

MuniFin

Company presentation for inaugural
Social Bond
September 2020

MuniFin



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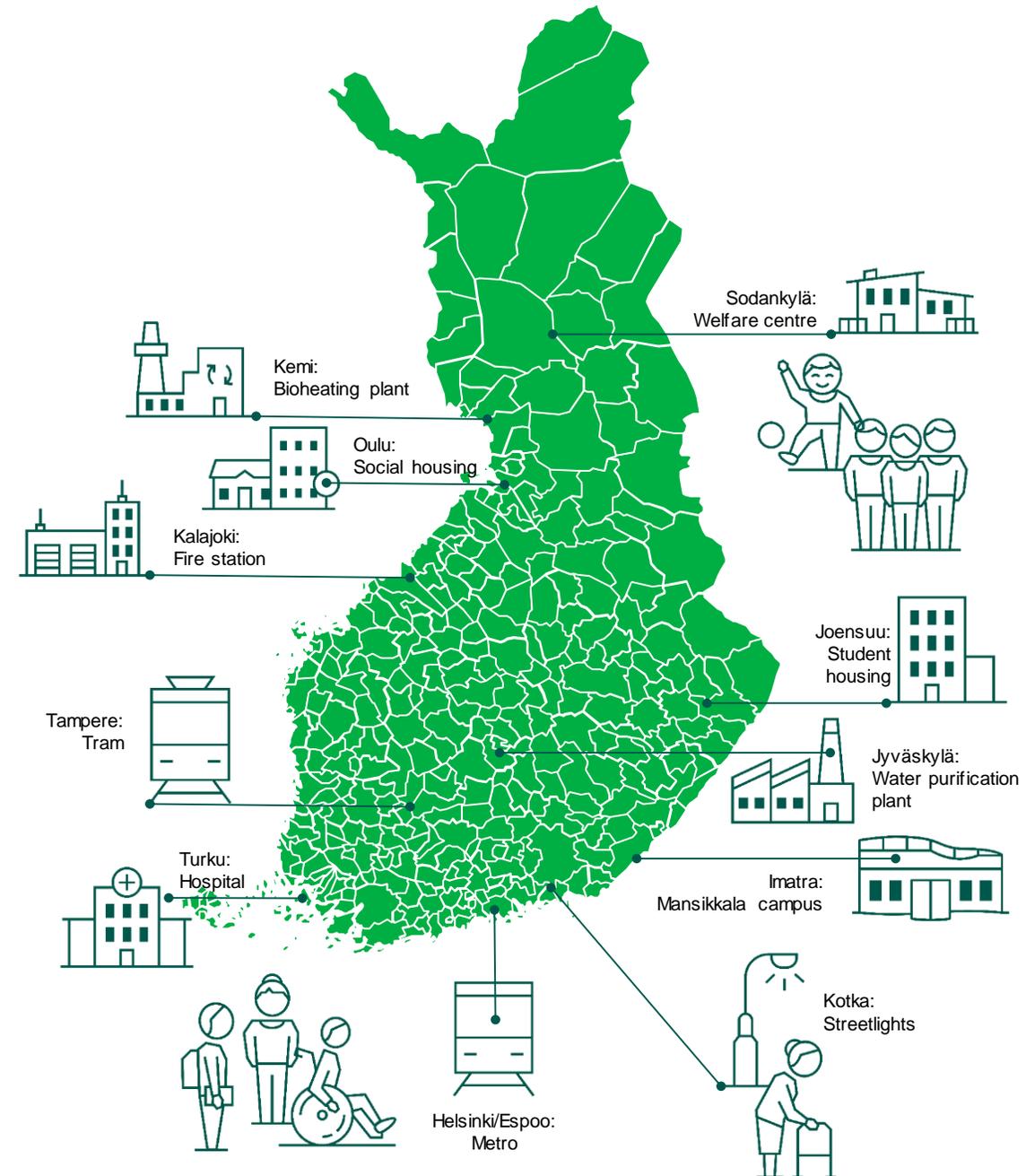
An Overview of MuniFin



MuniFin in brief

MuniFin is the leading provider of financial services to Finland's local government and public housing sectors

- 100% Finnish public sector-owned credit institution
- Ownership: 53% municipalities, 31% Keva and 16% Republic of Finland
- Financing only to the Finnish public sector and public housing sector; main customers include municipalities, municipally-owned companies and public housing companies
- Aa1 (Stable) / AA+ (Stable) rated by Moody's and S&P
- Funding entirely issued through international capital markets
- Funding explicitly guaranteed by the Municipal Guarantee Board (MGB) (Aa1 (Stable) / AA+ (Stable))



Financial performance – Consolidated figures

	31 st December 2016	31 st December 2017	31 st December 2018	31 st December 2019	30 th June 2020
Long-term customer finance (€m)*	21,196	21,651	22,968	24,798	26,743
Total Assets (€m)	34,052	34,738	35,677	38,934	41,288
Total Own Funds (€m)	1,124 ¹	1,293 ¹	1,413 ¹	1,510 ¹	1,519 ¹
Net Operating Profit excl. unrealized changes in fair value (€m)*	172	187	190	186	93
Net Operating Profit (€m)*	174	198	190	131	62
Cost-to-Income Ratio*	0.2	0.2	0.2	0.3	0.3
Return on Equity*	12.5%	12.6%	10.8%	6.8%	6.2%
CET1 Ratio ²	46.2% ²	53.0% ²	66.3% ²	83.1% ²	87.8% ²
Total Capital Ratio ³	66.9% ³	72.5% ³	88.0% ³	107.9% ³	113.8% ³
Leverage Ratio	3.5%	3.8%	4.1%	4.0%	3.8%

¹ Including AT1 capital loan. CET1 was 1,065 mEUR at the end of December 2018 and 946 mEUR at the end of December 2017.

² The CET1 Ratio is a consolidated figure for Municipality Finance Plc, not the parent company. The CET1 ratio of the parent company was 67.3% at the end of December 2018 and 53.5% at the end of December 2017.

³ The Total Capital Ratio is a consolidated figure for Municipality Finance Plc, not the parent company. The Total Capital Ratio of the parent company was 89.4% at the end of December 2018 and 73.2% at the end of December 2017.

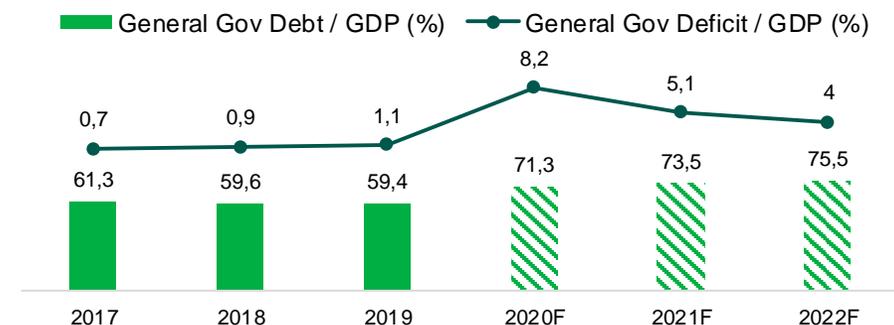
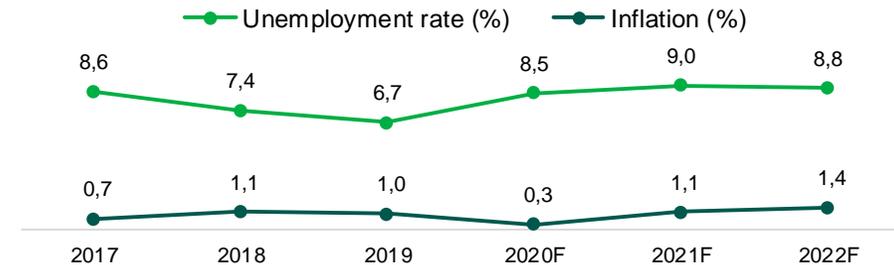
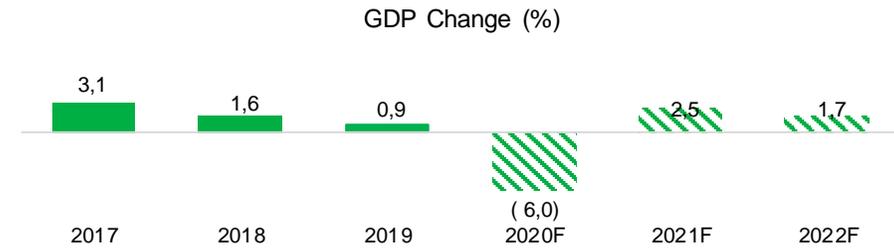
* Alternative performance measure. For more information on alternative performance measures can be found in the Annual Report/Board of Directors Report.

An Overview of the Finnish Economy



Economic outlook of Finland

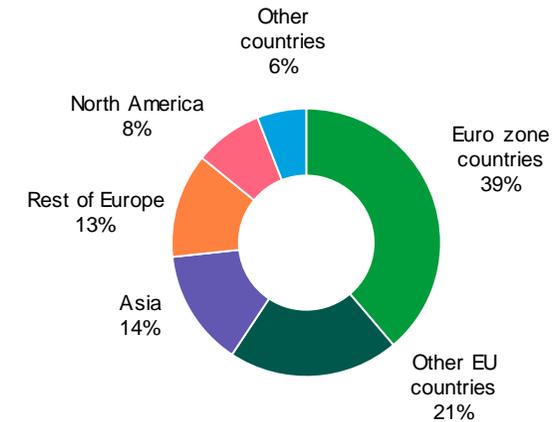
- Strong Nordic Sovereign – Rated Aa1/AA+/AA+ (Stable/Stable/Positive)
- Leading in R&D and top of the world in education, strong export sector. Happiest country in the world
- Due to the Covid-19 outbreak, the Finnish GDP is projected to decline by 6.0 % in 2020. Early containment measures and diversified industrial base mitigate the economic impact of the epidemic
- GDP growth resumes in 2021 driven by private consumption and is projected at 2.5 %
- Unemployment is expected to rise relatively moderately as firms can benefit from temporary lay-offs amid the Covid-19 epidemic to protect their long-term productive capacity
- Comparably low debt/GDP – even after the unavoidable rise in debt due to the Covid-19 crisis



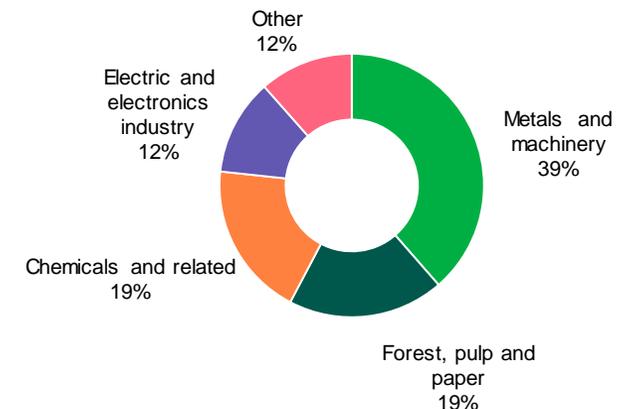
Resilient external sector

- Finland, as a small open economy, has a diversified export sector. Finnish Exports are largely made up of investment goods and intermediate products
- Bridge between the East and the West: 40% of exports outside the EU, largest trade counterparties being Germany, Sweden, USA, Netherlands, Russia and China
- Foreign trade is facing a sharp but temporary slump as a result of the Covid-19 pandemic. In 2020, Finnish exports and imports are forecast to contract by 14.0% and 8.6%, respectively
- Finnish exports are expected to grow by 5.5% in 2021 as world trade gradually recovers

Exports by region 2019

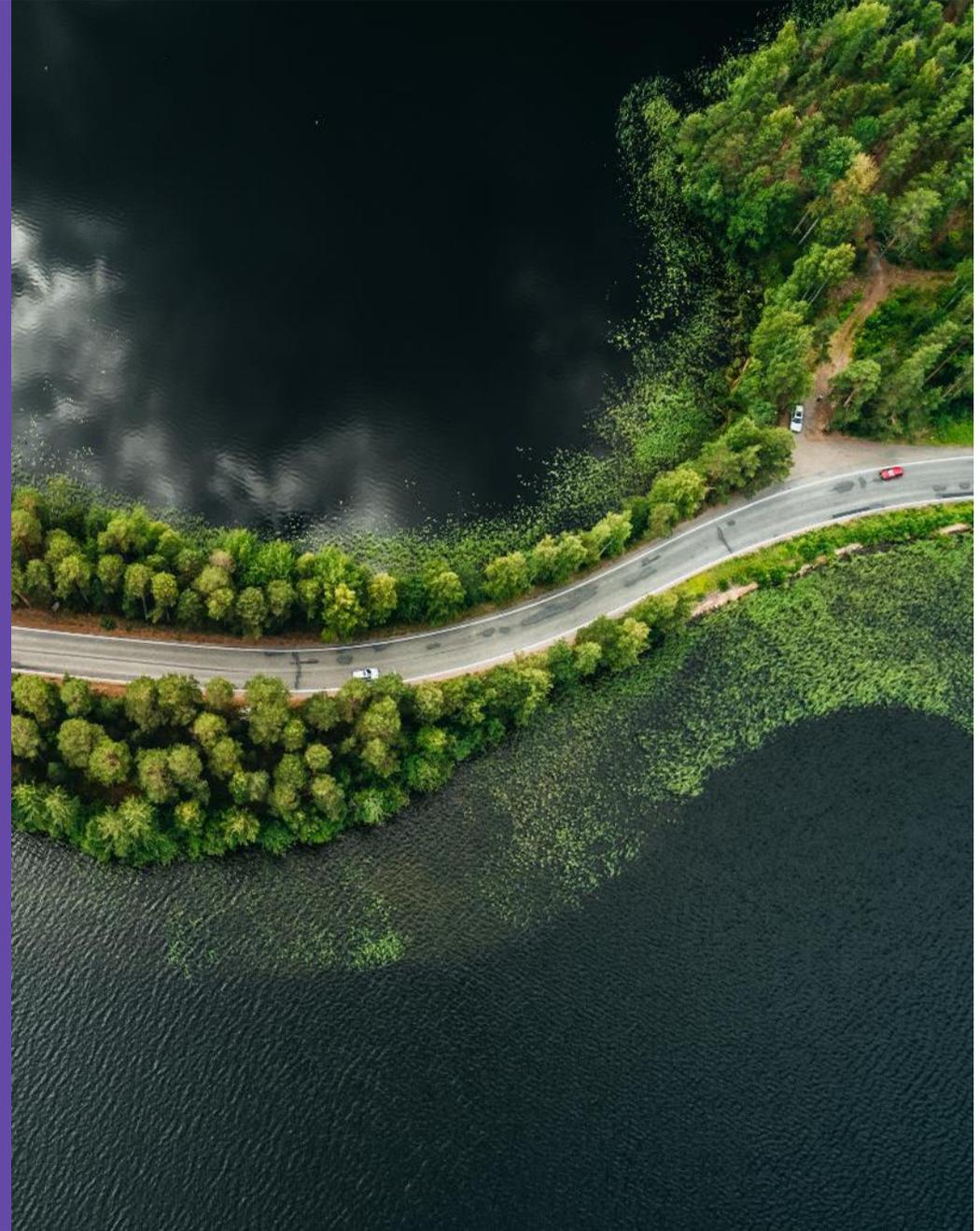


Exports by sector 2019



Responsibility and Sustainable Bonds

Green and Social Bonds



State of Sustainable Development in Finland

3 GOOD HEALTH AND WELL-BEING



Goal 3 aims to ensure healthy lives and promote well-being for all at all ages.

+ Finland has succeeded in guaranteeing high-quality public health care for the entire population regardless patient's ability to pay.

Access to medicines and vaccines is ensured for the whole population.

Maternal and newborn mortality very low.

Premature mortality from non-communicable diseases has been reduced while also promoting mental health and wellbeing.

Alcohol use has declined among young people.

-

Current challenges lie in mortality levels between socio-economic groups.

There are regional differences in access to services and waiting time.

Specific challenges are premature mortality, mental health problems, loneliness and obesity.

Universal access to sexual and reproductive healthcare services by 2030 is not yet reached.

4 QUALITY EDUCATION



Goal 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

+

Education is free of charge from pre-primary to higher education.

Increased the level of education across different levels (basic, vocational and higher education) during 2010s.

The reform of vocational education and training has increased flexibility in terms of access and completion.

Increasing attention is being paid to continuing learning.

-

Gender disparities in learning outcomes are still considerable with girls having a clear advantage.

Learning outcome disparities between pupils from different socio-economic backgrounds has grown.

Literacy is world-class, but the level of skills has declined in both numeracy and literacy.

State of Sustainable Development in Finland

10 REDUCED INEQUALITIES



Goal 10 aims to reduce inequality within and among countries.



Legislation emphasises equality and prevents discrimination.

Experience of discrimination has declined since 2015.

The number of homeless people has declined.

Voter turnout rose to 72% in last parliamentary elections (highest level since 1991).

Supports a rules-based and responsible migration policy and developed its preparedness for a mass influx of migrants.



Increasing inequalities and social exclusion seem to accumulate and extend across generations.

The number of people on basic social assistance has grown in recent years.

Individuals from minority background are at risk of facing discrimination than the rest of the population.

Young people's life satisfaction has dropped, although majority (85%) are still satisfied with their lives.

11 SUSTAINABLE CITIES AND COMMUNITIES



Goal 11 aims to make cities and human settlements inclusive, safe, resilient and sustainable.



Succeeded in strengthening an approach to policy and planning, which ensures that land use, housing and transportation are planned holistically.

94% of urban population lives within a good public transportation link.

The number of homeless persons has continuously decreased over the last five years.



Due to urbanization trend and ageing, the rural areas are threatened by weakening public services and transportation connections.

Affordability has not always been sufficient in the largest city regions.

MuniFin's key principles of responsibility and goals reflect high ESG ratings

Responsible products and services

11 SUSTAINABLE CITIES AND COMMUNITIES



Goal 2022: Customer satisfaction "very good"

- a. Increasing the positive social impact of MuniFin
- b. Launching new products and services with respect to customer needs and securing balance in customer's finances
- c. Ensuring financing for customers

Forerunner in sustainability

13 CLIMATE ACTION



Goal 2022: Green finance accounts 10% of customer finance portfolio

- a. Increasing the amount of socially responsible investors and investments
- b. Constant mitigation of the impact of MuniFin's own operations on the environment

Developing wellbeing at work

8 DECENT WORK AND ECONOMIC GROWTH



Goal 2022: Personnel satisfaction "very good"

- a. Increasing diversity and equal opportunities
- b. Promoting wellbeing at work and job satisfaction

Strong corporate governance

17 PARTNERSHIPS FOR THE GOALS



Goal: 100% of employees complete Responsibility policy annually

- a. Developing responsible practices and ensuring the employees' commitment to complying with the Responsibility Policy

MuniFin's sustainable products



Green Bonds



✓ 4 Green Bonds issued since 2016,
Outstanding ~1.5 billion €

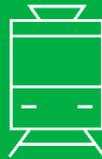
CO₂

✓ First pure Finnish Green Bond issuer



✓ Green Bonds Framework

- Drafted in accordance with ICMA GBP
- Green Evaluation Team
- Customer margin discount



✓ Second opinion

- Cicero and Stockholm Environment Institute: Medium Green

✓ Annual allocation and impact reporting

Social Bonds



✓ First to offer Social finance product in Finland

✓ Inaugural first Nordic SSA Social Bond
planned for H2 2020



✓ Social Bonds Framework

- Drafted in accordance with ICMA SBP
- Social Evaluation Team
- Customer margin discount for new finance
- SEB has acted as Structuring Advisor



✓ Second opinion

- ISS ESG



✓ Annual allocation and impact reporting



Social Bonds Framework

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Select projects with well-defined target populations

Customer margin discount for new social finance

MuniFin has started to offer its clients a social finance product as the first Nordic financial institution

Broadens MuniFin's Responsible product offering to clients and the SDG awareness

Allows knowledge sharing of best-in-class projects

Annual allocation and impact reporting

Social Bonds Framework

Drafted in accordance with the ICMA's Social Bond Principles

Second Party Opinion from ISS ESG

Social finance may include existing and new loans and leases with emphasis on new loans and leases.

ISS ESG Second Party Opinion

SPO	Summary	Evaluation
Part 1: Performance against SBP	The issuer has defined a formal concept for its Social Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBPs.	Positive
Part 2: Sustainability quality of the asset pool	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG Social Bond KPIs. The Social Bond KPIs contain a clear description of eligible asset categories which include social housing, welfare and education projects.</p> <p>All assets of the asset pool are located in Finland, a highly regulated and developed country. Legislative frameworks in this country sets minimum standards which reduce environmental and social risks.</p>	Positive
Part 3: Issuer sustainability performance	<p>The issuer itself shows a medium sustainability performance and has been given a rating of C+, which classifies it as 'Prime' by the methodology of the ISS ESG Corporate Rating.</p> <p>It is rated 11th out of 117 companies within its sector as of 04.03.2020. This equates to a high relative performance, with a Decile Rank of 1.</p>	Status: Prime Rating: C+ Decile Rank: 1

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	Social Housing	Welfare: Healthcare	Welfare: Sports	Welfare: Cultural	Education
Contribution or obstruction	Significant contribution	Significant contribution	Limited contribution	Limited contribution	Significant contribution
SDGs	10 & 11	3	3	4	4

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Social Bond Eligible project categories



Social Housing

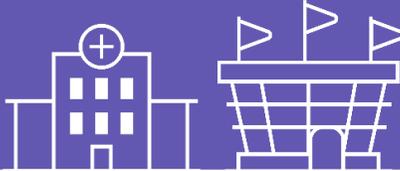


Sub-categories

- Social housing for most vulnerable population
- Social housing that supports communal living

Target populations

- Elderly, homeless, students, disabled people, people with mental health or substance abuse problems, people suffering from memory illness, youth, refugees, rehabilitees, severely marginalised people
- People with risk of being socially excluded



Welfare



Sub-categories

- Healthcare facilities (public hospitals, health centres/ properties, clinics, care homes) and health service hardware
- Sport facilities and public open spaces (parks, fields, centres, swimming halls, ice rinks)
- Culture facilities (libraries, culture centres, museums, theatres, multipurpose venues)

Target populations

- General public (healthcare)
- Population living in areas where social investments are needed (sports and culture)



Education



Sub-categories

Education facilities (daycare centres, pre-primary education, primary and secondary schools, upper secondary schools, higher education campuses and education centres) and education hardware

Target populations

- Population living in areas where social investments are needed
- General public (higher education campuses)



Social Evaluation Team approves projects



MuniFin's customer finance department screens projects, which it believes to be aligned with eligible project definitions in the Social Bonds Framework. For sports, culture and education projects internal evaluation model is applied for screening.

- The model analyses post code areas and municipalities across socioeconomic factors to identify areas where investments would have the greatest impact on the vitality of the area.



After initial screening, an interview with a client is conducted in order to better understand the potential social impact of the project.

Questions include:

1. rationale of the investment
2. project description
3. identifying which problems are being solved
4. desired social impacts
5. definition of target population
6. SDG's addressed.



Social Evaluation Team reviews the project reports and makes the final decision based on the overall impact. Projects need to promote some of the wider social goals such as equality, communality, safety, wellbeing and vitality of the area. Further, ability to narrow wellbeing gaps is also discussed.

For loans/leases, which are up for pricing will receive margin discount.



Jouni Parkkonen, Päivi Petäjaniemi and Jenni Airaksinen

Social Evaluation Team consists of two outside experts and one MuniFin representative

Jenni Airaksinen

University of Tampere,
Lecturer, Regional leadership and development

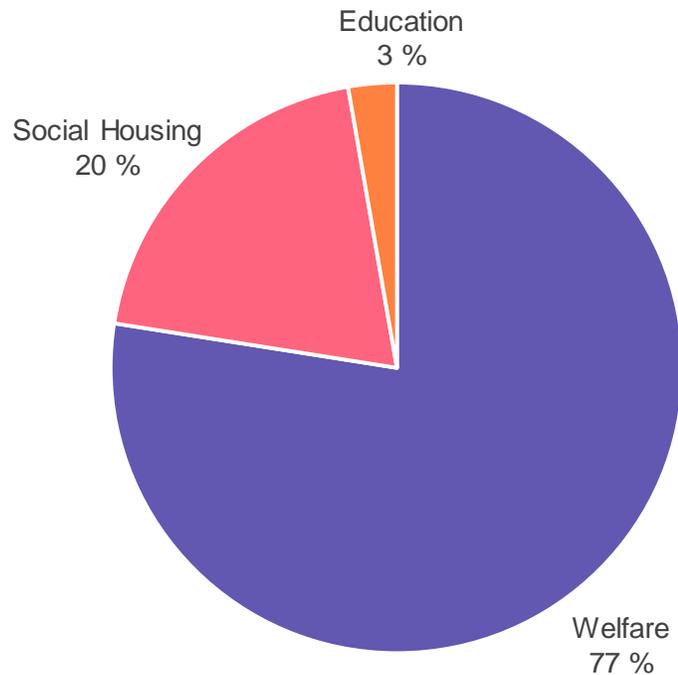
Jouni Parkkonen

Association for Advocating Affordable Rental Housing - KOVA, Executive Director

Päivi Petäjaniemi

MuniFin, Manager at customer finance with a focus on social housing companies

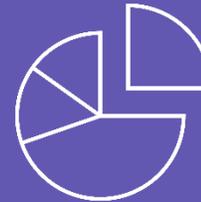
Social Finance Portfolio



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Social Evaluation Team has approved projects
584.5 million € (committed amount)



of which
359.2 million €
has been disbursed



16 social housing assets



4 welfare assets



1 education asset

Social Housing

Jousenpuistonkatu, Housing by Setlementtiasunnot

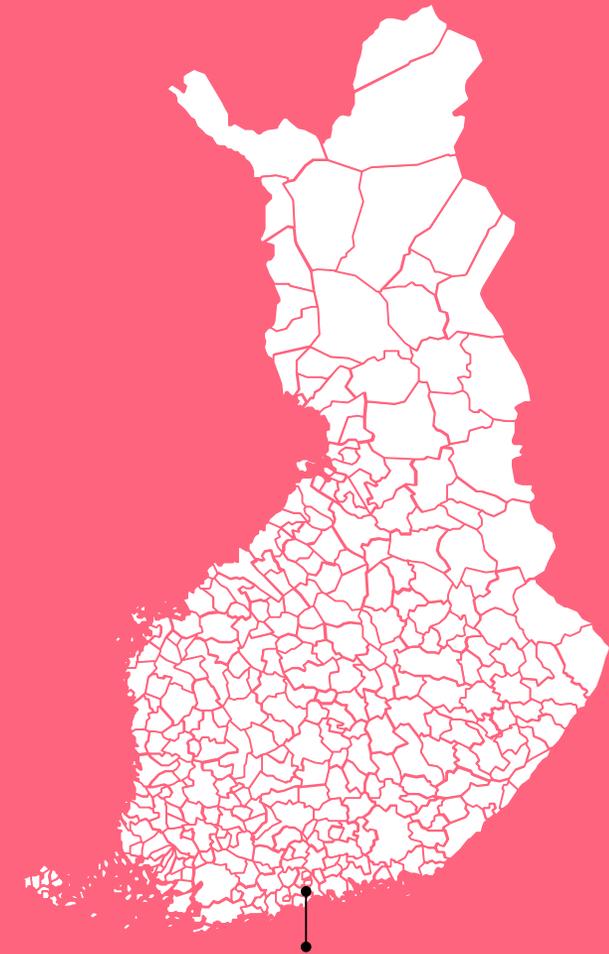
Building contains 58 apartments of which 15 are for special groups. Standard ARA criteria applies to the standard apartments

Finance: EUR 10,404,200

Target population: Disabled, people with mental health problems, immigrants and low income population

Rationale for investment: Providing affordable housing close to public transportation (5 minutes to metrostation).

Social Evaluation Team's rationale: Setlementtiasunnot is a producer of housing whose housing concept is truly praiseworthy, as it diversifies the concept of 'normal', integrates members of special groups into the rest of society and supports the strengthening of all the residents' sense of community. Communal housing solutions allow special groups to become involved with the wider community, which reduces loneliness, increases participation, prevents social exclusion and decreases the need for institutional housing and care. Some of the residents of these buildings are immigrants, and the project may profoundly promote their integration. The apartments have housing coordinators, who support the residents and utilize the common areas in their activities. Third sector organisations also organise activities in the common area.



Setlementtiasunnot

Housing location: City of Espoo

Population: 289,731 (2019)

Welfare

Sopukka Wellbeing Centre

Emergency department, patient clinic, laboratories, dental care, rehabilitation, occupational health, physiotherapy, family care, mental health services and social services

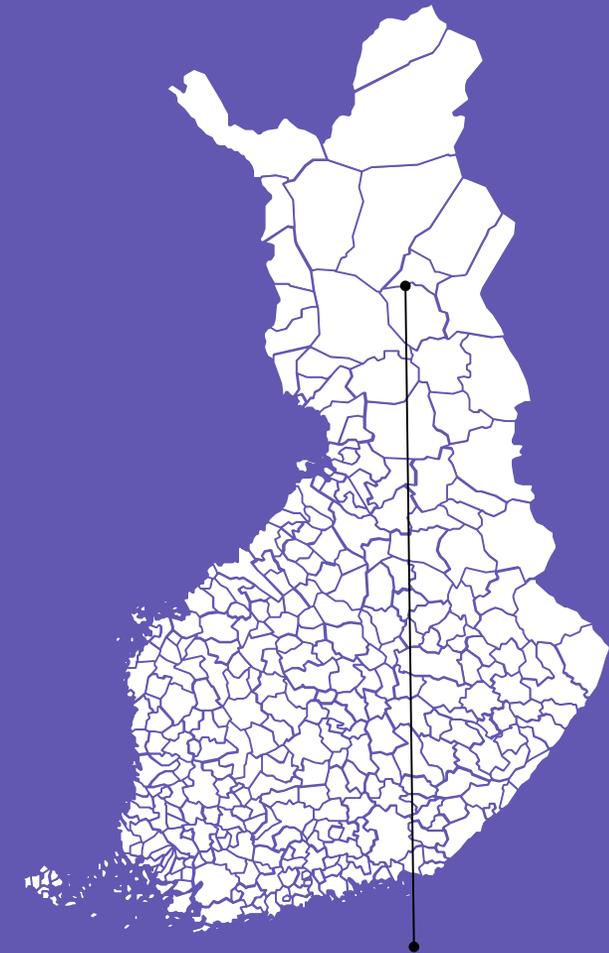
Finance: EUR 22,000,000

Target population: Population of Sodankylä and wider Central Lapland

Rationale for investment: Replaces old 1960 building and offers space for new services. Received special approval from the ministry of social affairs and health.

Issues faced by the municipality: Declining and aging population

Social Evaluation Team's rationale: The evaluation team found the justification for the project very well founded. The circumstances in Northern Finland are exceptional due to the long distances, and regional challenges are considerable. Special emphasis is placed on providing remote appointments. Sopukka's operating model will boost the use of expert resources, make the healthcare supply chain more effective, considerably improve the safety of the region's inhabitants and increase the region's attractiveness.



Municipality of Sodankylä

Location: Lapland

Population: 8303 (2019)



Welfare

Tyks Majakkasairaala, Turku

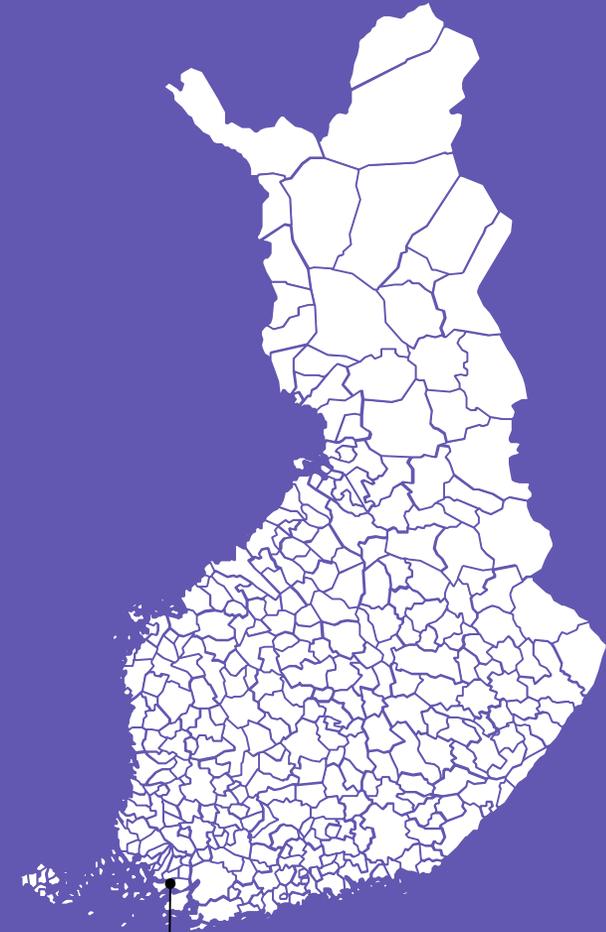
Paediatric ward, obstetrics and gynaecological clinic, otorhinolaryngology clinic, oral and maxillofacial diseases clinic

Finance: EUR 200,000,000

Target population: Population of South-West Finland, Satakunta, area of Vaasa and Ostrobothnia using the services provided by Tyks Majakkasairaala

Rationale for investment: Replaces an old and dated hospital building. The new building will allow more services to be provided closer to patients and special emphasis is placed on quality of care, patient experience and well-functioning spaces.

Social Evaluation Team's rationale: The evaluation team particularly appreciated the investments in patient experience and the quality of encounters in stressful situations with vulnerable target groups. The project has a significant impact on improving the vitality and attractiveness of the area, and its role in strengthening Turku's position as an international center of expertise in health technology is seen as exceptionally significant. The team also praised the hospital's location near sustainable and accessible transport links.



Hospital District of South-West Finland

Location: South-West Finland (Turku)

Population: 479 341 (2020)

Education

Karstula comprehensive school

School for 400-500 pupils (from preprimary to upper secondary)

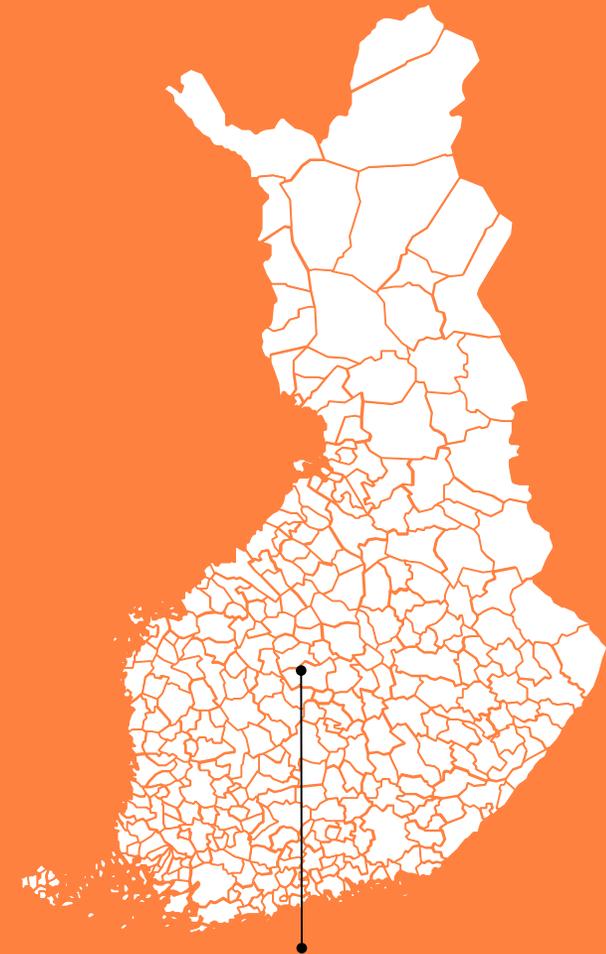
Finance: EUR 16,000,000

Target population: Children and wider population of Karstula

Rationale for investment: Previous school buildings had indoor air problems and pupils have been relocated to temporary locations scattered across the municipality.

Issues faced by the municipality: Declining and aging population, high unemployment

Social Evaluation Team's rationale: Well-functioning, healthy and safe facilities for early childhood education and teaching are a foundation for the well-being of children, teenagers and teaching staff alike. Solutions that support safety and a sense of community can have a significant effect on children and teenagers' self-esteem and later life. Using the school as a venue for village events will bring vitality to the village and strengthen community spirit and add to the municipality's attractiveness.



Municipality of Karstula

Location: Central Finland

Population: 3949 (2019)

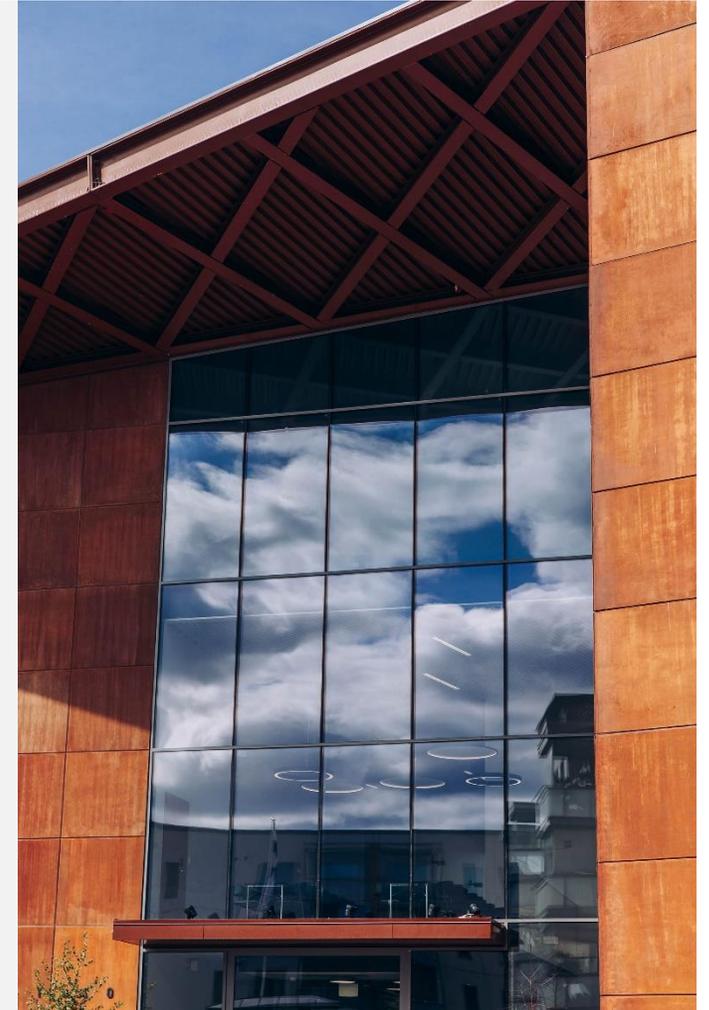
Management of proceeds



An amount equal to the net proceeds of the social bonds will be earmarked and used to finance new eligible projects and to refinance existing eligible projects in the social finance portfolio. Projects are classified as new eligible projects if they have been completed less than 12 months before the project's approval date in the Social Evaluation Team. The ambition is to use the majority of the social bond net proceeds to finance new eligible projects. The share of refinancing will be shared in the annual impact report.

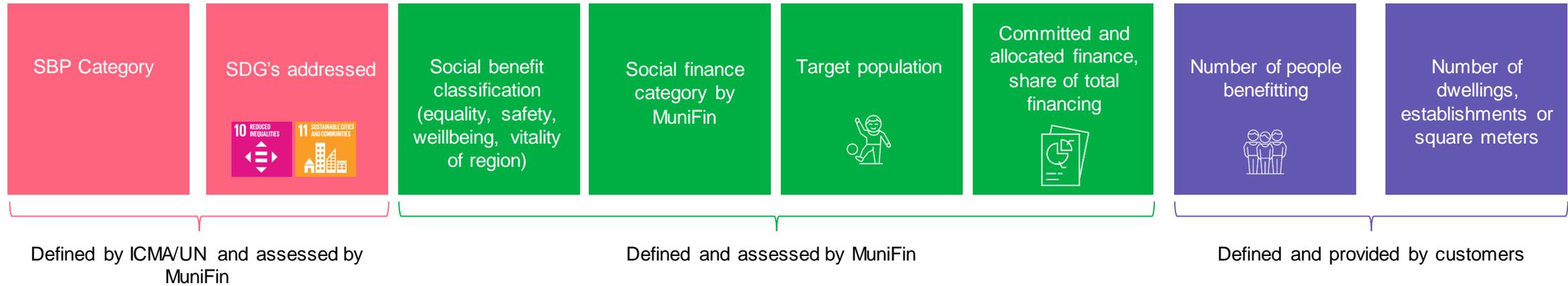


Until disbursement to eligible projects, the earmarked proceeds will be placed in liquidity reserves and managed according to the responsibility policy of MuniFin.



Annual impact report

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MuniFin promotes the use of impact reporting to the largest extent possible.

In addition to the elements above, MuniFin is committed to work together with clients to find additional relevant and informative impact metrics. As each project is unique, available impact data will likely be different. Data protection may also impact the data availability.

MuniFin is committed to promote and develop its impact reporting and as a result, MuniFin is open to any proposals on how the report could be improved.

MuniFin's operations



Long-term customer finance

MuniFin has a dominant role as a provider of finance and services for its customer sector

Customers

- Municipalities and municipal federations
- Municipally owned corporations
- Municipally owned housing companies and non-profit housing companies

Long-term customer finance

EUR
26.7 billion*

Products

Long-term loans up to 41 years

- Municipal sector
- Social housing sector

Property leases

Lending portfolio *

- Social housing 48%
- Municipalities 34%
- Local gov corporations 14%
- Municipal federations 5%

Guarantee

Housing Project loans are **guaranteed** by the Finnish Central Government or by municipalities

All loans have a

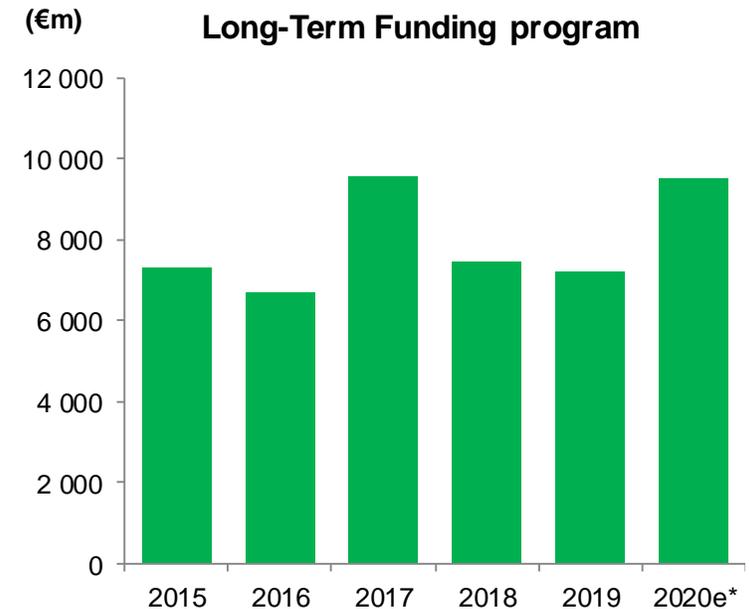
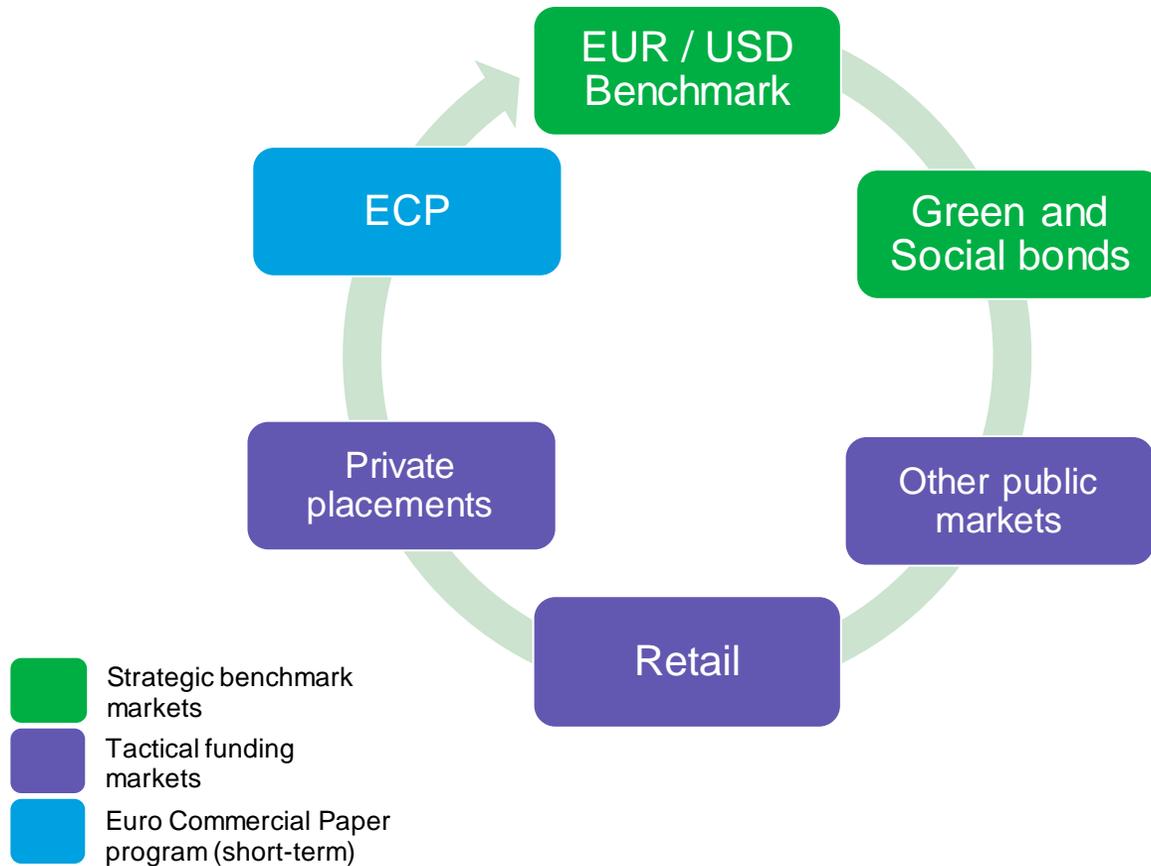
BIS 0%
weighting

* June 30, 2020

Funding strategy

“Frequent presence in international capital markets to obtain the best conditions for borrowing over the long term.”

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* As of April, 2020. Due to the Covid-19 pandemic MuniFin's funding volume estimate for 2020 was increased from EUR 8.2 billion to EUR 9.5 billion. This is EUR 1.3 billion (or 16%) more than previously estimated.

Successful public market strategy

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Oct 2021, Mar 2024, Nov 2024, April 2025, Nov 2026, Sep 2027*, Sep 2029*, Feb 2033



Sep 2020, June 2021, Sep 2021*, Mar 2022, Sept 2022, Mar 2023, Sep 2023, Nov 2023



Oct 2020, Feb 2021



April 2021, Feb 2023, Sept 2024, March 2026, June 2027, March 2030, Aug 2038

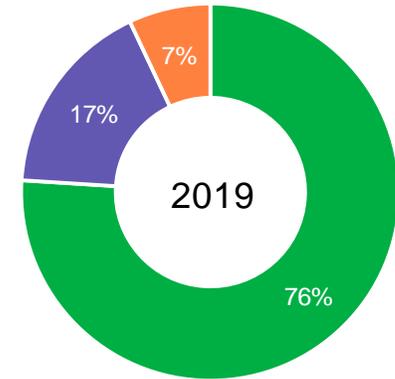


Oct 2020, Jan 2022, April 2022, Oct 2022, Feb 2023, July 2023, Sept 2023, Sept 2024, Jan 2025

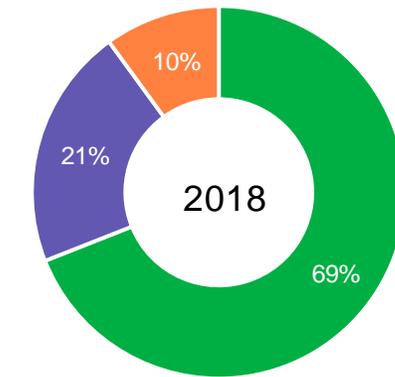


Dec 2020, Dec 2022

Public Retail Private placement



Public Retail Private placement

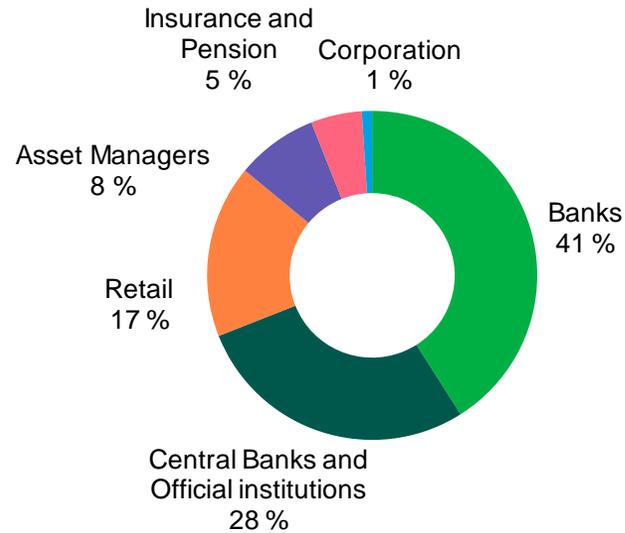


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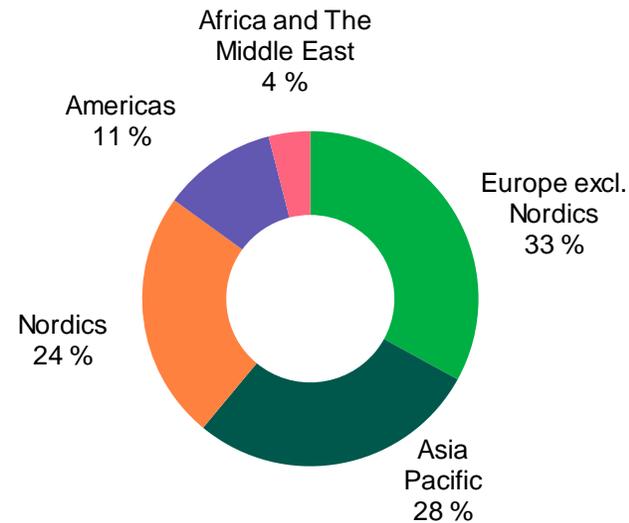
* Green Bond Issuance

Funding breakdown 2019

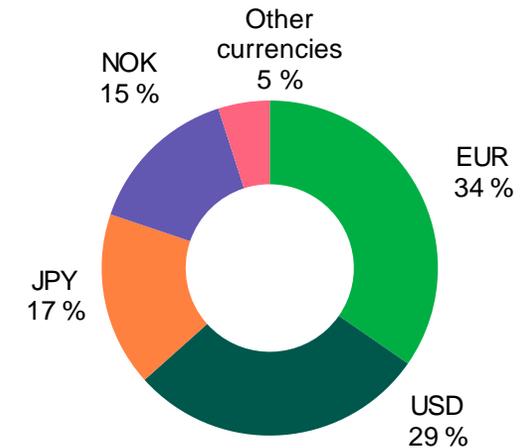
Funding by Investor Type 2019



Funding by Region 2019

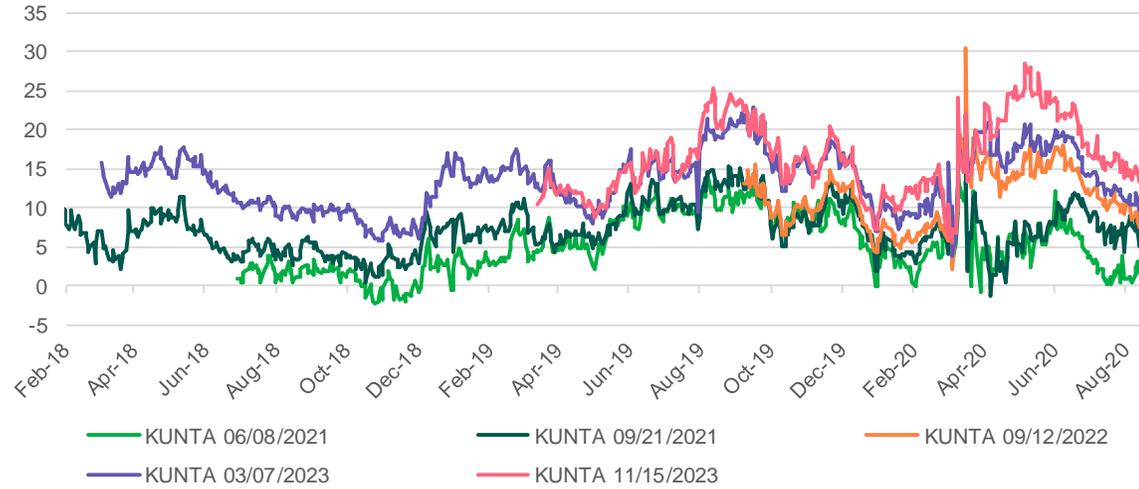


Funding by Currency 2019

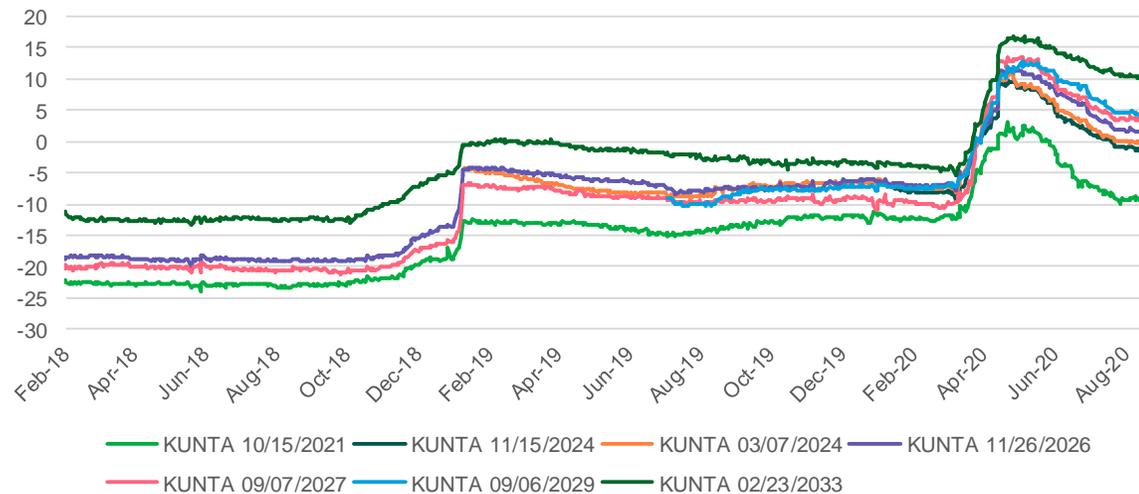


Secondary levels of MuniFin Benchmarks

Mid ASW spreads of selected MuniFin USD Benchmarks



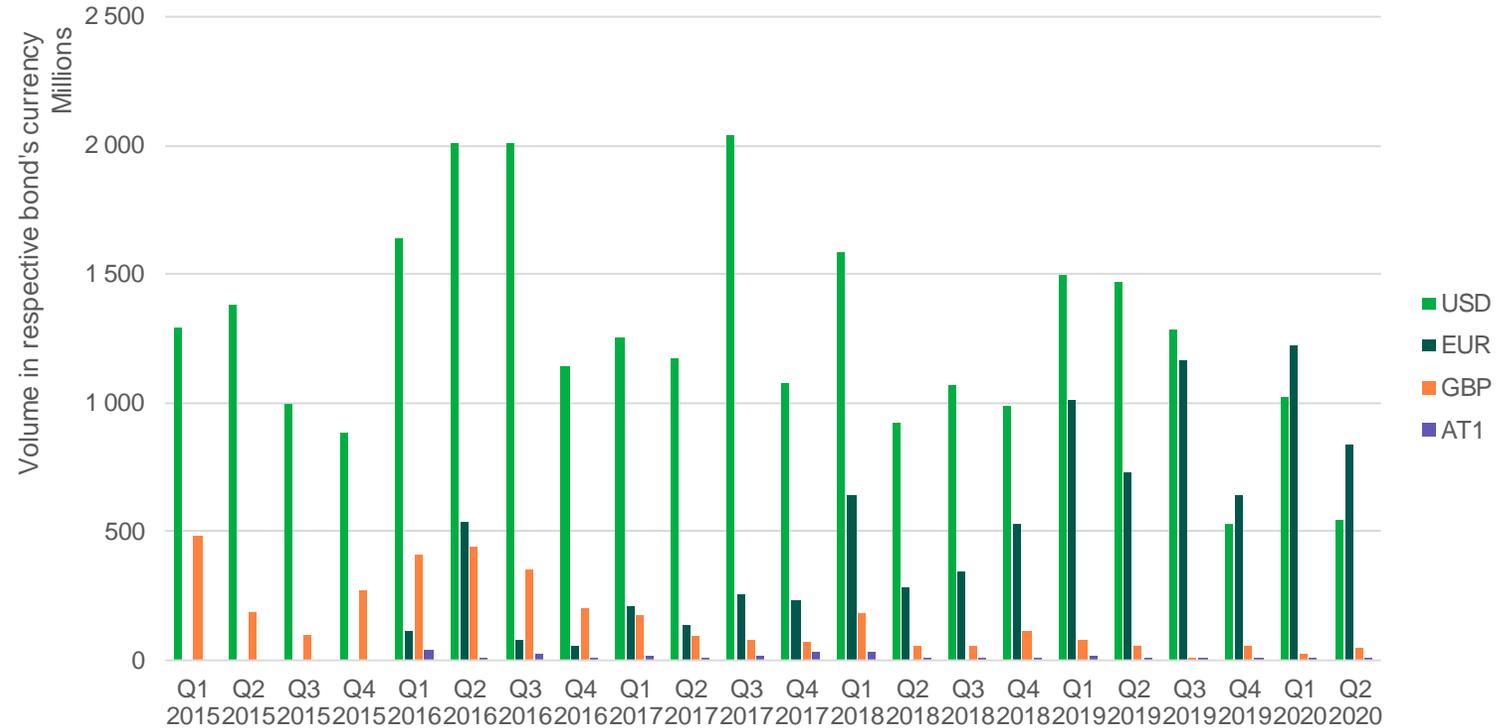
Mid ASW spreads of selected MuniFin EUR Benchmarks



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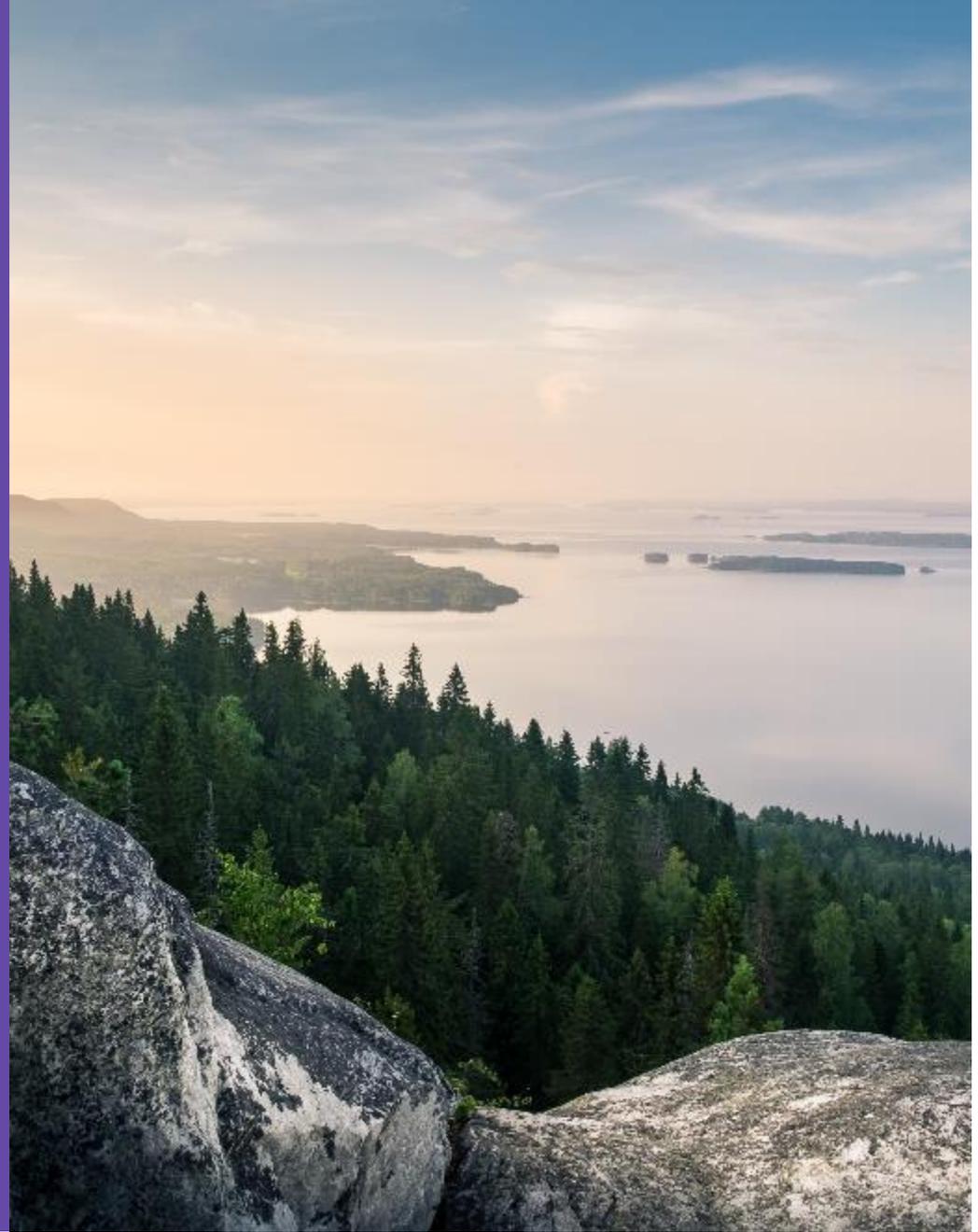
Increasing secondary turnover



Aggregate secondary turnover in MuniFin's fixed rate public EUR, USD and GBP denominated bonds.

Source: MuniFin 2020. This data is based on quarterly secondary turnover data received from dealer banks.

The Finnish Municipal Sector and the MGB Guarantee



Finnish municipalities: Strong revenue base and close link to Central Government

Close link to the Central Government

- Finnish public sector is split into Central and Local Governments
- All Finnish municipalities are highly independent and have a parallel status with the Central government confirmed in the constitution dating from 1917
- Municipalities are responsible for most of the service production
- Large reform in the healthcare sector in process

Strong revenue base

- Municipalities have an unlimited right to levy taxes on their inhabitants (municipal tax rate)
- Other revenues taxation related charges from service production

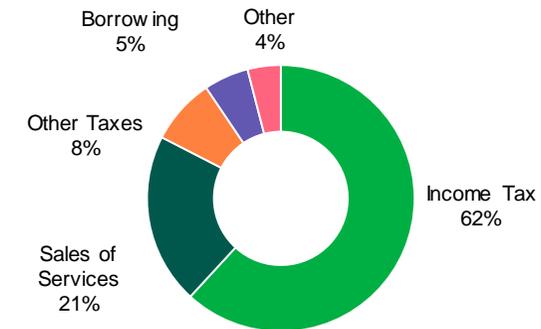
Budget control

- Ministry of Finance is responsible for monitoring the municipal sector
- By law municipalities have an obligation to balance their finances over a four-year time frame

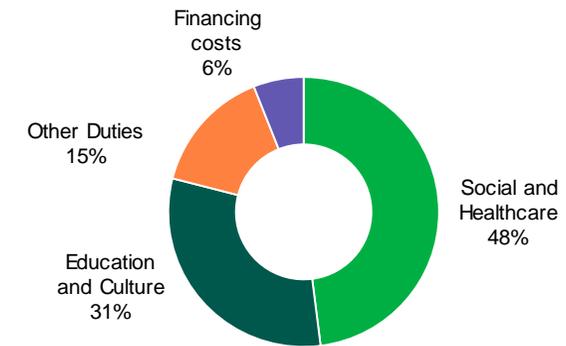
By law, a Finnish municipality cannot be declared bankrupt

- Bankruptcy Act (120/2004)

Revenues (~EUR 44 billion)



Expenditure (~EUR 44 billion)



Source: Association of Finnish Local and Regional Authorities, 2018

Municipal Guarantee Board (MGB) provides the explicit guarantee for MuniFin senior debt

Stable

- Aa1 (Stable)/AA+(Stable) rated **Aa1** **AA+**
- MGB was established by an act passed by Finland's parliament in 1996 for the purposes of safeguarding and developing the joint funding of municipalities

Strong

- All Finnish municipalities are members, representing 100% of the taxation power in Finland. Membership is permanent
- Members of the MGB are jointly liable for the explicit guarantee provided by MGB for MuniFin's funding

Immediately enforceable

- MGB can collect from members without a court order
- All debt guaranteed by MGB is BIS 0% risk-weighted in the EU area



Member Municipalities
100% of Finnish population



MuniFin

Why invest in MuniFin?

Strong Nordic credit

- Strong credit ratings and explicit guarantee by the MGB

Established borrower with proven track record

- Stable annual funding requirements of around EUR 6-9 billion per year
- MuniFin is committed to continue and expand it's presence as a frequent issuer in the core currency Benchmark markets
 - Benchmarks in **USD** and **EUR** (RegS/144a) + possible further diversification to other public markets (Kangaroo, GBP, Green & Social bonds)
 - BIS 0% risk-weighted and LCR HQLA Level 1 asset in the EU area and Switzerland
 - Increase in secondary flows, ticker on Bloomberg: KUNTA
- Multi-currency program with investor driven focus and long history in MTNs

MuniFin offers relative value against the Republic of Finland Benchmark notes

Further details about our funding operations in the Appendices

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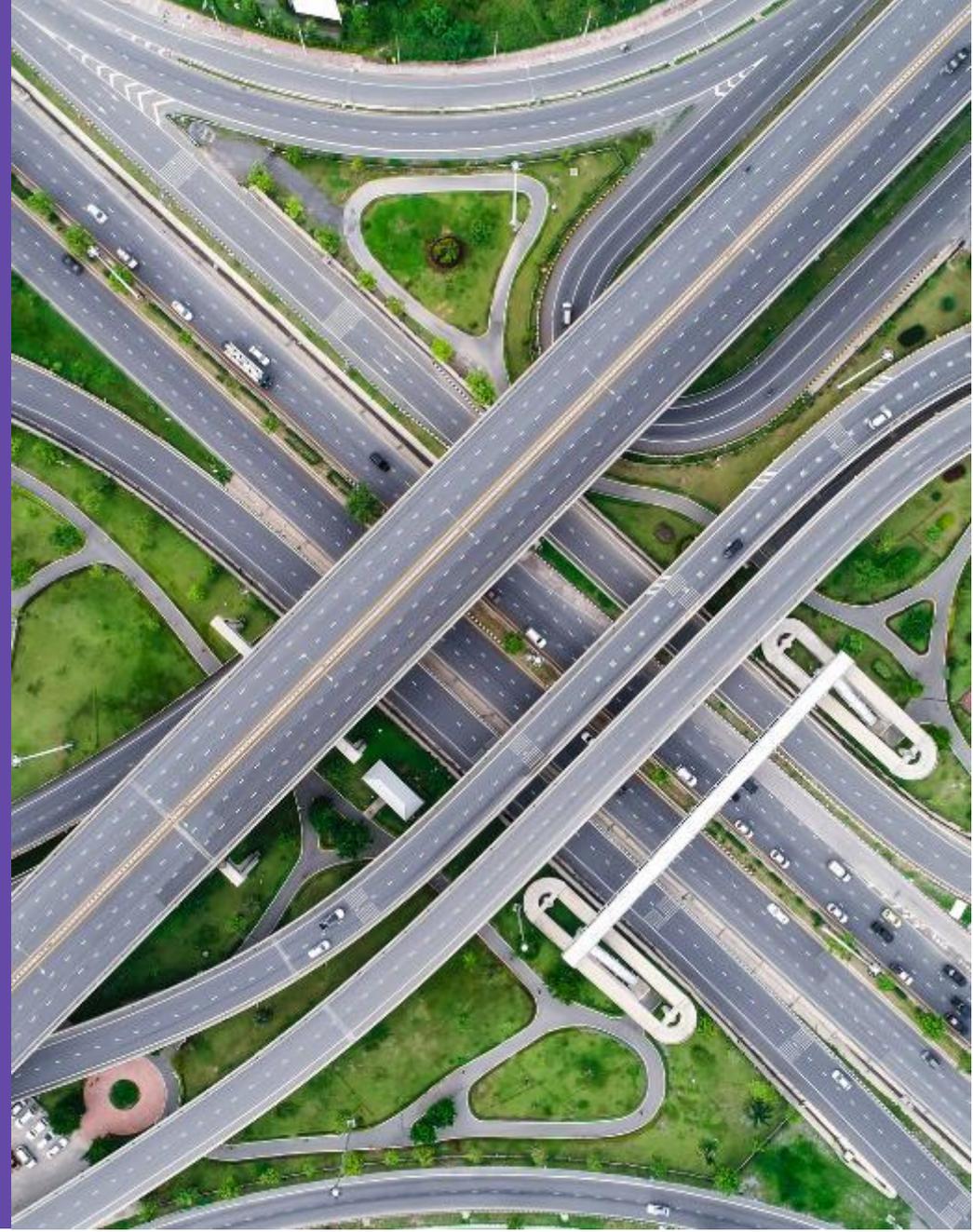
Funding Contact information
funding@munifin.fi

Direct e-mail address format
firstname.lastname@munifin.fi

Thank you



Appendices



Appendix 1

The Finnish healthcare, social services and regional government reform

The former Finnish government proposed changes to legislation concerning Finnish social and healthcare services as well as regional governments. Although the preparations for the implementation of this reform were discontinued in 2019, the current government has continued the preparations. The latest legislative proposals are currently in consultation.

At this point in time MuniFin is not in a position to evaluate the reform's potential impact on its operations, as there is no finally approved legislation available and the plans related to the reform are under political discussion. While there is no telling how the reform will materialise and what effects it will have on MuniFin or its customers, it is not expected to have any significant effects on MuniFin's operations in 2020.

More information concerning the status of the reform can be found at: <https://soteuudistus.fi/en/frontpage>.

More information:

MuniFin MTN Programme Offering Circular: <https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/05/MTN-EUR-40bn-Programme-Offering-Circular-2020.pdf>

Appendix 2

Other projects in the social finance portfolio



Versokoti housing complex (EUR 1.2 million)

Safe and well-functioning housing solutions improve disabled children and teenagers' access to education. Living close to the necessary services will increase their self-reliance and help them be more active, which in turn will considerably improve their mental and physical wellbeing.



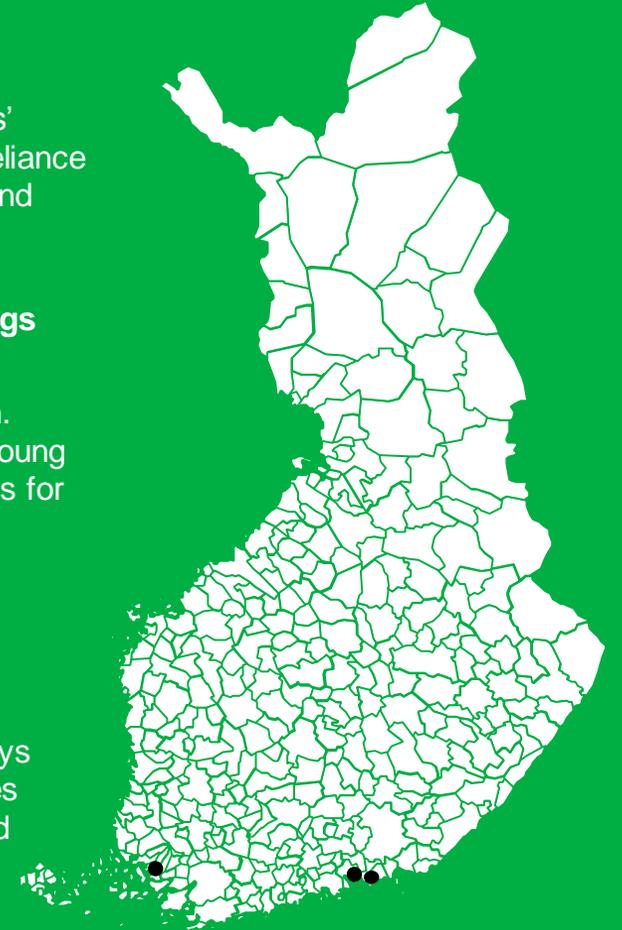
Foundation for Student Housing in the Helsinki Region (Hoas), several buildings (EUR 77.8 million)

Investing in the long life cycle of buildings constitutes sustainable urban construction. Communal, high-quality housing for students plays an important role in supporting young people at a significant turning point in their lives and helps to create the preconditions for building an active, healthy everyday life and for preventing social exclusion.



Turku Student Village Foundation, Tyssija student housing, Turku (EUR 22.7 million)

An ambitious sustainable development project that will impact the environment and community spirit in a versatile way. Communal, high-quality housing for students plays an important role in supporting young people at a significant turning point in their lives and helps to create the preconditions for building an active, healthy everyday life and for preventing social exclusion.



Appendix 3

Social Housing model in Finland



- Sets policies and action plans on social housing
- Provides funding
- Defines tenant selection criteria, the "ARA criteria".
 - Tenants for social rental dwellings are selected on the basis of social appropriateness and financial need. More detailed criteria include the urgency of the applicant's housing need, level of income and property. Priority is given to homeless applicants and to applicants in urgent need of housing. Income and wealth of the applicants are also taken into consideration.



- Governmental agency operating under the supervision of the Ministry of the Environment
- Implements social housing policy
- Grants subsidies, grants and guarantees for housing.
- Controls and supervises the use of housing stock
- Operating principle: Everyone is entitled to comfortable housing



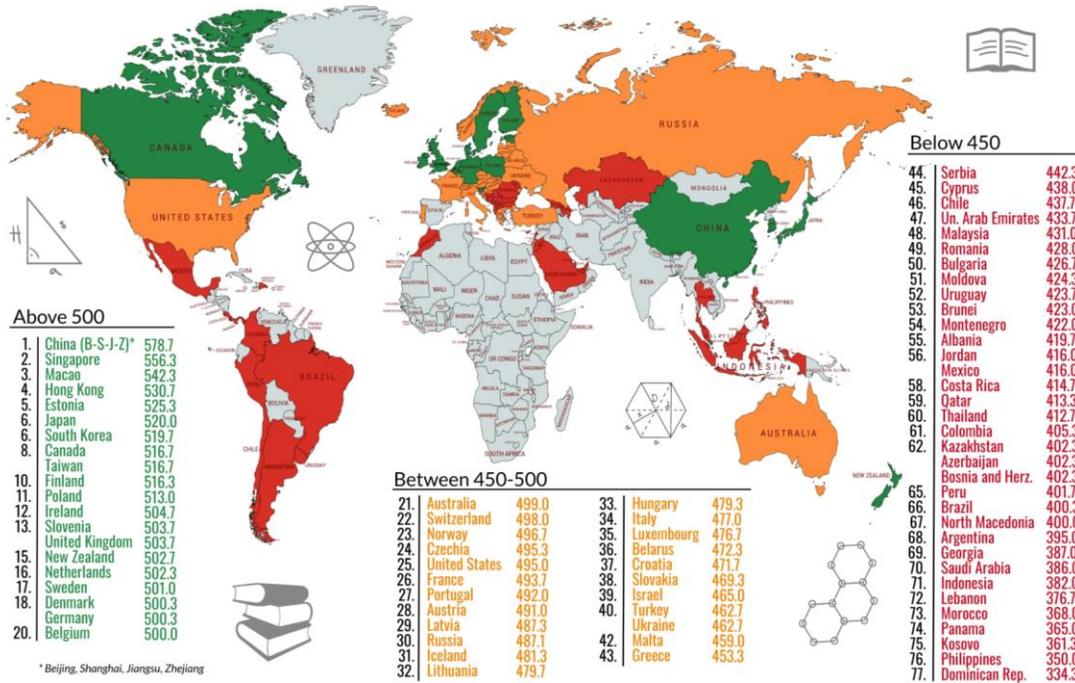
- Social rental housing can be produced or acquired by:
 1. local authorities or other public corporations
 2. corporations that fulfill certain preconditions laid down in regulations. These include e.g. organisations for social housing, old age and student housing associations.
 3. limited liability companies of various types in which one or more of the three organisations mentioned above have direct dominant authority.

Appendix 4 Pisa Results 2018

What is PISA?

PISA is the OECD's Programme for International Student Assessment. PISA measures 15-year-olds' ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges.

PISA 2018 worldwide ranking average score of math, science and reading



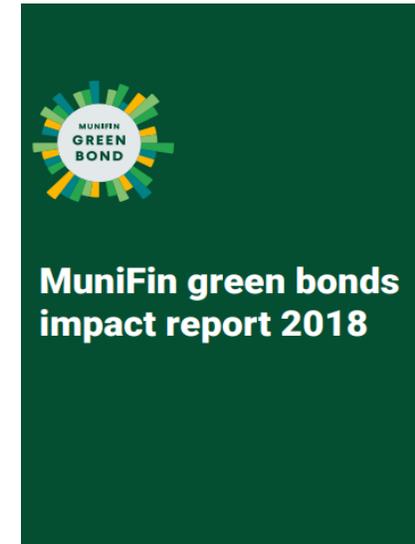
Countries are ranked in descending order of the average reading score (focus of PISA 2018)

	READING	MATHEMATICS	SCIENCE
B-S-J-Z* (CHINA)	555	591	590
SINGAPORE	549	569	551
MACAO (CHINA)	525	558	544
HONG KONG (CHINA)	524	551	517
ESTONIA	523	523	530
CANADA	520	512	518
FINLAND	520	507	522
IRELAND	518	500	496
KOREA	514	526	519
POLAND	512	516	511
SWEDEN	506	502	499
NEW ZEALAND	506	494	508
UNITED STATES	505	478	502
UNITED KINGDOM	504	502	505
JAPAN	504	527	529
AUSTRALIA	503	491	503
CHINESE TAIPEI	503	531	516
DENMARK	501	509	493
NORWAY	499	501	490
GERMANY	498	500	503
SLOVENIA	495	509	507
BELGIUM	493	508	499
FRANCE	493	495	493
PORTUGAL	492	492	492
CZECH REPUBLIC	490	499	497
NETHERLANDS	485	519	503
AUSTRIA	484	499	490
SWITZERLAND	484	515	495
CROATIA	479	464	472
LATVIA	479	496	487
RUSSIA	479	488	478
ITALY	476	487	468
HUNGARY	476	481	481
LITHUANIA	476	481	482
ICELAND	474	495	475
BELARUS	474	472	471
ISRAEL	470	463	462
LUXEMBOURG	470	483	477
UKRAINE	466	453	469
OECD AVERAGE	487	489	489

Appendix 5

MuniFin leads the way for sustainable investments in Finland

- MuniFin's Green Bonds Framework has been drafted according to the Green Bond Principles¹
 - **Second opinion** has been given by Stockholm Environment Institute and CICERO²
 - Independent **Green Evaluation Team**
 - **Margin discount** is offered for eligible projects
- MuniFin has issued four Green Bonds:
 - USD 500m maturing in 2021 issued in 2016
 - EUR 500m maturing in 2027 issued in 2017
 - EUR 500m maturing in 2029 issued in 2019
 - AUD 50m maturing in 2027 issued in 2017 (PP)
- **Social Bonds Framework** has been published and drafted according to the Social Bond Principles³
 - Second opinion has been given by ISS ESG
- **Separate Green and Social Impact reports** published annually
- **Responsibility report** also published annually



¹ <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/green-bond-principles/>

² <http://www.cicero.uio.no/en> and <http://www.cicero.uio.no/en/posts/single/global-expertise-on-green-bonds>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

Green Bond Eligible project categories

Renewable energy

wind, solar, small hydro, geothermal, bioenergy and biogas from waste



Water and waste water management



Sustainable buildings

- 1. Buildings: Finnish energy classification class A or best of B. For class B there is a requirement to include additional components e.g. use of renewable energy, life-cycle analysis or certifications (LEED, BREEAM) with high ratings
- 2. Major renovations leading to a reduction of energy use per m² in year of at least 30%



Public transportation

CO₂



Waste management

Recycling, re-use, incineration and rehabilitation of contaminated areas



Energy efficiency

District heating/cooling, recovered energy, smart grids



Environmental management

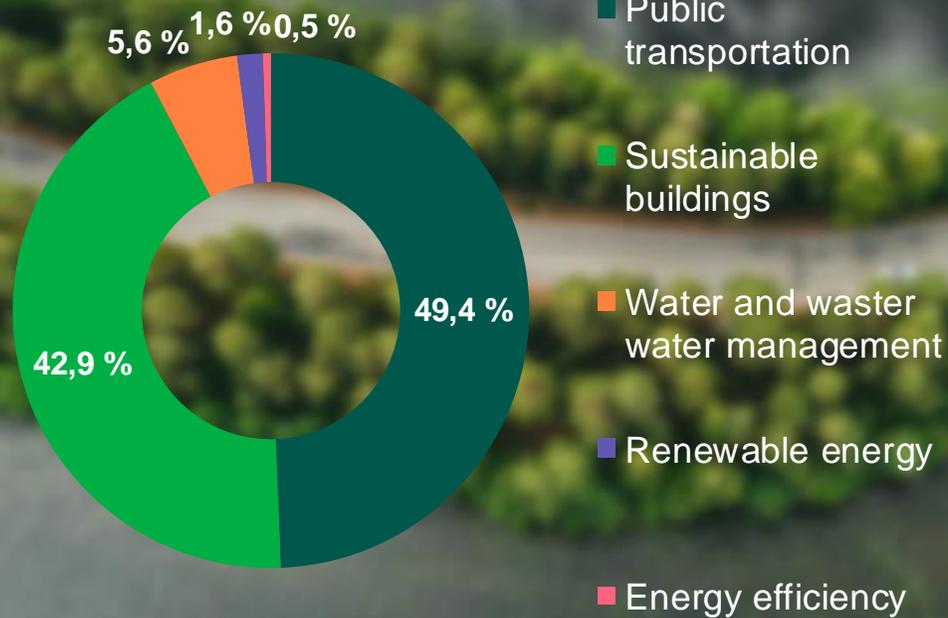
(max 20%)



The Green Evaluation Team analyses each project separately and approves projects only if the longer term net environmental impact is positive.

Appendix 7

Green portfolio



Size of Green portfolio

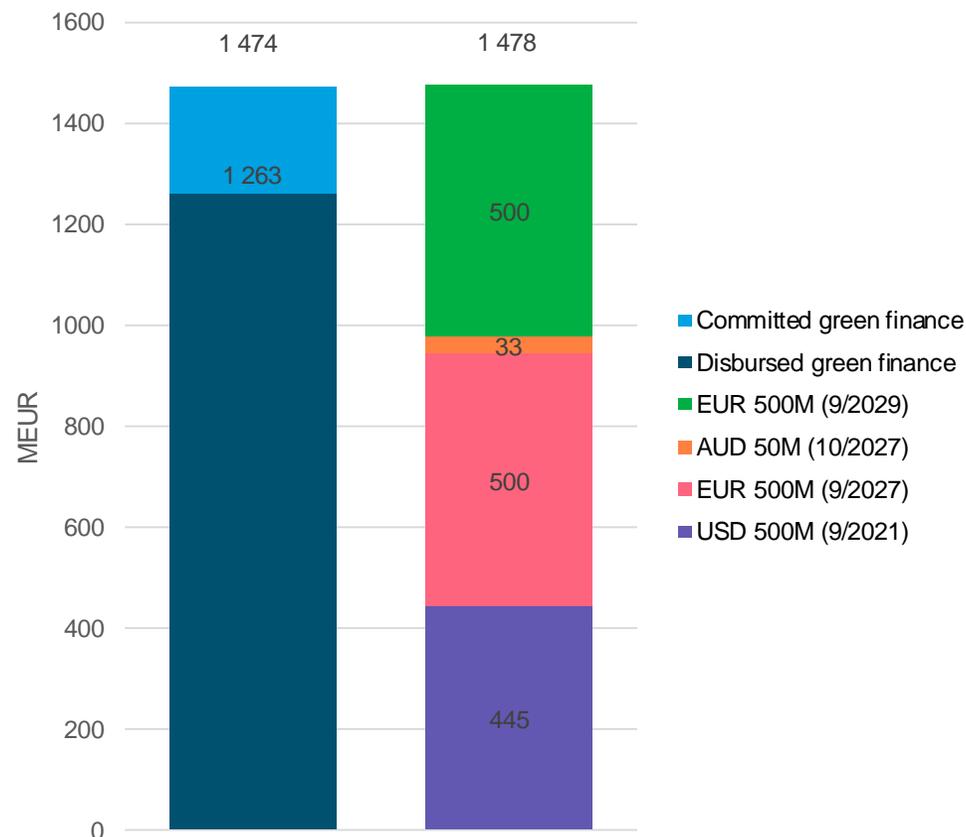
EUR 1.26 billion

As of December 31, 2019 based on disbursed finance

Summary of MuniFin's Green bonds impact

based on disbursed amounts 31 December 2019

Disbursed and committed green project portfolio and green bonds issuance



Project category	Outstanding disbursed amounts to projects, MEUR	CO ₂ emissions in tonnes reduced/avoided annually	Impact, tonnes CO ₂ e per MEUR
Sustainable public transportation	623.7	4,981	8.0
Sustainable buildings	542.1	3,474	6.4
Water and wastewater management	70.7	n/a	n/a
Renewable energy	20.5	19,346	942.4
Energy efficiency	6.2	1,671	271.5
Total	1,263.2	29,472	

Other impact indicators	Total
Annual renewable energy generation, MWh	18,762
Annual energy savings, MWh	21,256
Annual amount of treated wastewater, m ³	5,496,850

Impact attributable to green bond investors	Total
Total outstanding green bonds divided by total outstanding disbursed amounts to projects (in EUR) F/X rate as of 31st December 2019	117 %
Whereof Impact attributable to Green Bond EUR 500m, maturing September 2029	39.6 %
Whereof impact attributable to Green Bond EUR 500m maturing September 2027	39.6 %
Whereof Impact attributable to Green Bond USD 500, maturing September 2021	35.2 %
Whereof Impact attributable to Green Bond AUD 50m, maturing October 2027	2.6 %

Appendix 9

Green Evaluation Team

- Independent committee consists of at least two members from the environmental functions of Municipality Finance's customers and/or other environmental experts from relevant public sector entities/organisations
- Each loan and lease contract will be analysed independently by the Green Loan Committee
- Quarterly meetings

Current Green Evaluation Team members:

- Saara Vauramo, City of Lahti (chair)
- Jyri Seppälä, Finnish Environment Institute
- Vesa Peltola, Association of Finnish Local and Regional Authorities

Expertise areas

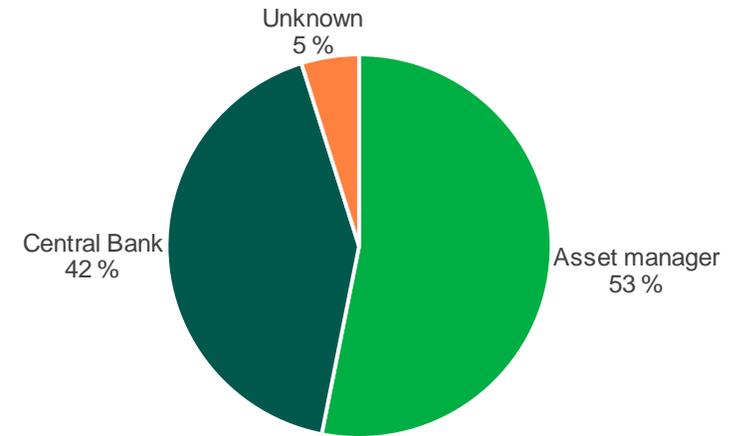
- Energy efficiency, especially in buildings
- PPP evaluation
- Water and waste water management
- Public transportation

Appendix 10

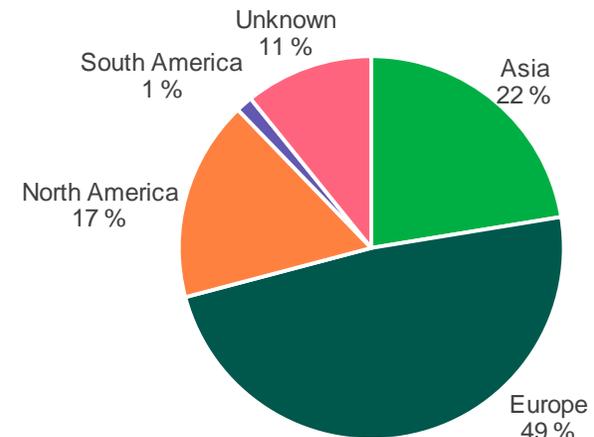
MuniFin Euro-Commercial Paper (ECP) Program

- The size of the program (under English law) is EUR 7 billion, outstanding volume was on average EUR 3 billion in 2019.
- Yield levels competitive in comparison to peers
- Available currencies EUR, USD and GBP
- Dealers: Citibank, BAML, Barclays, BMO, Bred, UBS and Rabobank

Investor by type 2019



Investors by region 2019

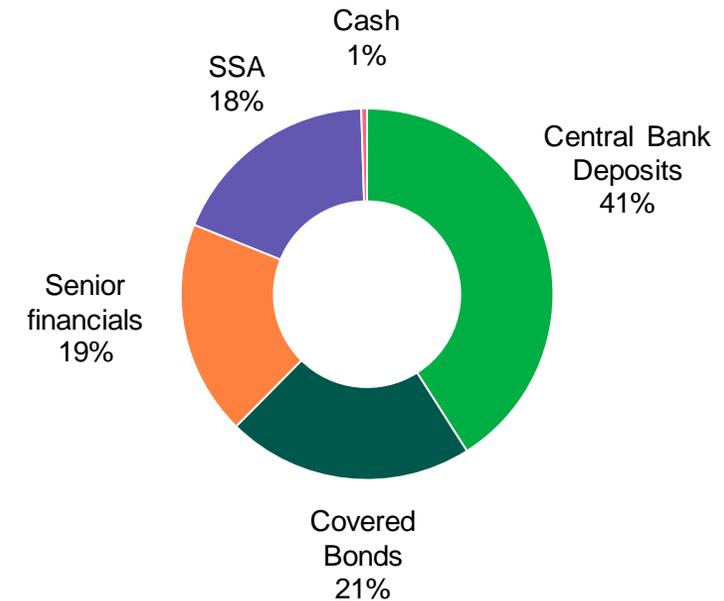


Appendix 11

Strong liquidity position

- MuniFin has a healthy liquidity position with money market, fixed income securities and cash (€ 9.9 billion as of December 31, 2019)
- Pre-funding portfolio target size: Provide liquidity for minimum 12 months of running operations
- Conservative management of the liquidity portfolio
- Monetary policy counterparty of the Bank of Finland (BoF)

Allocation by asset class *



Appendix 12

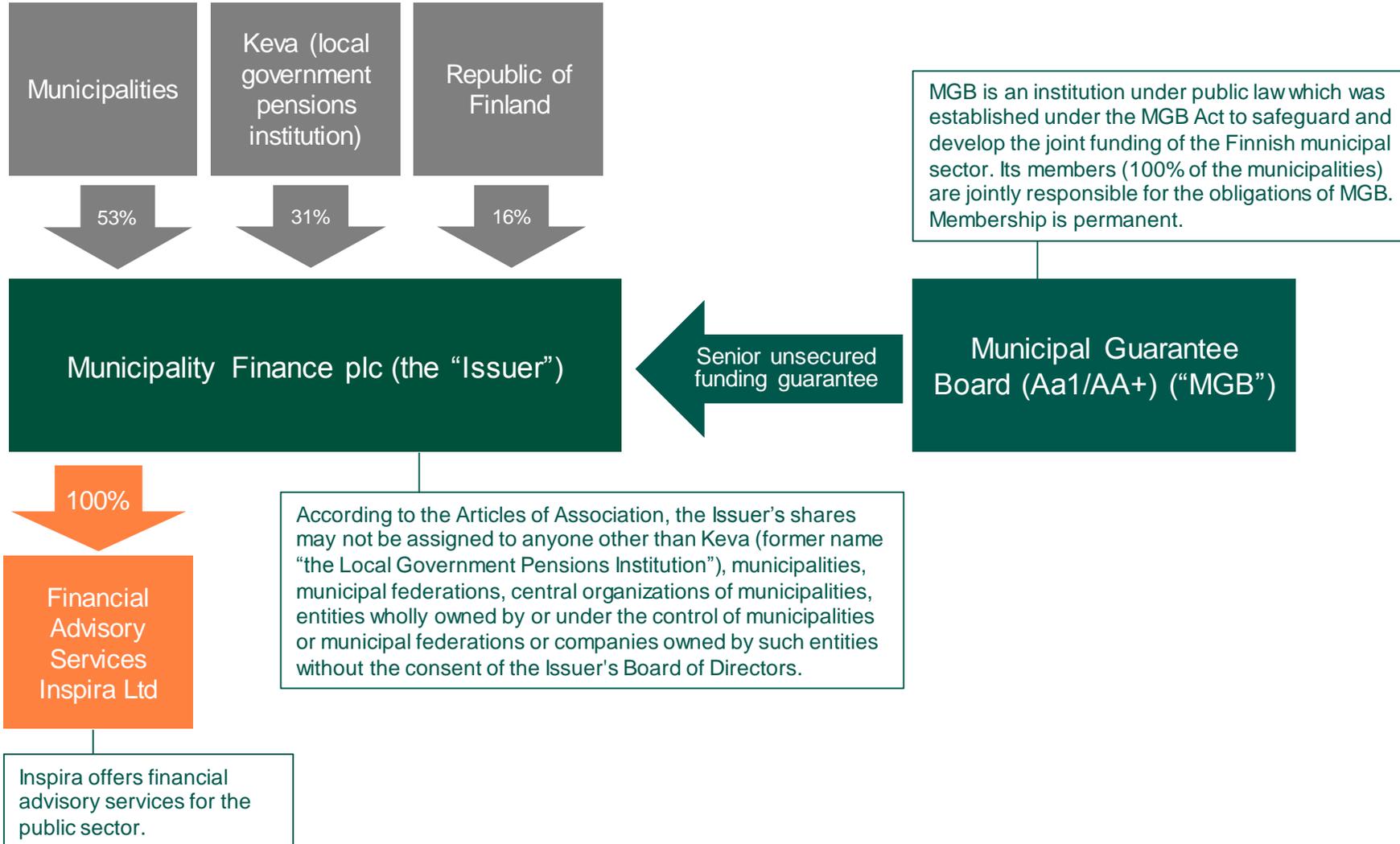
ESG Score of MuniFin's liquidity portfolio

- MuniFin's liquidity portfolio is managed in accordance with the company's Responsibility Policy approved by the Board of Directors.
- MuniFin monitors the environmental, social responsibility and governance practices of the issuers in the liquidity portfolio. This is done by monitoring the ESG scores of the issuers.
- The average ESG score of all investments is compared with a benchmark index using an asset class breakdown corresponding to the company's liquidity portfolio.
- At the end of 2018, MuniFin's liquidity portfolio had an ESG average of 50.9 on a scale of 1-100, which is above the benchmark index (50.8).

Appendix 13

Municipality Finance – Legal structure

Copyright MuniFin



Appendix 14

Finnish economy: Key forecast figures

	2019 EUR billion	2019 change in volume (%)	2020* change in volume (%)	2021* change in volume (%)	2022* change in volume (%)
GDP at market prices	240	0.9	-6.0	2.5	1.7
Imports	95	2.2	-8.6	3.4	2.6
Total supply	335	1.3	-6.8	2.8	1.9
Exports	96	7.2	-14.0	5.5	3.8
Consumption	182	0.9	-0.7	1.8	0.9
- private	126	1.0	-3.5	3.5	1.4
- public	55	0.9	5.9	-1.6	-0.1
Investment	57	-0.8	-6.1	0.3	2.2
- private	47	-1.0	-9.2	0.3	3.4
- public	10	0.3	8.0	0.3	-2.7
Total demand	335	1.8	-6.5	3.0	2.2
Unemployment (%)		6.7	8.5	9.0	8.8

*forecast

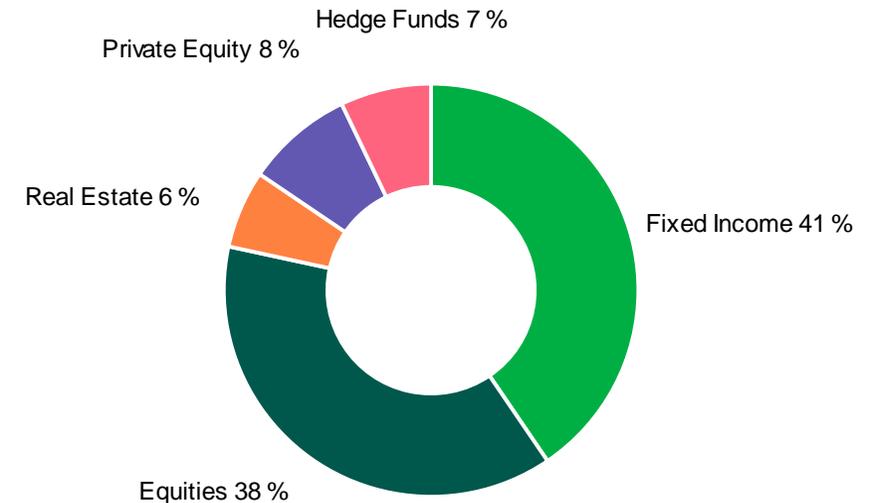
Source: Ministry of Finance, Economic Survey, Summer 2020

Appendix 15

Keva – Local Government Pensions Institution

- Mandatory pension fund for people working in the local government sector.
- Responsible for funding the pensions of local government employees and for investing their pension funds (1.2 million insured persons and pension recipients).
- Independent body governed by public law and operating in accordance with the Public Sector Pensions Act and the Keva Act.
- Supervised by the Ministry of Finance, the Financial Supervisory Authority and the National Audit Office of Finland.
- Market value of investments totalling €52.6 billion (12/2018). Largest pension fund in Finland.

Breakdown of investments*

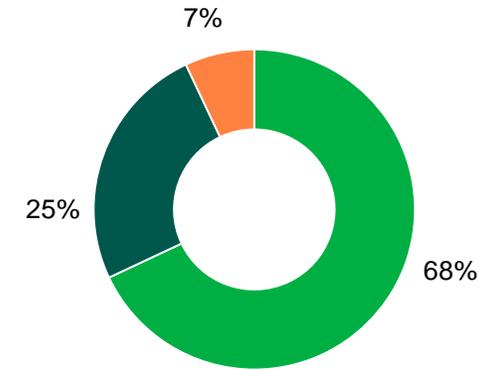


*As of September 31, 2018
Source: Keva 2018

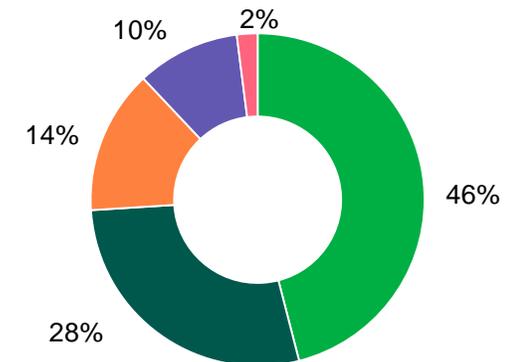
Appendix 16

3y USD 1 billion Benchmark, 0.375%

- MuniFin priced its first USD denominated benchmark transaction of 2020 on 23rd June 2020.
- The bond is a long 3-year EUR 1 bn note due 1st September 2023 and is MuniFin's ninth benchmark line to date.
- The joint lead managers were Deutsche Bank, JP Morgan, RBC and TD.
- The benchmark was priced at mid swaps +16 and pays an annual coupon of 0.375%. The spread over the CT3 was 21.1 bps. The re-offer price was 99.855% and the re-offer yield was 0.421%.
- The final order book was over EUR 2.8 billion and more than 70 investors placed orders.
- The orderbook was of very high quality. 68% of the allocations went to Central Banks & Official Institutions, 25% to Banks and 7% to Asset Managers.



■ Central Banks / Official Institutions ■ Banks ■ Asset managers

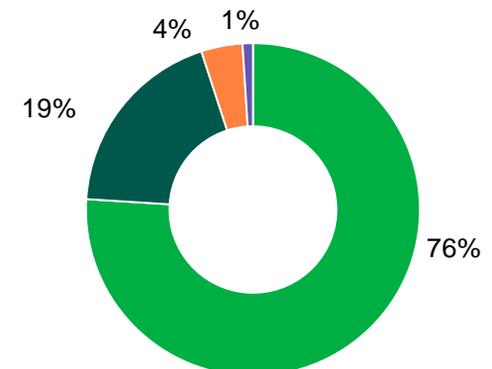
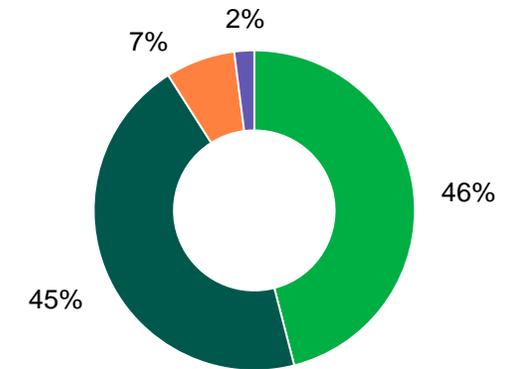


■ Europe ■ Americas
 ■ Asia Pacific ■ Middle East and Africa
 ■ Nordics

Appendix 17

5y EUR 1 billion Benchmark, 0.00%

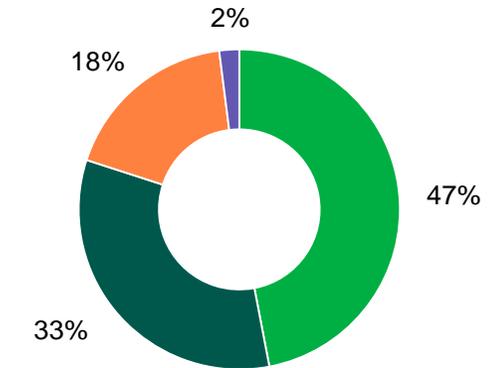
- MuniFin priced its second EUR denominated benchmark transaction of 2020 on 15 April 2020.
- The bond is a 5-year EUR 1 bn note due 22 April 2025 and is MuniFin's eighth benchmark line to date.
- The joint lead managers were Barclays, Citi, Morgan Stanley and Nordea.
- The benchmark was priced at mid swaps +16 and pays an annual coupon of 0%. The spread over the OBL 0% due April 2025 was 56.4 bps. The re-offer price was 100.476% and the re-offer yield was -0.095%.
- The final order book was over EUR 3.6 billion and more than 90 investors placed orders.
- The orderbook was of very high quality. 46% of the allocations went to Central Banks & Official Institutions, 45% to Banks, 7% to Asset Managers and 2% to Insurance/Pension Funds.



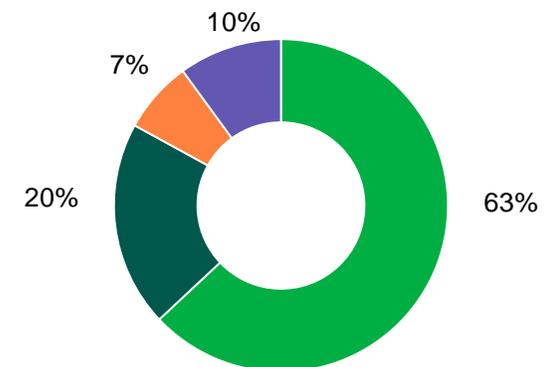
Appendix 18

5y EUR 1,5 billion Benchmark, 0.00%

- On January 7th, 2020 MuniFin issued a 5-year EUR 1,5bn note due November 15th, 2024.
- The transaction is MuniFin's first benchmark transaction in 2020 and represents MuniFin's seventh Euro benchmark to date.
- The joint lead managers were BofAML, Danske Bank, Natixis and Société Générale.
- The transaction offered a coupon of 0% and priced at mid swaps less 5bps, equating to a spread of 29.6bps over the OBL % Oct-24 benchmark. The re-offer price was 101.83% and the re-offer yield was -0.539%.
- Books closed in excess of EUR 3.9bn.
- The largest investor group was Central Banks & Official Institutions with 47%, followed by Bank Treasuries (33%), Fund Managers (18%) and Pension/Insurance Funds (2%).



■ Central Banks / Official Institutions
 ■ Banks
 ■ Asset managers / Insurance
 ■ Pension/Insurance

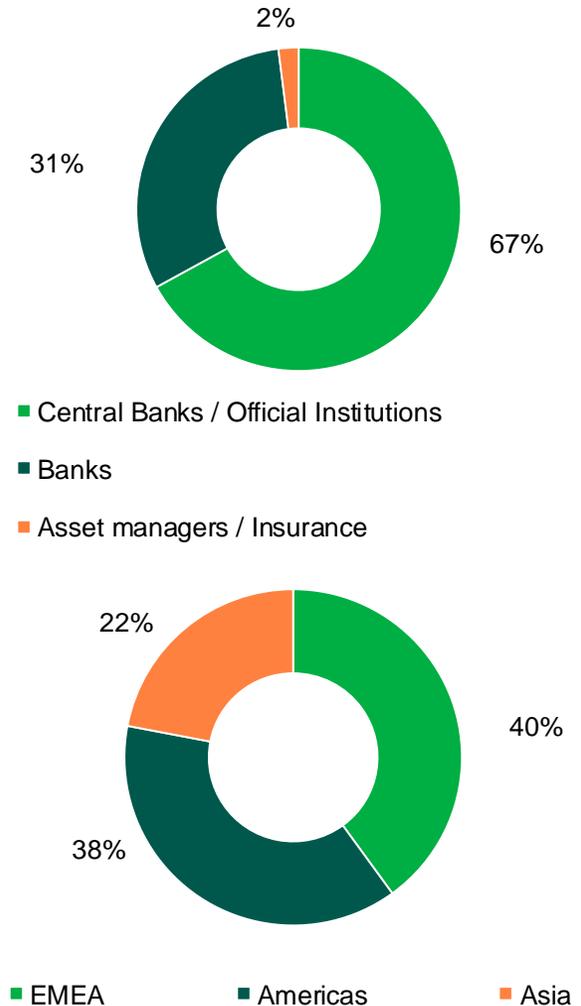


■ EMEA ■ Nordics ■ Asia ■ Other

Appendix 19

RegS/144a 3Y USD1.25 billion Benchmark, 1.500%

- On September 4th, 2019 MuniFin issued a 3-year USD 1.25bn note due September 12, 2022.
- The transaction is MuniFin's second USD benchmark transaction in 2019.
- The joint lead managers were Barclays, BNP Paribas, JP Morgan and TD Securities.
- The transaction offered a coupon of 1.500% and priced at mid swaps plus 15bps, equating to a spread of 10.05bps over the UST. The re-offer price was 99.728% and the re-offer yield was 1.468%.
- Books closed in excess of USD 3.25bn, representing the largest-ever orderbook for a MuniFin USD benchmark.
- The largest investor group was Central Banks and Official Institutions (67%), followed by Bank Treasuries (31%) and Fund Managers (2%).

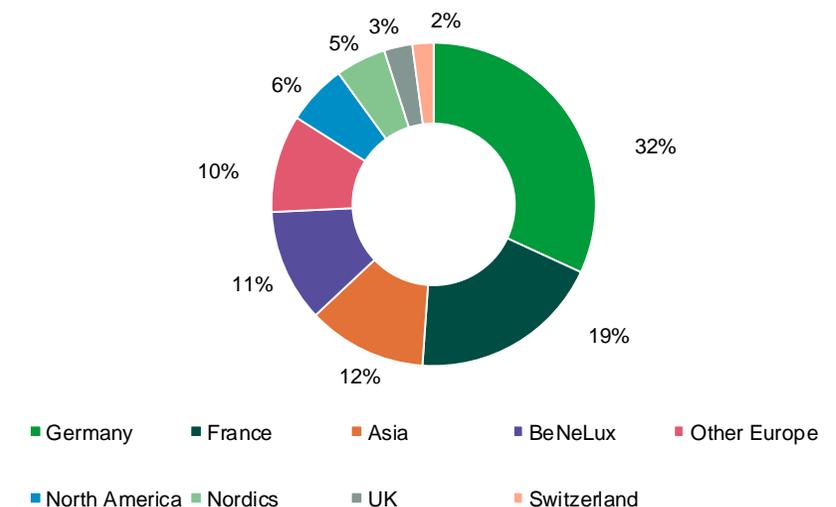
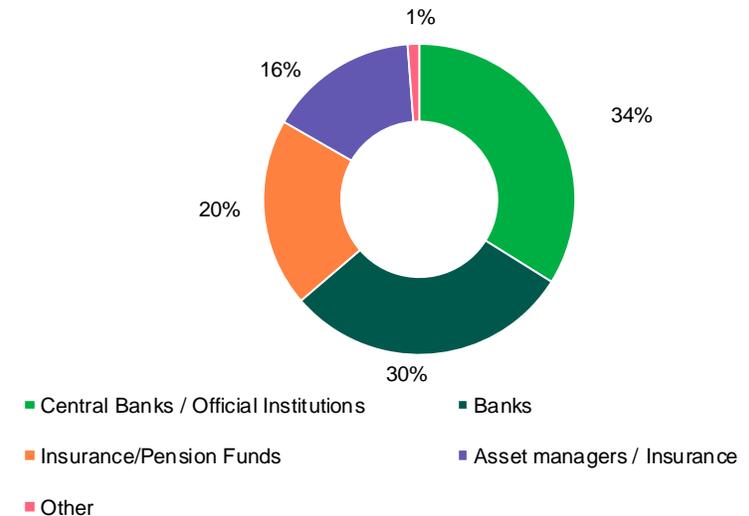


Appendix 20

Long 10Y EUR 500m Green bond, 0.05%



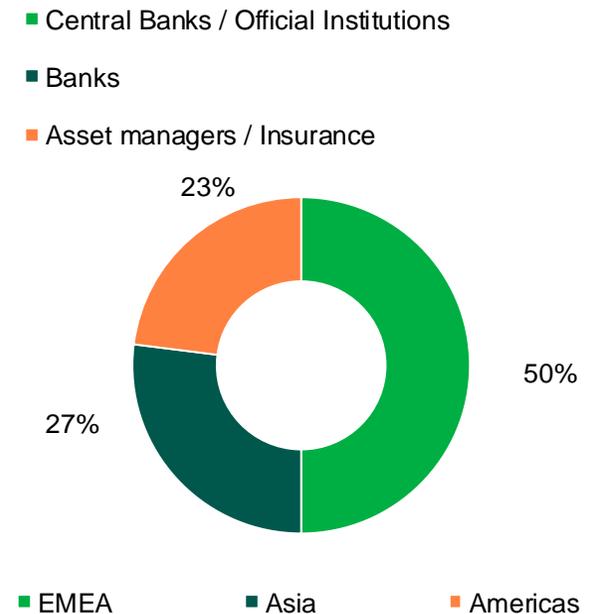
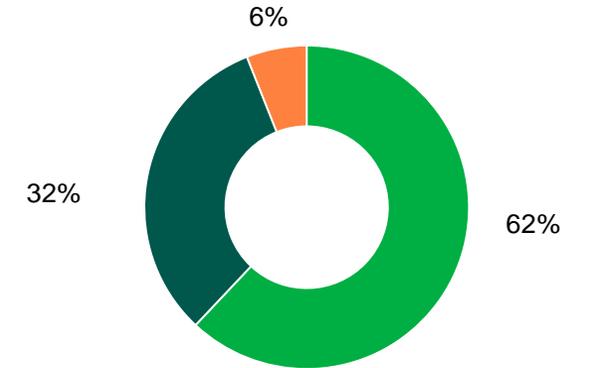
- On July 1, 2019 MuniFin issued a long 10-year EUR 500m green bond note due September 6, 2029.
- The transaction is MuniFin's third green bond benchmark transaction, following inaugural USD 500m green bond in 2016 and inaugural EUR 500m green bond in 2017
- The joint lead managers were CA-CIB, HSBC, Nordea and Rabo
- The transaction offered a coupon of 0.050% and priced at mid swaps minus 8bps, equating to a spread of 43.8bps over the Bund. The re-offer price was 99.970% and the re-offer yield was 0.053%.
- Books closed in excess of EUR 2bn and having 90 investor participating in the book altogether.
- The largest investor group was Central Banks and Official Institutions (34%), followed by Bank Treasuries (30%), Insurance and Pensions Funds (20%) and Fund Managers (16%).



Appendix 21

RegS/144a Short 5Y USD1 billion Benchmark, 2.500%

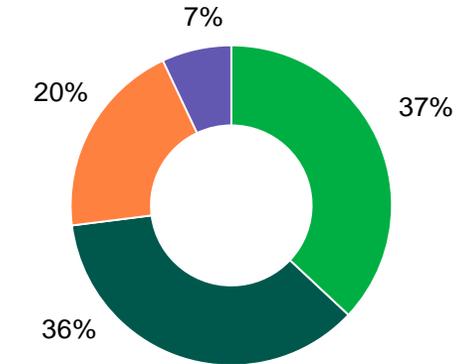
- On March 13, 2019 MuniFin issued a short 5-year USD 1bn note due November 15, 2023.
- The transaction is MuniFin's first USD benchmark transaction in 2019.
- The joint lead managers were BofAML, BMO, Nomura and Scotia.
- The transaction offered a coupon of 2.500% and priced at mid swaps plus 14bps, equating to a spread of 20.2bps over the BM. The re-offer price was 99.471% and the re-offer yield was 2.622%.
- Books closed in excess of USD 3bn, representing the largest-ever orderbook for a MuniFin USD benchmark at the time of issuance.
- The largest investor group was Central Banks and Official Institutions (62%), followed by Bank Treasuries (32%) and Fund Managers (6%).



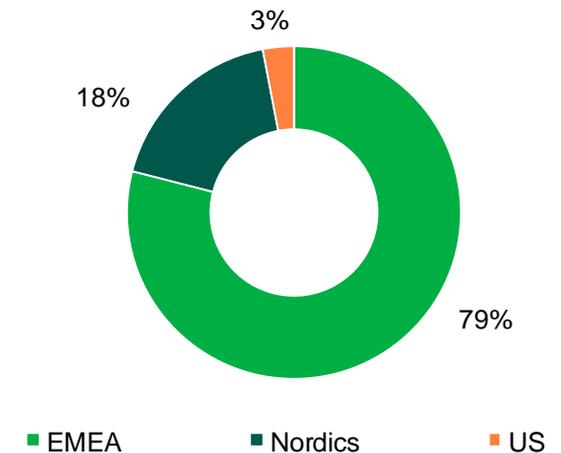
Appendix 22

5y EUR 1 billion Benchmark, 0.125%

- On January 9th, 2019 MuniFin issued a 5-year EUR 1bn note due March 7th, 2024.
- The transaction is MuniFin's first benchmark transaction in 2019 and represents fifth Euro benchmark to date.
- The joint lead managers were Citi, Deutsche Bank, JP Morgan and Nordea.
- The transaction offered a coupon of 0.125% and priced at mid swaps less 5bps, equating to a spread of 48.7bps over the DBR 1.750% Feb-24 benchmark. The re-offer price was 99.653% and the re-offer yield was 0.193%.
- Books closed in excess of EUR 1.25bn.
- The largest investor group was Central Banks & Official Institutions with 37%, closely followed by Bank Treasuries (36%), Fund Managers (20%) and Corporates (7%).



■ Central Banks / Official Institutions
■ Banks
■ Asset managers / Insurance
■ Other



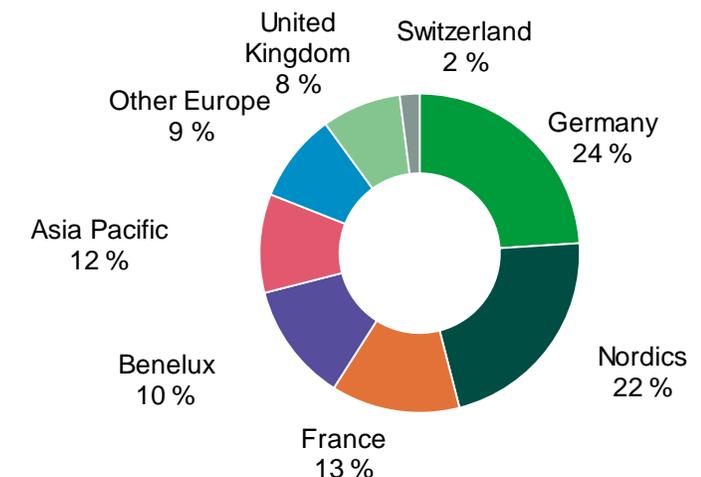
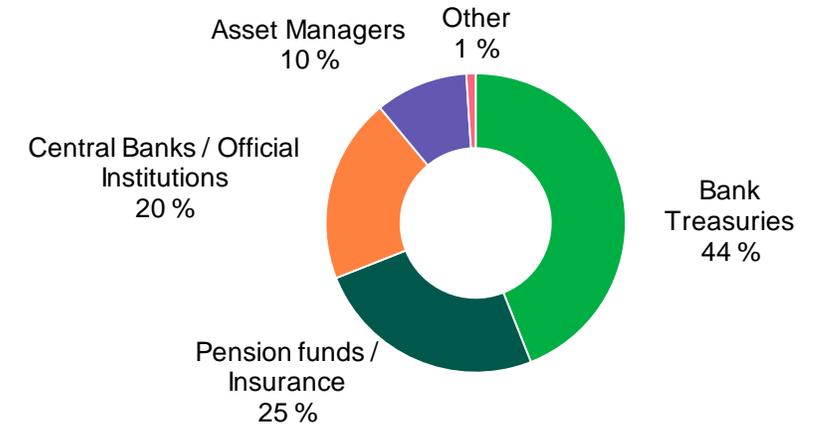
■ EMEA ■ Nordics ■ US

Appendix 23

Inaugural EUR Green Bond



- MuniFin issued its inaugural EUR 500m 10-year Green Bond on October 3, 2017.
- MuniFin will use the proceeds of the green bond to fund projects that promote the transition to low carbon and climate resilient growth across Finland in accordance with its Green Bonds Framework.
- The note has a final maturity of September 7, 2027 and pays a fixed coupon of 0.750 % annually, which equates to a spread of -7 basis points below the 10-year mid swap rate. This is equivalent to a 37.3 basis point spread over the DBR 0.5% August 2027.
- The Joint Lead managers of the transaction were BNP Paribas, Credit Agricole CIB, DZ Bank and Nordea.
- Following successful roadshows the Green Bond was launched after a rapid book building process. The pricing was moved from the initial -4 area guidance to -7 basis points on the back of the largest MuniFin orderbook to date. The final order book exceeded EUR 2,7 billion with orders from nearly 100 accounts.
- The Green Bond received very strong support from both traditional EUR SSA buyers as well as environmentally focused accounts. There were more than 30 new investors in the transaction.
- Around 50% of the orders came from dedicated green investors.
- Initial secondary performance of the Green Bond was very strong.



Appendix 24

MuniFin Additional Tier 1 Capital Transaction

- On 16th September 2015, Municipality Finance Plc ("MuniFin") announced a series of investor meetings in connection with the launch of their inaugural Additional Tier 1 Capital transaction.
- This transaction is the first publicly distributed AT1 instrument from a public sector entity in Europe, and achieved a new pricing milestone for this product in terms of lowest offered coupon
- The securities were issued to ensure that MuniFin complies with leverage ratio requirements, well ahead of anticipated entry into force in 2018. MuniFin's leverage ratio at 30 June 2015 stood at 1.9%
- The securities are expected to be rated BBB+ by S&P which makes the securities the highest rated AT1 in the market, due to the high quality nature of the credit
- Goldman Sachs International acted as joint bookrunner on this transaction together with Barclays, BNP Paribas and Nordea Markets

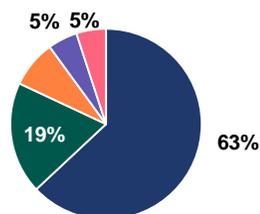
Structure

- The securities are EUR denominated (RegS format) and feature a fixed coupon of 4.500% up to but excluding the First Call Date (1st April 2022). The coupon will reset every 5 years thereafter (non-step up). They also feature a 5.125% CET1 trigger (Issuer and Group) with temporary write-down loss absorption

Execution

- Following a three-day constructive roadshow in London, Amsterdam, Zurich, and the Nordic region, MuniFin launched a € RegS PNC6.5 on Thursday 24th September 2015
- Investor feedback throughout the roadshow was very supportive, leading syndicates to enter the market with IPTs of high 4% for a no-grow €350mm trade
- Following tightening guidance to 4.625% area, the Lead Managers finally printed a €350m transaction at MS+396bps on the back of a substantially oversubscribed orderbook

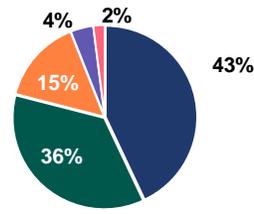
Distribution by Geography



■ Finland
■ United Kingdom
■ Rest of Europe

■ Nordics (ex Finland)
■ Middle East & Other

Distribution by Type



■ Owners
■ Pension & Insurance
■ Banks

■ Fund Managers
■ Official Institutions

Issuer:	Municipality Finance Plc (Kuntarahoitus Oyj)
Pricing Date:	24 th September 2015
Instrument:	Perpetual Fixed Rate Resettable Additional Tier 1 Securities
Issuer Ratings:	Aaa / AA+ (Moody's / S&P)
Expected Issue Rating:	BBB+ (S&P)
Issue Size:	€350m
Maturity & Non Call Period:	Perpetual NC6.5
Coupon	The coupon is fixed until the First Reset Date and then reset every 5 years thereafter (non-step up) First Reset Date: 1 April 2022 and will be fully discretionary non-cumulative, payable annually in arrears, with a short first coupon
Interest Cancellation	Coupon payment is at the full discretion of the Issuer. Mandatory cancellation upon insufficient Distributable Items, Maximum Distributable Amount to be exceeded or otherwise so required by the CRD IV, including the applicable criteria for Additional Tier 1 Capital instruments. Non-cumulative
Trigger Event	Common Equity Tier 1 Ratio of the Issuer on an unconsolidated basis and/or the Group on a consolidated basis is less than 5.125%
Write-Down and reinstatement	Upon a Trigger Event, the Prevailing Outstanding Amount will be written by the relevant Write-Down Amount. Following a Write-Down the Issuer may, at its discretion, reinstate some or all of the Original Principal Amount of the Securities, subject to compliance with the Relevant Rules and the Reinstatement Limit on a pro-rata basis with the reinstatement of all other Equal Trigger Instruments (if any)
Optional Redemption	1st April 2022 ("First Call Date") and any Interest Payment Date thereafter, at the Original Principal Amount, subject to the Conditions to Redemption and Purchase
Special Event Redemption	The issuer may redeem the Securities at the Prevailing Outstanding Amount upon the occurrence of a Capital Event (exclusion in whole or in part of Additional Tier 1 Capital) or a Tax Event (future additional amounts or loss of interest deductibility) (each a "Special Event"), subject to the Conditions to Redemption and Purchase
ISIN:	XS1299724911

Source:
Bloomberg,
Company Press
Releases as of 24
September 2015

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