

Periodic information of capital adequacy and liquidity risks 2020-06-30 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
Previous years retained earnings	675 533
Common Equity Tier 1 capital before regulatory adjustments	720 533
Common Equity Tiera 1 capital: regulatory adjustments	
Other reserves	39 496
Deferred tax assets	-31 228
Intangible assets	-30 500
Foreign exchange forwards	-547
Common Equity Tier 1 capital after regulatory adjustments	697 754
Additional Tier 1 capital	-
Tier 1 capital	697 754
Tier 2 capital	-
Own funds	697 754



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	22,35 %	557 272
Tier 1 capital ratio	22,35 %	510 445
Total capital ratio	22,35 %	448 009

Capital buffers

	Buffer value	Buffer
Capital conservation buffer	2,5 %	78 045
Countercyclical buffer	0,12 %	3 818

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 345 806	187 664
Operational risk	757 427	60 594
Currency risk	18 583	1 487
Total	3 121 816	249 745

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	92 002	-	-
Regional governments	894 846	-	-
Institutions	9 665	1 933	155
Corporates	320 097	320 097	25 608
Retail	1 959 825	1 469 869	117 589
Exposures in default	18 955	28 433	2 275
Other items	525 474	525 474	42 038
Total	3 820 864	2 345 806	187 664



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)	228 %
Leverage ratio	13,5 %

