



About the organisation

Municipality Finance Plc (MuniFin, or Kuntarahoitus Oyj) is a credit institution specialised in financing Finland's municipal sector, wellbeing services counties sector and affordable social housing. 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 people with special needs.

MuniFin Group includes a subsidiary, Financial Advisory Services Inspira Ltd.

Key figures

	2022	2021
Long-term customer financing (EUR million)	29,144	29,214
Total assets (EUR million)	47,736	46,360
Net operating profit (EUR million) *	170	213
CET1 capital ratio (%)	97.6%	95.0%
Leverage ratio (%)	11.6%	12.8%
Personnel	175	164

*excluding unrealised fair value changes

Municipalities in Finland

Finland's municipal 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.

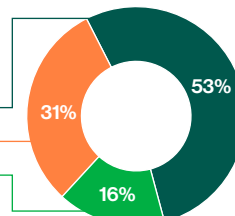
Municipalities have a parallel status with the Central government confirmed in the Constitution of Finland (731/1999).

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

Finland's municipal sector and wellbeing services counties	53%
Keva, a public sector pension fund	31%
State 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).

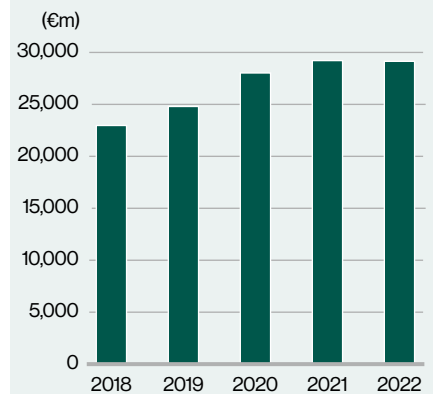
www.muniguarantee.fi

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 2018–2022



All customer financing is direct municipal or wellbeing services counties risk or is guaranteed by a municipality, a wellbeing services county, a joint municipal authority, a joint county authority for wellbeing services or central government (deficiency guarantee). All financing granted by MuniFin is BIS 0% risk-weighted in the EU.

MuniFin finances only the municipal sector, wellbeing services counties sector and affordable social housing in Finland

MuniFin can grant financing to

- municipalities
- joint municipal authorities
- wellbeing services counties and joint county authorities for wellbeing services
- corporate entities under the control of the above-mentioned organisations
- non-profit organisations and projects nominated by the Housing Finance and Development Centre of Finland (ARA)

Funding strategy

MuniFin funds its operations through international capital 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

LCR HQLA Level 1 asset in EU

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 under EU Capital Requirements Regulation

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 (Regulation and Guidelines related to the Capital Requirements Regulation 5/2019 chapter 6.2.3).

0% risk factor under EU Solvency II

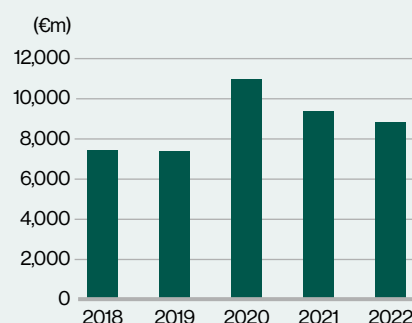
Based on the Solvency II regulation (as amended), MuniFin interprets its bonds, being fully guaranteed by the Municipal Guarantee Board, to meet the requirements of Article 180 and to be treated as exposures to the central government (risk factor of 0%). However, any investor being regulated by Solvency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



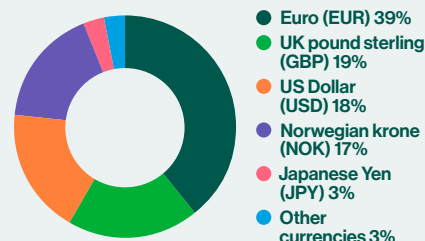
Green and social bonds

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.

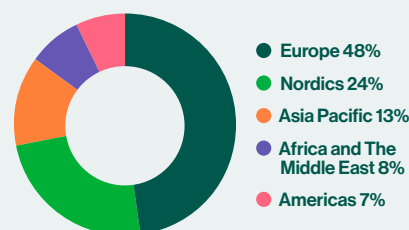
New long-term funding by year



New long-term funding by currency 2022



New long-term funding by region 2022



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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