

Periodic information of capital adequacy and liquidity risks 2020-12-31 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 and Norway.

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 phrases have 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 | 622 549 |
| Other reserves | 38 715 |
| Common Equity Tier 1 capital before regulatory adjustments | 706 264 |
| Common Equity Tiera 1 capital: regulatory adjustments | |
| Deferred tax assets | -22 838 |
| Intangible assets | -29 715 |
| Foreign exchange forwards | -542 |
| Common Equity Tier 1 capital after regulatory adjustments | 653 169 |
| Additional Tier 1 capital | - |
| Tier 1 capital | 653 169 |
| Tier 2 capital | - |
| Own funds | 653 169 |



Capital ratios

| | Capital ratio | Surplus/ Deficit |
|------------------------------------|---------------|------------------|
| Common Equity Tier 1 capital ratio | 20,3 % | 508 375 |
| Tier 1 capital ratio | 20,3 % | 460 110 |
| Total capital ratio | 20,3 % | 395 757 |

Capital buffers

| | Buffer value | Buffer |
|-----------------------------|--------------|--------|
| Capital conservation buffer | 2,5 % | 80 441 |
| Countercyclical buffer | 0,03 % | 10 055 |

Risk-weighted exposure amount and capital requirements

| | Risk-weighted exposure amount | Capital requirements |
|------------------|-------------------------------|----------------------|
| Credit risk | 2 436 145 | 194 892 |
| Operational risk | 757 427 | 60 594 |
| Currency risk | 24 085 | 1 927 |
| Total | 3 217 657 | 257 413 |

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

| | Exposure | Risk-weighted exposure amount | Capital requirements |
|---------------------------------------|------------------|-------------------------------|----------------------|
| Central governments and central banks | 121 235 | - | - |
| Regional governments | 904 881 | - | - |
| Institutions | 18 498 | 3 700 | 296 |
| Corporates | 1 317 866 | 1 317 866 | 105 429 |
| Retail | 1 405 142 | 1 053 856 | 84 309 |
| Exposures in default | 21 049 | 31 573 | 2 526 |
| Other items | 29 149 | 29 149 | 2 332 |
| Total | 3 817 820 | 2 436 145 | 194 892 |



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) | 194 % |
|--------------------------------|---------|
| Leverage ratio | 12,09 % |

