



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.

MuniFin 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

| | 2021 | 2020 |
|--|--------|--------|
| Long-term customer financing (EUR million) | 29,214 | 28,022 |
| Total assets (EUR million) | 46,360 | 44,042 |
| Net operating profit (EUR million) * | 213 | 197 |
| CET1 capital ratio, % | 95.0% | 104.3% |
| Personnel | 164 | 165 |

*excluding unrealised fair value changes

Municipalities in Finland

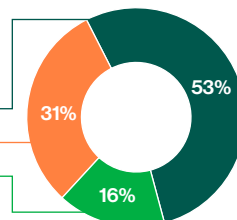
Finland's local government sector is characterised by a high degree of autonomy over financial matters (including the unlimited right to levy taxes on income) and strong credit quality, which is reflected in the high quality of MuniFin's customer financing portfolio.

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) provides an explicit guarantee for MuniFin's senior debt. 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 receivables 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 MuniFin's extremely low risk customer financing portfolio, good liquidity, conservative risk policies and the guarantees granted by the Municipal Guarantee Board for MuniFin's debt programmes and funding arrangements outside the programmes.

Long-term customer financing 2017-2021



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.

Strategic funding markets

EUR and USD benchmarks

Tactical funding markets

Other public markets

Private placements

Retail

Euro commercial paper

ECP (short-term)

Green bonds and social bonds can be issued in strategic or tactical funding markets

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).

Solvency II

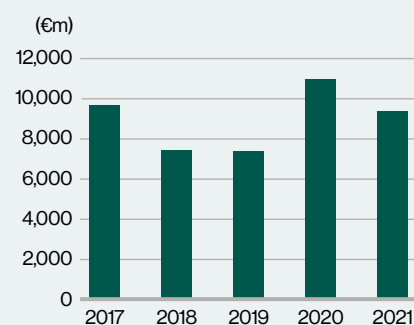
Based on the Solvency II regulation (as amended), MuniFin interprets its bonds, being fully guaranteed by the Municipal Guarantee Board, to meet the requirements of Article 180 and to be treated as exposures to the central government (risk factor of 0%). However, any investor being regulated by Solvency II is responsible for evaluating independently treatment of MuniFin's bonds when calculating risk factors of its assets.



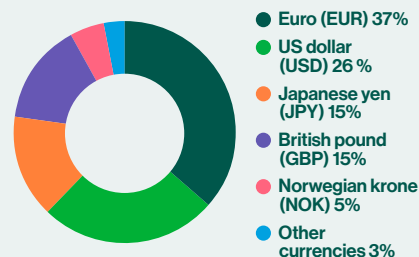
Green and social bonds

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..

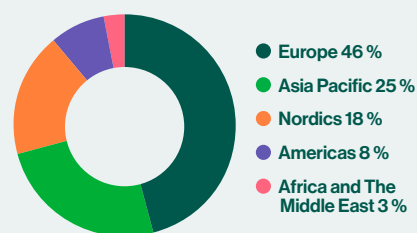
Funding by year 2017–2021



Funding by currency 2021



Funding by region 2021



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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