FFFS 2015:12 and RFR 2 Accounting for Legal Entities.

The Swedish Financial Supervisory Authority's regulation FFFS 2015:12 means that International Financial Reporting Standards (IFRS) are applicable to the preparation of the financial statements, subject to the restrictions and additions that arise from Swedish law, RFR 2 and FFFS 2015:12. The company's Board of Directors has adopted a remuneration policy. This states that the company does not have any employees and shall not pay any fixed or variable remuneration to those persons who run the day-to-day operations of the company. Nor shall the company provide any pensions, severance pay, non-monetary benefits or similar to these persons, as they are not employees of the company. These persons shall instead receive a fixed, and in some cases partially variable, market rate of remuneration from the parent company.

The Annual Report was approved for publication by the Board on xx-xx-2017. The income statement and balance sheet will be put forward for adoption at the Annual General Meeting on xx April 2017.

New standards, revisions and interpretations of existing standards that have not yet entered into force and have not been applied early by the company

(a) New and amended standards applied by the Company

None of the IFRS or IFRIC interpretations that are compulsory for the first time for the financial year that commenced 1 January 2016 have had any significant impact on the company's income statement or balance sheet. Amendments to ÅRFL and FFFS 2015:12 have resulted in changes in presentation and disclosures.

(b) New standards, revisions and interpretations of existing standards that have not yet entered into force and have not been applied early by the company.

IFRS 9 "Financial Instruments" addresses the classification and measurement, including impairment, of financial assets and liabilities, as well as hedge accounting. The final version of IFRS 9 was published in July 2014. It replaces those parts of IAS 39 that deal with the classification and measurement of financial instruments. IFRS 9 retains a mixed measurement approach, but simplifies this approach in some respects. There will be three measurement classifications for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is classified depends on the company's business model and the instrument's characteristics. There will be three business models for debt instruments that are financial assets and these will determine which measurement classification is to be applied. For a financial asset to be reported at amortised cost, this must be compatible with the business model and the contractual terms of the asset must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Even if the financial asset satisfies the business model definition and the cash flows are solely payments of principal and interest, the company can, as in IAS 39, choose to apply measurement at fair value through profit or loss. Debt instruments that are financial assets and satisfy the definition of SPPI, but which have a business model that does not lead to measurement at amortised cost are measured at fair value through other comprehensive income or through profit or loss, depending on the business model. Investments in equity instruments are to be recognised at fair value through profit or loss, but there is also an option to choose to recognise the instrument at fair value through other comprehensive income at initial recognition. There is then no reclassification to profit or loss on the disposal of the instrument. Independent derivative instruments are recognised at fair value through profit or loss.

There is no change to the classification and measurement of financial liabilities, except in cases where a liability is recognised at fair value through profit or loss based on the fair value option. Changes in value attributable to changes in the instrument's credit risk must then be recognised in other comprehensive income.

It is our assessment that this will not have any significant impact on the income statement or balance sheet.

New standard for reporting insurance contracts (IFRS 17):

A standard is expected to be issued during 2017, with first application in 2021.

Bases of valuation applied in preparing the financial statements

All amounts are rounded to the nearest thousand, unless stated otherwise. Assets and liabilities have been recognised at cost, with the exception of certain financial assets and liabilities that are measured at fair value.

Currency

The company's functional currency is Swedish kronor and the financial statements are presented in current income and expenses in foreign currency, which are translated at the exchange rates prevailing on the date each was recognised in the accounts. All assets and liabilities have been translated at the exchange rate on the balance sheet date.

Insurance contracts

The insurance contracts have been analysed in order to classify them in accordance with IFRS 4 Insurance Contracts. An insurance contract is a contract under which the company accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. A financial contract is a contract that does not transfer any significant insurance risk. All contracts in the company are classified as insurance contracts.

Related party transactions

The company classifies related parties as follows:

- * Group companies
- * Key persons in senior positions
- * Other related parties

Group companies comprise the parent company Telia Company AB and all subsidiaries of Telia Company AB. Key persons in senior positions comprise the President & CEO. No other related parties have been identified.

Policies applied to items on the balance sheet

Prepaid acquisition costs

Costs that have a clear link to the signing of insurance contracts are recognised as an asset under the heading prepaid acquisition costs.

Commissions are accrued in line with the accrual of unearned premiums.

The company does not currently have any selling expenses with a direct link to insurance contracts.

Cash and cash equivalents

Cash and cash equivalents consist of the company's bank balances on accounts that form part of Telia Company AB's cash pool structure, as well as cash at bank and in hand. Bank accounts are listed on the balance sheet under the item Investments in Group companies. Cash at bank and in hand includes short-term investments of up to three months.

Technical provisions

Technical provisions consist of Provisions for unearned premiums and unexpired risks, Provisions for outstanding claims and for Bonuses and discounts.

Provisions for unearned premiums are made pro rata temporis. Provisions for unearned premiums and unexpired risks are intended to cover anticipated claims expenses and operating expenses during the remaining contractual life of the insurance contract entered into. If the premium level is deemed inadequate to cover future claims expenses and operating expenses, a provision is made for unexpired risks.

Provisions for outstanding claims are made according to the policyholder's requirements, less deductible. Provisions for outstanding claims must cover the anticipated future payments to be made for all claims incurred. Provisions for outstanding claims also include those claims that have not yet been reported. For these claims, a so-called IBNR (incurred but not reported) provision is made. The IBNR provision is generally calculated using statistical methods.

The changes for the period resulting from the translation of items at the exchange rate on the balance sheet date are recognised in the income statement as net exchange difference under the item Investment return.

Reinsurance

For outward reinsurance, the benefits to which the company is entitled under the contract are recognised as an asset under the heading Reinsurer's share of technical provisions.

Financial assets and liabilities

Financial instruments reported on the assets side on the balance sheet include trade receivables, loan receivables and interest-bearing securities. On the liabilities side are trade payables and borrowings.

Classification and measurement of financial assets and liabilities

Financial instruments are initially recognised at cost equivalent to the fair value of the instrument plus transaction costs, except those financial assets measured at fair value through profit or loss, which are recognised at fair value excluding transaction costs. A financial instrument is classified on the basis of the purpose for which the instrument was acquired. The three alternatives are given below. A financial instrument's classification determines how it is measured.

I) Financial assets measured at fair value through profit or loss

This category consists of financial assets that the company has chosen to place in this category, the "fair value option" in IAS 39, and which are measured at fair value through profit or loss. The fair value on the balance sheet date is equal to the published quoted prices on an active market. This category includes other financial investment assets, which comprise bonds and treasury bills.

Information about how investment assets and risks arising from these are managed and what impact these risks have on the company's financial position has been provided in accordance with IFRS 7 ("Financial Instruments: Disclosures").

II) Loan and trade receivables

Loan and trade receivables are financial instruments with fixed payments that are not quoted on an active market and are not held for trading. They are recognised at amortised cost. This category includes receivables, trade receivables, cash at bank and in hand and internal accrued interest income and loans to Group companies. Loans to Group companies consist of promissory notes issued by Telia Company AB and cash and cash equivalents comprising bank accounts that form part of the cash pool structure and have Telia Company AB as the counterparty.

III) Financial liabilities

Trade payables, Intragroup derivatives and liabilities relating to Group contributions are included in this category.

Policies applied to items in the income statement

In the income statement, the results from insurance operations are divided into a technical result and a non-technical result, which is attributable primarily to asset management. The items included in the technical result relate to operations as an insurance provider; in other

words the transfer of insurance risk as defined in IFRS 4 Insurance Contracts.

Recognition in the income statement follows the principle of gross recognition of inward and outward insurance.

Written premiums

A premium means the remuneration that an insurance company receives from the policyholder in order to accept the transfer of insurance risk. Written premiums are recognised in the income statement when the premium falls due.

Premiums earned

The portion of written premiums that is attributable to the reporting period is recognised as premiums earned. The portion of written premiums that relates to periods after the balance sheet date is allocated to a premium reserve on the balance sheet.

Allocated investment return transferred from financing operations

The total investment return is recognised in the non-technical result. A portion of the investment return is transferred to the technical result. This portion is 0.36% (1.46%) of the average technical provisions for own account; see Note 5. The required rate of return is equivalent to the average return on the financial assets.

Other technical income

In 2016, this item contains only commission income on old pension insurance policies.

Claims incurred

Claims incurred comprise claims paid and changes in the balance of Technical provisions. Payments made to policyholders during the financial year on the basis of insurance contracts or claims incurred, irrespective of when the claim was incurred, are recognised as claims paid. Changes in the balance of *Technical provisions* are recognised exclusive of exchange rate fluctuations, which are recognised as investment return.

Operating expenses

The operating expenses for the period are recognised in the technical result in the income statement. Expenses for claims handling form part of the administrative expenses of insurance operations but are recognised under claims incurred in the income statement. Any acquisition costs and accrual of these are also included in the operating expenses. The operating costs of asset management are recognised in the non-technical result. Operating expenses are recognised as they are incurred, with the exception of acquisition costs, which are recognised as an asset and accrued over the life of the insurance contract.

Results of asset management

The item *Investment income* refers to the investment return on investment assets. This item includes interest income on loans to Group

companies and other financial investment assets and any foreign exchange gains (net). Under *Investment expenses*, expenses relating to investment assets are recognised, such as asset management expenses, interest expenses and any foreign exchange losses (net). *Unrealised gains or losses on investment assets* comprise the difference between the amortised cost and fair value of other financial investment assets. Estimates and assessments are evaluated continuously and are based on historical experience and other factors, including anticipated future events that are considered reasonable under the prevailing conditions.

Significant accounting estimates and assumptions

The insurance company makes estimates and assumptions regarding the future. The accounting estimates that derive from these will, by definition, rarely correspond to the actual outcome. It is primarily the calculation of technical provisions and the valuation of investment assets that involve a significant risk of essential adjustments to the carrying amounts of assets and liabilities over the next financial year and these are outlined below.

Technical provisions

Technical provisions are calculated using methods that involve making various assumptions. There is particular uncertainty with regard to the actual outcome for the portion of provisions that relates to claims incurred but not reported; see risks below.

Fair value of financial instruments

The insurance company's holdings of bonds and treasury bills are measured at fair value.

Significant assessments in the application of the company's accounting policies

The insurance company measures the majority of its financial assets at fair value.

Policies applied to the cash flow statement

The cash flow statement has been prepared in accordance with the direct method.

Note 2. Risks

General information about risks

The company manages risks using internal rules in the form of governance documents (e.g. authorisation instructions, financial management guidelines, underwriting guidelines, claims reserve guidelines) and internal monitoring in the form of procedures to ensure good internal control. The Board of Directors has ultimate responsibility for effective risk control within the company and decides annually on whether any updates to the governance documents are required. They have also assigned Internal Audit with the task of examining the company annually on the basis of the written governance documents and presenting the results to the Board of Directors. Together with the company, the risk manager has updated the risk document containing known risks. The risks are evaluated from two perspectives: partly in terms of the probability of the event occurring and partly in terms of its impact. The two perspectives are balanced and assessed using a special model.

As the company only insures consolidated subsidiaries of the Telia Group, the company's insurance risks are limited to those risks of the Telia Group that are assumed through insurance contracts. The company is reinsured for both individual disaster claims and an unfavourable cumulative claims outcome over time.

During the year, the company has agreed both direct insurance and inward reinsurance within property, transport, interruption, property crime and liability.

The company is exposed to underwriting risk, claims reserve risk, claims outcome risk, liquidity risk, market risk, credit risk and operational risk. These risks can be grouped under the headings Insurance-related risks, Investment risks and Operational risks. The main risks at the company are underwriting risk, provisions risk and claims outcome risk.

Underwriting risk relates to the pricing of insurance contracts and the inherent uncertainty associated with these contracts.

Claims reserve risk means the risk of the value of the technical provisions being too low.

Claims outcome risk means the risk of the claims outcome in the company's insurance portfolio

being unfavourable, in other words higher than the anticipated value.

Market risk refers to the risk of the factors that influence the value of financial assets developing in what is a negative way for the company.

Liquidity risks in this sense concern access to financing. If there is a liquidity shortfall, this can have a negative impact on ordinary business operations and put the company at risk of being unable to fulfil its day-to-day payment obligations.

Credit risk means the risk of a counterparty failing to fulfil its payment obligations.

Operational risk is defined as the risk of losses as a result of inappropriate or ineffective internal processes or procedures, human error, defective systems or external events. This definition also includes legal risk and reputational risk.

Insurance-related risks

Underwriting risk

The company follows internal guidelines in order to ensure the correct evaluation and quantifying of the risk underwritten. The guidelines also specify which sums insured and categories of risk can be accepted. Where possible, the evaluations are also based on actuarial calculations.

Claims reserve risk

The company manages the claims reserve risk by following the company's claims reserve instructions when determining the technical provisions. The provisions are regularly reviewed by the company's actuary.

Reinsurance risk

The company has a reinsurance programme that aims to provide protection against both larger individual claims and a high frequency of smaller claims and thereby avoid major negative impacts on results.

Claims outcome risk

The company has a relatively unbalanced insurance portfolio, which contains large individual risks in relation to the overall size of the portfolio. The insured portfolio is therefore characterised by a high degree of volatility, which means that a single insurance claim may have a highly noticeable impact on the company's results. The company manages the volatility in the claims

outcome through reinsurance, by having sufficient reserves and by having an adequate capital base.

Sensitivity analysis insurance risks

The maximum liability for the company expressed in SEK thousand is:

Fire and other damage to property

Per claim	15,000
Per 12-month period	30,000

The following are in addition to the above:

1. The difference between the deductible for the claims and the limit for reinsurance aggregate cover is SEK 50,000–280,000. The reinsurance aggregate cover is for the amount in excess of a supposed deductible of SEK 300,000. In a normal year, there are 40–50 claims.
2. The company's share in the Norwegian Natural Perils Pool, which can result in a maximum claims expense of approximately SEK 288,000 (SEK 175,000) per insurance event.

*General liability and other property damage**

Per claim	15,000
Per 12-month period	30,000

The following are in addition to the above:

The difference between the deductible for the claims and the limit for reinsurance aggregate cover. The policyholder's deductible is SEK 50,000. The reinsurance aggregate cover is for the amount in excess of a supposed deductible of SEK 300,000. In a normal year, there are 2–4 claims.

*The company purchases outward reinsurance as a joint contract for General liability and Other property damage.

In the sensitivity analysis performed for the Company's insurance portfolio, the sensitivity has been calculated with regard to point risks, distribution risks and so-called real disaster risks. Point risks refer to the risk of the consequence of a given outcome changing. Distribution risks refer to the risk of an unfavourable outcome, in excess of the expected outcome. Real disaster risks refer to natural disasters or cumulative risks. The analysis has been performed using a stress test, where a given percentage change in the relevant parameter has been assumed or a probability expressed as a percentage has been calculated.

The impact this has on the results and on shareholders' equity is shown below.

Point risks

(SEK thousand)	Increase as a percentage	Impact on results and shareholders' equity
Claim frequency	10.0%	-963
Average claim amount	10.0%	-963
Claim inflation	1.0%	-387

Parameter risk refers to the risk of incorrect assessment of the claims outcome for the remaining contract period as a result of incorrect assumptions.

Claim inflation means the indexation of a claim amount.

Separate reporting of market risks

A change in the market interest rate of 1% would have the following effect on results and shareholders' equity.

Distribution risks

The probability of more than 50 per cent of the capital base being eroded as a result of an unfavourable claims outcome during the reporting period has been deemed negligible following actuarial calculations. The probability of more than the opening premium reserve being used to cover claims during the remainder of the contractual period for current contracts is 1.5 per cent.

Real disaster risks

The company is exposed to real disaster risks. The reinsurance is tailored to this, however, and the company's net exposure per individual event is limited to a retention.

Concentration of insurance risk

The company's underwriting risks are widely spread geographically. Its customers are located in three different parts of the world.

For example, the largest single insured asset in the property portfolio represents less than 2 per cent of the total insured asset volume. As all of the company's customers are consolidated subsidiaries of Telia Company AB, there is a considerable cumulative risk in many cases. The cumulative risk is managed using the internal insurance system. The reinsurance is also fully tailored to bear the cumulative risk.

Telia Försäkring AB
Corp. reg. no. 516401-8490

This claims triangle shows gross figures for all the branches of insurance combined.

Claims year (SEK thousand)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimated final claims expense at the end of the claims year (Gross)	32,350	34,794	16,357	25,957	44,517	22,915	14,066	18,788	8,235	66,488	14,678	299,145
One year later	17,026	20,794	9,916	22,090	15,846	12,397	17,548	12,941	15,735	62,795		207,089
Two years later	11,972	16,929	8,372	21,586	13,938	9,897	15,678	10,838	14,113			123,323
Three years later	11,628	16,077	4,706	8,716	12,614	9,497	11,946	10,419				85,603
Four years later	11,159	15,731	5,870	7,697	12,261	9,390	11,560	-				73,666
Five years later	10,899	15,301	4,284	7,352	12,102	9,244	-	-				59,182
Six years later	10,490	14,726	4,278	7,352	12,102	-	-	-				48,948
Seven years later	10,488	14,726	4,278	7,352	-	-	-	-				36,843
Eight years later	10,490	14,726	4,278									29,494
Nine years later	10,490	14,726										25,215
Ten years later	10,490											10,490
Estimated final claims expense at 31/12/2016	10,490	14,726	4,278	7,352	12,102	9,244	11,560	10,419	14,113	62,795	14,678	171,757
Acc. claims paid	10,490	14,726	4,278	7,352	12,102	9,244	10,513	10,169	7,580	57,360	2,007	145,821
Provisions for outstanding claims	0	0	0	0	0	0	1,048	250	6,533	5,435	12,671	25,936
Accumulated surplus/deficit (settlement result)	21,861	20,068	12,078	18,606	32,415	13,671	2,505	8,368	-5,878	3,693		127,388
Ditto as a % of initial claims expense	67.6%	57.7%	73.8%	71.7%	72.8%	59.7%	17.8%	44.5%	-71.4%	5.6%		42.6%

Liquidity risk in relation to insurance operations

The company's liquidity risks are limited, as the premiums are received in advance and the cash flow is monitored monthly. The reinsurance premiums are paid three months after the majority of the company's premium invoices have been sent to the customers. This means that liquidity is well adapted to the payment terms of the reinsurance premiums. As all ceding is to large, well-consolidated, international reinsurance companies with a high rating, the liquidity risk is considered to be limited. The company's financial assets are primarily in cash and cash equivalents.

Credit risks in insurance operations

Exposure to credit risks relates primarily to reinsurers, partly in the form of reinsurance receivables and partly through the reinsurers' share of outstanding claims. The credit risk is nevertheless deemed insignificant, as all outward reinsurance is with reinsurance companies with a high and stable credit rating and a good ability to pay claims. The creditworthiness of all reinsurers is assessed and the results reported to the Board of Directors at each Board meeting. The credit risk in relation to premium receivables from policyholders is limited, as the insurance contract can be cancelled if payment is not made.

Investment-related risks

The company has a securities portfolio, which at 31 December 2016 had a value of SEK 9,254,000 (SEK 64,524,000). The portfolio contains the following categories of security:

- Government bonds
- Cash, bank (short-term deposit at bank)

For the value of each category, see notes 12 and 13.

Credit risks in relation to investments

The company manages the interest rate risk and the price risk for its investments by following internal investment guidelines and continuously monitoring investment activities. It must be possible for a minimum of SEK 10 million to be made available as liquid funds within 30 days.

Currency risks in relation to investments

The company applies currency matching between technical provisions and investments. Those investments that are not matched by a provision in another currency are made in Swedish kronor.

Sensitivity analysis in relation to investment risks

In the sensitivity analysis performed for Telia Försäkring, the sensitivity has been calculated with regard to a change in the market interest rate and the general credit risk. The analysis has been performed using a stress test, where a given percentage change in the relevant parameter has been assumed.

The impact these changes have on the results and on shareholders' equity is shown in the table below.

SEK thousand	Increase/ decrease in %	Change in income statement & shareholders' equity
Change as a result of:		
- Increased market interest rates	+1%	94
- General credit risk (change in spread)	+0.5%	-142
- Exchange rates	-10%	704

The table below shows how the company is exposed to interest rate risk in relation to the term of interest-bearing assets and liabilities.

Assets

<i>(SEK thousand)</i>	<i>0–2 years</i>	<i>2–5 years</i>	<i>5– years</i>	<i>Total</i>
Bonds	9,254	0	0	9,254
Total assets	9,254	0	0	9,254

Liabilities

<i>(SEK thousand)</i>	<i>0–2 years</i>	<i>2–5 years</i>	<i>5– years</i>	<i>Total</i>
Provisions for claims (undiscounted)	13,265	12,670	0	25,936

Operational risks

Operational risks include administrative risks. These constitute access to competent personnel and to adequate IT support. The company is operated by personnel contracted from Telia Company AB, Corporate Insurance. The staff have many years of experience in insurance and experience of running the company's operations. There is a risk in terms of the extremely limited number of people involved. On the insurance side, there are two people who know the business. As of July 2012, the finance function is outsourced to an external specialist supplier. This supplier has organised the work so that there is always access to backup resources. The company's IT support is a system specially developed for the insurance industry by an external IT supplier. All of the company's databases are stored through the parent company's IT system, with backups made automatically every evening.

The quality of accounting is ensured by developed control functions in existing working documents.

The company's control over processes, procedures and governance documents is subject to continuous review internally and in conjunction with both the internal and the external auditors. The internal auditors perform an annual audit based on the governance documents and present this to the Board of Directors, while the external auditors carry out two reviews per year. One is of the annual report and underlying accounting records and the other is of various processes.

Capital management

The company management assesses the company's capital requirement in relation to the risk the company has in its operations as an insurance provider. The company must always have sufficient capital to be able to compensate the company's policyholders if any insurance event occurs. The company has reserved capital in the form of a security reserve in accordance with FFFS 2013:8 (as amended). The insurance company allocates profits to this reserve in order to be able to release funds if subsequently required to address any negative result in the insurance operations.

The insurance business is a well-regulated industry with formal rules on capital requirements and capital structure. The company reports its capital base and solvency to the Swedish Financial Supervisory Authority. Telia Försäkring AB fulfils the regulatory capital requirements.

In accordance with the Swedish Insurance Business Act, Telia Försäkring AB must have assets in an amount corresponding to its technical provisions for own account. The company prepares a priority register that is updated monthly, or more frequently where this is deemed necessary.

Notes to the company's financial statements

Note 3. Written premiums before outward reinsurance

	2016	2015
Direct insurance contracts signed in:		
Sweden	16,605	16,161
Other EEA countries	13,261	14,882
Inward reinsurance	11,007	21,928
Total written premiums	40,872	52,970

Note 4. Allocated investment return transferred from financing operations

The investment return from insurance operations has been calculated as 0.36% (0.52%) of the average technical provisions for own account. The required rate of return has been calculated as interest income paid during the year relative to the average fair value of investment assets and cash at bank and in hand.

Note 5. Claims incurred (f.o.a.)

<i>Claims paid</i>	2016	2015
Insurance losses paid	-44,739	-21,441
Claims handling expenses	-767	-760
Reinsurer's share of insurance losses paid	25,167	2,302
Total	-20,338	-19,898
<i>Change in technical provisions</i>		
Change in provisions for outstanding claims		
Change for the year	38,998	-46,662
of which operating expenses for claims settlement	562	-447
Reinsurer's share of change for the year	-31,903	36,511
Total	7,657	-10,598
Total claims incurred f.o.a.	-12,682	-30,496

The settlement result is SEK 6,262,000, of which SEK 3,682,000 relates to direct Swedish risks, SEK -2,707,000 relates to direct foreign risks and SEK 5,287,000 to inward reinsurance.

Note 6. Operating expenses

	2016	2015
Acquisition costs	-179	-1,312
Change in prepaid acquisition costs (+/-)	-553	233
Administration expenses	-5,684	-4,877
Total	-6,416	-5,956
Specification of total operating expenses		
Operating expenses for insurance operations as above	-6,416	-5,956
Claims paid, claims settlement as in note 6	-767	-760
Total operating expenses	-7,184	-6,716
Of which:		
Personnel expenses 1)	-30	-37
Depreciation/amortisation		
Net commission	-732	-1,079
Audit expenses 2)	-97	-109
Other	-5,557	-4,730
Total operating expenses	-6,416	-5,956

1) The company has no employees. SEK -30,000 (SEK -37,000) relates to pension expenses. The pension expenses are attributable to the period when the company's personnel were employed at the insurance company. No remuneration has been paid to the President & CEO or Board members. The salaried employee who is also President & CEO of the company receives a fixed and a variable remuneration for their employment from their employer Telia Company AB. The level of remuneration is not linked to the insurance company's revenue or financial results; in other words there is no connection with the insurance company's risk-taking. The variable remuneration is linked to Telia Company AB's overall financial targets. There is also a smaller amount of variable remuneration linked to the insurance company's operational goals.

2) Audit expenses

	2016	2015
2) Audit expenses		
Audit fees, Deloitte	-97	-91
Other remuneration to auditor, Deloitte		-19
Total	-97	-109

Note 7. Investment income

	2016	2015
Interest income, bonds and other interest-bearing securities	918	856
Interest income, Group companies	7	369
Other interest income		
Exchange gains, net	-	3,176
Total investment income	924	4,400

Note 8. Investment expenses

	2016	2015
Interest expenses, Group companies	0	-17
Other interest expenses	-127	-118
Capital losses, net	-1	-690
Exchange losses, net	-1,575	-
Total investment expenses	-1,702	-825

Note 9. Unrealised losses on investment assets

	2016	2015
Bonds	-933	-89
Total	-933	-89

Note 10. Appropriations

	2016	2015
Group contributions paid	-11,559	-
Dissolution/Provision of security reserve	2,822	-1,083
Total	-8,737	-1,083

Note 11. Tax on profit/loss for the year

	2016	2015
Tax on profit/loss for the year	0	-3
Tax in respect of prior years	0	-37
Tax expense for the year	0	-40
	2016	2015
Reported income before taxes	1	0
Tax effect of non-deductible expenses	-1	-4
Tax in respect of prior years	0	-37
Tax on profit/loss for the year according to the income statement	0	-41
	2016	2015
Current tax recognised in shareholders' equity for the year amounts to		
Tax effect of Group contributions	0	1
Tax on profit/loss for the year	0	-41
Total	0	-40

Note 12. Interest-bearing securities, issued and loans from Group companies

	2016	2015
<i>Receivables at Telia Company AB, Treasury.</i>		
<i>Cash pool:</i>		
Handelsbanken	284,332	215,754
Total interest-bearing, Group companies	284,332	215,754

Note 13. Bonds and other interest-bearing securities

	2016	2015
Amortised cost	9,149	28,275
Of which Swedish government	9,149	28,275
Fair value	9,254	28,796
of which Swedish government	9,254	28,796
Nominal value	9,000	28,000
Value in excess of book value		
Positive difference as a result of book value exceeding nominal value	254	796

All securities are listed.

Note 14. Other receivables

	2016	2015
Tax assets	491	774
Receivables from Group contributions	0	5
Other receivables, external	82	494
Total	573	1,273

Note 15. Unearned premium reserve

	2016	2015
Change for the year		
Opening balance, premium reserve	21,617	21,423
Closing balance, premium reserve	-16,363	-21,617
Change in premium reserve	5,254	-194
Exchange effect on premium reserve	650	-995
Change in premium reserve, excluding foreign exchange differences	5,904	-1,189

Note 16. Provisions for outstanding claims

	2016	2015
Claims incurred and reported	20,255	57,060
Claims incurred but not reported	4,970	4,695
Provisions for claims handling expenses	711	1,273
Total	25,936	63,028

Note 17. Other liabilities

	2016	2015
Trade payables	500	1,086
Tax liability	-	48
Other liabilities, external	25	25
Group contributions	11,559	5
Total	12,084	1,164

Note 18. Accrued expenses and prepaid income

	2016	2015
Special payroll tax	68	74
Accrued premium taxes	20	124
Accrued expenses and prepaid income, external	464	365
Total	552	563

Note 19. Assets pledged, contingent liabilities and commitments

	2016	2015
Bonds and other interest-bearing securities	9,254	28,796
Interest-bearing securities issued by, and loans to, Group companies	24,832	0
Cash at bank and in hand	0	51,459
Total	34,086	80,254

The amounts above form part of the company's priority register. The investments are measured at fair value.

Note 20. Information about agreements with related parties

The company purchases administrative services from Telia Company AB and the cost of these during the year was SEK 3,281,000 (SEK 2,956,000).

Note 21. Financial instruments by category

2016-12-31

Assets	Loan and trade receivables incl. items related to insurance contracts	Financial assets at fair value through profit or loss Via identification	Total fair value	Total cost
Bonds		9,254	9,254	9,498
Financial investment assets	284,332		284,332	284,332
Other receivables	573		573	573
Accrued interest income	130		130	130
Total	285,035	9,254	294,290	294,533

Liabilities	Other financial liabilities, incl. liabilities related to insurance contracts	Total fair value	Total cost
Other current liabilities	12,608	12,608	12,608
Total	12,608	0	12,608

2015-12-31

Assets	Loan and trade receivables incl. items related to insurance contracts	Financial assets at fair value through profit or loss Via identification	Total fair value	Total cost
Bonds		28,796	28,796	28,787
Financial investment assets	215,754		215,754	215,754
Other receivables	1,273		1,273	1,273
Cash at bank and in hand	51,459		51,459	51,459
Accrued interest income	342		342	342
Total	268,828	28,796	297,623	297,615

Liabilities	Other financial liabilities, incl. liabilities related to insurance contracts	Total fair value	Total cost
Other current liabilities	1,164	1,164	1,164
Total	1,164	0	1,164

Fair value calculation

Information is provided about the valuation at fair value at the level in the following fair value hierarchy.

- Quoted prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability other than the quoted prices included in level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices (level 2).
- Data for assets or liabilities that is not based on observable market data (i.e. non-observable data) (level 3).

The following table shows the company's assets and liabilities measured at fair value as at 31 December 2016.

Total assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Bonds	9,254	-	-	9,254

Note 22. Net gain or loss for the year for each category of financial instrument

	Financial assets at fair value through profit or loss				Loan and trade receivables	
	Via identification		Via trade		2016	2015
	2016	2015	2016	2015		
Bonds	924	4,031	-	-	-	-
Cash at bank and in hand	-	-	-	-	7	351
Total	924	4,031	-	-	7	351

Note 23. Information about items in the income statement

Total non-life insurance	2016	2015
Gross written premiums	40,872	52,970
Gross earned premiums	46,776	51,781
Gross claims incurred	-5,946	-30,496
Gross operating expenses	-6,416	-5,956
Result of outward reinsurance	-23,972	21,035
<i>Broken down by insurance category</i>		
Transport	2016	2015
Gross written premiums	1,458	1,483
Gross earned premiums	1,508	1,520
Gross claims incurred	0	-245
Gross operating expenses	-229	-118
Result of outward reinsurance	-566	-499
Fire and other damage to property	2016	2015
Gross written premiums	20,591	21,454
Gross earned premiums	21,212	21,771
Gross claims incurred	-9,205	-4,750
Gross operating expenses	-3,232	-1,738
Result of outward reinsurance	-9,034	-5,615
General liability	2016	2015
Gross written premiums	7,817	8,106
Gross earned premiums	8,013	8,346
Gross claims incurred	-890	-241
Gross operating expenses	-1,227	-631
Result of outward reinsurance	-3,181	-1,953
Inward reinsurance	2016	2015
Gross written premiums	11,007	21,928
Gross earned premiums	16,043	20,144
Gross claims incurred	4,149	-25,259
Gross operating expenses	-1,728	-3,468
Result of outward reinsurance	-11,192	29,103

Signatures

Stockholm, 2017

Telia Company AB

.....
Håkan Jansson
Chairman of the Board of Directors

.....
Christina Wik

.....
Agneta Wallmark

.....
Michael Åslund

.....
Mats Lundbäck

.....
Håkan Kvarnström

.....
Mats Gregorson
President and CEO

Our Auditors' Report was submitted on 2017.

Deloitte AB

.....
Henrik Persson
Authorised public accountant