

## Periodic information of capital adequacy and liquidity risks 2019-06-30 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**

<b>Common Equity Tier 1 capital</b>	
Capital instruments	45 000
- of which: share capital	45 000
Previous years retained earnings	643 705
Profit or loss eligible	-46 891
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>596 814</b>
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Other reserves	34 245
Deferred tax assets	-18 238
Intangible assets	-25 265
Foreign exchange forwards	-841
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>631 715</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>631 715</b>
<b>Tier 2 capital</b>	<b>-</b>
<b>Own funds</b>	<b>631 715</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	17,3 %	466 972
Tier 1 capital ratio	17,3 %	412 058
Total capital ratio	17,8%	338 839

## Capital buffers

	Buffer value	Buffer
Capital conservation buffer	2,5 %	81 571
Countercyclical buffer	1,69 %	61 785

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 759 524	220 762
Operational risk	767 739	61 419
Currency risk	133 691	10 695
<b>Total</b>	<b>3 660 954</b>	<b>292876</b>

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	132 292	-	-
Regional governments	816 511	-	-
Institutions	16 707	3 341	367
Corporates	1 419 100	677 185	54 175
Retail	1 848 688	1 386 516	110 921
Exposures in default	5 671	8 506	680
Other items	37 436	37 436	2 995
<b>Total</b>	<b>4 276 405</b>	<b>2 112 984</b>	<b>169 138</b>



## ***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)	160 %
Leverage ratio	11,0 %

