



About the organisation

Municipality Finance Plc (MuniFin, or Kuntarahoitus Oyj) is a credit institution specialised in financing the local government sector and government-subsidised social housing production. MuniFin is one of Finland's largest credit institutions.

Municipality Finance aims to promote welfare in Finland through the financing of municipal projects related to basic infrastructure, healthcare, education and the environment. A significant portion of its customer financing is used for socially responsible projects such as building hospitals, healthcare centers, schools, day care centers and homes for the elderly.

The group also includes a subsidiary Financial Advisory Services Inspira Ltd.

Key figures

	2020	2019
Long-term customer financing (EUR million)	28,022	24,798
Total assets (EUR million)	44,042	38,934
Net operating profit (EUR million)	197	186
Total capital ratio, %	132.7	107.9
Personnel	165	167

Municipalities in Finland

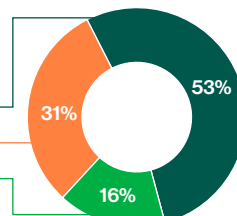
Finland's local government sector is characterised by a high degree of autonomy over financial matters (including the unlimited right to levy taxes on income) and strong credit quality, which is reflected in the high quality of MuniFin's customer financing portfolio.

Municipalities have a parallel status with the Central government confirmed in the Constitution of Finland (731/1999).

The 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. According to the Finnish Bankruptcy Act (120/2004), a Finnish municipality cannot be declared bankrupt.

Ownership

Municipalities, joint municipal authorities and companies owned by municipalities	53%
Keva, a local public sector pension fund	31%
Republic of Finland	16%



Explicit guarantee

The Municipal Guarantee Board (MGB) is an institution under public law (Act on the Municipal Guarantee Board (487/1996)) whose purpose is to safeguard and develop joint funding for municipalities. MGB's member municipalities include Finnish mainland municipalities, which are jointly liable on a pro rata basis for MGB's commitments. Membership is permanent. Due to the autonomy of the Province of Åland, its municipalities are not members of MGB and are not clients of MuniFin.

All loans guaranteed by MGB are classified as zero-risk. MGB's own credit ratings are Aa1 (stable, Moody's) and AA+ (stable, S&P).

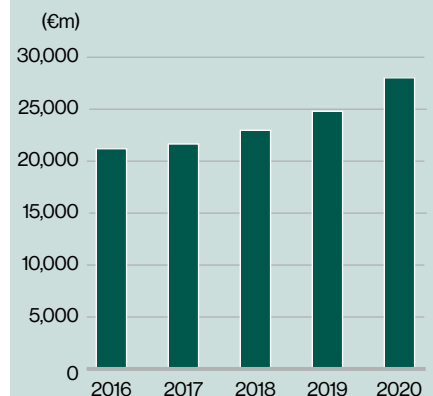
www.muniguarantee.fi

Credit ratings

Aa1 (stable) Moody's
AA+ (stable) S&P

The strong credit ratings are based on Municipality Finance's extremely low risk customer financing portfolio, good liquidity, conservative risk policies and the guarantees granted by the Municipal Guarantee Board for Municipality Finance's debt programmes and funding arrangements outside the programmes.

Long-term customer financing 2016–2020



MuniFin's customer financing carries only either Finnish municipality or central government risk. All financing granted by MuniFin is BIS 0% risk-weighted in the EU.

MuniFin finances only the municipal sector and non-profit housing production in Finland

MuniFin can grant financing to

- municipalities
- joint municipal authorities
- municipally owned corporations
- non-profit housing organisations

Funding strategy

MuniFin funds its operations through international capital markets. The funding operations are diversified in several markets.

MuniFin's funding strategy is to be active in international markets to obtain the best conditions for borrowing over the long term.

Strategic benchmark markets



Tactical funding markets



Euro commercial paper



MuniFin bonds HQLA level 1 assets

The Finnish FSA regards the bonds issued by MuniFin as HQLA Level 1 liquid assets. The statement was published on March 24, 2015.

0% risk weighting

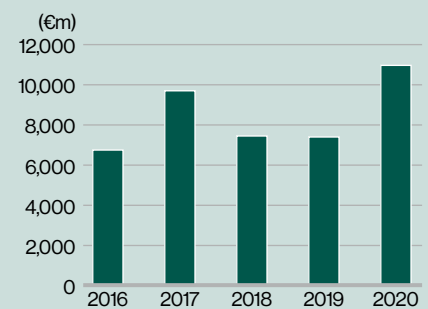
According to FIN-FSA, MuniFin's guarantor Municipal Guarantee Board is a public sector entity such that exposures to it can be treated as exposures to the central government (chapter 5.2.3 in FIN-FSA's Capital requirements calculation and large exposures).



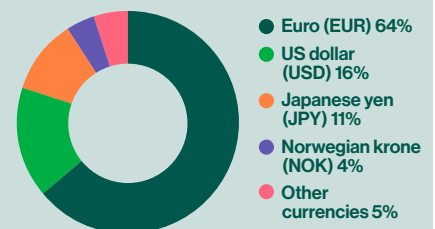
Green and social bonds

MuniFin offers green finance for projects that promote the transition to low-carbon and climate resilient growth. MuniFin's social finance is offered to projects that promote a sense of community, well-being and vitality. Green and social finance are funded by green and social bonds.

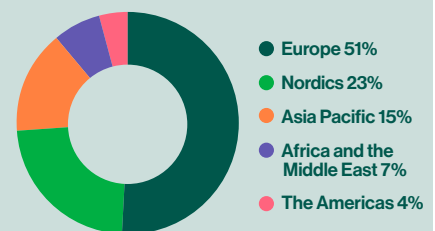
Funding by year 2016–2020



Funding by currency 2020



Funding by region 2020



Contacts

www.munifin.fi

Bloomberg Ticker: KUNTA

More information about the Municipal Guarantee Board (MGB): kuntientakauskeskus.fi/en/joint-funding-system-of-municipalities/

An unofficial English translation of the Act on the Municipal Guarantee Board (487/1996): kuntientakauskeskus.fi/en/municipal-guarantee-board/mgb-act/

An unofficial English translation of the Constitution of Finland (731/1999): finlex.fi/fi/laki/kaannokset/1999/en19990731.pdf

An unofficial English translation of the Finnish Bankruptcy Act (120/2004): finlex.fi/fi/laki/kaannokset/2004/en20040120.pdf

The relevant section is Section 3(2) of Chapter 1.

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