

Periodic information of capital adequacy and liquidity risks 2020-03-31 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
Previous years retained earnings	637 189
Common Equity Tier 1 capital before regulatory adjustments	659 644
Common Equity Tiera 1 capital: regulatory adjustments	
Other reserves	37 520
Deferred tax assets	-30 684
Intangible assets	-28 775
Foreign exchange forwards	-606
Common Equity Tier 1 capital after regulatory adjustments	659 644
Additional Tier 1 capital	-
Tier 1 capital	659 644
Tier 2 capital	-
Own funds	659 644



Capital ratios

	Capital ratio	Surplus/ Deficit
Common Equity Tier 1 capital ratio	21,14 %	519 228
Tier 1 capital ratio	21,14 %	472 423
Total capital ratio	21,14 %	410 016

Capital buffers

	Buffer value	Buffer
Capital conservation buffer	2,5 %	78 228
Countercyclical buffer	1,48 %	46 058

Risk-weighted exposure amount and capital requirements

	Risk-weighted exposure amount	Capital requirements
Credit risk	2 327 960	186 237
Operational risk	767 739	61 419
Currency risk	24 657	1 973
Total	3 120 356	249 629

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

	Exposure	Risk-weighted exposure amount	Capital requirements
Central governments and central banks	87 886	-	-
Regional governments	881 363	-	-
Institutions	11 385	2 277	182
Corporates	676 702	676 702	54 136
Retail	2 017 151	1 512 863	121 029
Exposures in default	15 059	22 588	1 807
Other items	113 530	113 530	9 082
Total	3 803 076	2 327 960	186 237



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)	288 %
Leverage ratio	12,8 %

