

## Periodic information of capital adequacy and liquidity risks 2020-09-30 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	632 265
Common Equity Tier 1 capital before regulatory adjustments	677 265
<b>Common Equity Tiera 1 capital: regulatory adjustments</b>	
Other reserves	39 505
Deferred tax assets	-30 673
Intangible assets	-29 805
Foreign exchange forwards	-543
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>655 750</b>
Additional Tier 1 capital	-
<b>Tier 1 capital</b>	<b>655 750</b>
<b>Tier 2 capital</b>	<b>-</b>
<b>Own funds</b>	<b>655 750</b>



## Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	22,37 %	523 816
Tier 1 capital ratio	22,37 %	479 838
Total capital ratio	22,37 %	421 200

## Capital buffers

	Buffer value	Buffer
Capital conservation buffer	2,5 %	73 297
Countercyclical buffer	1,31 %	38 367

## Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 161 116	172 889
Operational risk	757 427	60 594
Currency risk	13 328	1 066
<b>Total</b>	<b>2 931 871</b>	<b>234 549</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	113 336	-	-
Regional governments	886 342	-	-
Institutions	14 554	2 911	233
Corporates	510 516	510 516	40 841
Retail	2 111 220	1 583 415	126 673
Exposures in default	23 543	35 314	2 825
Other items	28 960	28 960	2 317
<b>Total</b>	<b>3 688 471</b>	<b>2 161 116</b>	<b>172 889</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)	280 %
Leverage ratio	12,44 %

