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Municipality Finance has published its Annual Report 2013.

## **Municipality Finance's capital adequacy ratio at high level Own funds exceeded half a billion euros**

Municipality Finance own funds exceeded half a billion euros, totaling EUR 511.5 million at year-end. The company's capital adequacy ratio was 39.88 per cent. Despite the very high adequacy ratio the company continued to increase its own funds through the result of its operations, in accordance with the company's strategy. The company must fulfill increasing leverage ratio requirements brought about by stricter regulation of the banking sector by 2018.

Municipality Finance remained the largest lender for its customer base in 2013. The company's lending portfolio to the municipal sector and customers engaged in central government subsidised housing production was EUR 17.8 billion. The company's funding acquisition during the year totaled a record-breaking EUR 10.7 billion, of which a significant proportion was due to the company's own normal refinancing. The company's liquid funds amounted to EUR 5.5 billion at the end of 2013, which represents a financing buffer of approximately 10.3 months for the company's customers in a situation where funding acquisition from the international financial markets would dry up.

The Group's profit for the financial year was EUR 124.7 million. The company's balance sheet total stood at EUR 26.2 billion. The Board of Directors of Municipality Finance Plc proposes to the Annual General Meeting that no dividend be paid for the financial year, so that the company can strengthen its own funds according to its strategy.

Municipality Finance's customers and shareholders benefit from the company's operations through competitive financing costs, certainty of financing for their necessary investments, and through the growth of the shareholder value.

### **Summary of Municipality Finance's year 2013:**

- The Group's net operating profit amounted to EUR 141.3 million (2012: EUR 138.6 million). The growth was 2% year-on-year.
- Net interest income grew by 5% compared with the previous year, totaling EUR 149.5 million (2012: EUR 142.4 million).
- The balance sheet total was EUR 26,156 million (2012: EUR 25,560 million).
- The Group's risk bearing capacity continued to be very strong, with the capital adequacy ratio at 39.88% at year-end (2012: 33.87%) and the capital adequacy ratio for Tier 1 capital at 35.42% (2012: 26.22%).
- Total funding acquisition for 2013 amounted to EUR 10,695 million (2012: EUR 6,590 million). The total amount of funding grew to EUR 23,108 million (2012: EUR 22,036 million).

- Lending increased to EUR 17,801 million (2012: EUR 15,700 million). In total, 9% more loans were withdrawn than in the previous year, amounting to EUR 3,537 million (2012: EUR 3,254 million).
- The leasing portfolio stood at EUR 81 million at year end (2012: EUR 64 million).
- Investments totaled EUR 5,671 million at the end of 2013 (2012: EUR 6,224 million).
- The turnover of Municipality Finance's subsidiary, Inspira, stood at EUR 1.7 million (2012: EUR 1.8 million). Inspira's operating profit for 2013 was EUR 0.0 million (2012: EUR 0.2 million).

Further information:

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Municipality Finance's Annual Report 2013 and the 6 February 2014 published Municipality Finance Plc's Financial Statements Bulletin 2013 can be downloaded as PDF files from the company's website at [www.munifin.fi](http://www.munifin.fi)