

Corporate Governance Statement

2023

MuniFin

A. Introduction

This statement on MuniFin's (hereinafter "MuniFin" or "the Company") Corporate Governance in 2023 has been composed in accordance with Chapter 7, Section 7 of the Finnish Securities Markets Act (746/2012). This statement is provided here as a comprehensive description of MuniFin's Corporate Governance, separate from the Report of the Board of Directors.

According to Chapter 7, Section 7, of the Finnish Act on Credit Institutions (610/2014), a credit institution shall keep an account of how it complies with the provisions of Chapter 7, Sections 1–5 of this Act available on its website. The following includes a description of how MuniFin complies with the provisions.

The operations of MuniFin are governed by legislation on credit institutions (the Finnish Act on Credit Institutions, 610/2014, as amended, and the EU Capital Requirements Regulation, EU 575/2013, as amended, are especially important) and related supervisory guidelines that include a substantial number of requirements for corporate governance that MuniFin complies with in its operations. The most significant supervisory guidelines with a bearing on the Company's governance and this report are the European Banking Authority's Guidelines on Internal Governance as well as Guidelines

on the disclosure requirements of Part Eight of Regulation (EU) No. 575/2013. These are available at www.eba.europa.eu. In addition to the general banking regulation, the operations of MuniFin are heavily based on the Act on the Municipal Guarantee Board (the "MGB Act"). The MGB Act determines the financed activities when the funding is acquired using a guarantee provided by the Municipal Guarantee Board.

In addition to banking regulation, MuniFin's governance structure follows, partially, the Finnish Corporate Governance Code for listed companies published by the Finnish Securities Market Association. The latest update to the code came into force 1 January 2020 and it is available at www.cgfinland.fi. The code concerns Finnish listed companies i.e., companies, of which shares are listed on the Helsinki Stock Exchange. As MuniFin is solely an issuer of listed bonds (listings in exchanges operating in London, Helsinki and Zürich) and its shares are not subject to public trading, applying the Finnish Corporate Governance Code for listed companies in its entirety is not appropriate. However, the key elements of MuniFin's governance practices are in line with the recommendations of the code. MuniFin's reporting related to remuneration does not completely correspond to the recommendations of the code that came into force in the beginning of 2020, because the recommendations derived from the Finnish Limited Liability

Companies Act (624/2006) concern listed companies. In relation to the remuneration reporting, MuniFin complies with specific reporting requirements that concern credit institutions. Therefore, it is not appropriate, in addition to these requirements, to comply with a code that is not targeted at a company such as MuniFin. All information concerning remuneration in 2023 as well as the principles and practices guiding the remuneration is disclosed in a Pillar III Disclosure Report on capital adequacy and risk management. MuniFin is legally obligated to publish a Pillar III Disclosure Report. The report is available in English on MuniFin's website, but the remuneration section of the report is also available in Finnish on the said website. In addition to this document, descriptions related to MuniFin's administration and management are available at the Company's website.

The Board of Directors of MuniFin reviewed this statement at its meeting on 9 February 2024. This statement and the Company's Annual Report for 2023, including the financial statements, Report of the Board of Directors and Auditor's Report, are available on the Company's website. The auditor has reviewed this statement and has not noted any discrepancies between the statement and the main features of the internal control and risk management systems pertaining to the financial reporting process stated in the financial statements.

B. Corporate governance

1. Ownership and legal structure

MuniFin is a public company as referred to in the Limited Liability Companies Act.

The owners of MuniFin include Finnish municipalities and entities controlled by them (53%), Keve (31%) and the Republic of Finland (16%).

According to the Articles of Association, without the Company's consent, its share may not be acquired by transfer other than by Keve, municipalities, joint municipality boards, central municipal organizations, corporations owned completely or on a majority basis by municipalities, and companies owned by such corporations. The Company's Board of Directors shall decide whether to grant said consent. In addition, the Articles of Association contain a redemption clause, according to which the shareholders who are entitled to acquire shares without the Company's consent have the right to redemption. Those member municipalities of the Municipal Guarantee Board that are not shareholders have the secondary right to redemption.

There has been no material changes to the Company's ownership structure during the financial year. At the end of 2022, MuniFin had five joint municipal authorities of hospital districts as shareholders, owning a total of 162,500 shares, equivalent to 0.42 percent of the company's total shares. The assets of the joint municipal authorities of hospital districts were transferred directly to the wellbeing services counties on 1 January 2023, as mandated by law. The transferring shares were offered for redemption to the parties entitled to redemption rights in accordance with the redemption clause of the Articles of Association. None of the entitled parties presented a redemption claim within the specified period, and consequently, the wellbeing services counties were registered in the shareholder register as shareholders.

The Company is not aware of any shareholders' agreements that would affect its operations.

MuniFin holds a credit society's authorisation as referred to in the Act on Credit Institutions and the Company's operations are monitored by the European Central Bank and the Finnish Financial Supervisory Authority.

2. Management structure of the Company

The Company has a strategy approved by the Board of Directors according to which the Company's business operations, risk management and corporate governance are managed. The Company also has operating policies approved by the Board of Directors, which function as key principles for the Company's risk management and internal control. The Company also has a considerable amount of other internal operational guidelines in support of the arrangement of governance and risk management.

The previously mentioned operating policies approved by the Board of Directors include the Corporate Governance Policy of MuniFin, which is updated regularly. The most recent update to this policy was made in April 2023. The Corporate Governance Policy and the Sustainability Policy ratified by the Board of Directors also contain principles on the management of conflicts of interest.

The following chart is a general illustration of the administrative structure of MuniFin. Solid arrows indicate formal reporting responsibility while dotted arrows indicate agreed additional/parallel reporting methods.



3. General Meeting

The Limited Liability Companies Act and the Articles of Association of MuniFin define issues addressed at the Annual General Meeting. All shareholders have the right to attend the General Meeting and exercise their right of speech and vote with the shares in their ownership, each share entitling the owner to one vote.

The Annual General Meeting must be held each year on a date determined by the Board of Directors within a period of six months from the end of the financial period. In 2023 the Annual General Meeting was held on 28 March 2023. At the Annual General Meeting, there were 18 participants present, either in person or by proxy, representing 27,202,336 shares and votes, which corresponds to 69.64 per cent of the total number of shares and votes.

4. Shareholders' Nomination Committee

MuniFin has a Shareholders' Nomination Committee established by the General Meeting, which is annually in charge for making a proposal to the Annual General Meeting on the number of members of the Board of Directors, candidates for election to the Board of Directors and their remuneration. In addition, the Shareholders' Nomination Committee makes a proposal on the election of the Chair and Vice Chair of the Board of Directors. The proposal is made to the Board of Directors elected at the Annual General Meeting.

In its work, the Shareholders' Nomination Committee shall take into account the requirements set in the regulation for the governance of a credit institution, including competence, experience and other suitability related requirements for members of the Board of Directors, the nature of the Company's business operations and its ownership structure. The Shareholders' Nomination Committee has confirmed its rules of procedure, which includes more detailed descriptions of the principles that shall be followed in order to comply with the objectives and tasks set by legislation and the General Meeting for the Shareholders' Nomination Committee.

The Nomination Committee consists of five members.

- Three of the members are appointed by the three largest shareholders, one member by each shareholder, according to the share register. With the current ownership structure, the three largest shareholders are Keva, Republic of Finland and the City of Helsinki.
- The fourth member is appointed by the Association of Finnish Local and Regional Authorities.
- The next five largest shareholders (following the three largest shareholders) together have the right to appoint the fifth member. With the current ownership structure, the following municipalities have the right to appoint the fifth member together: the City of Espoo, the City of Vantaa, the City of Tampere, the City of Oulu and the City of Turku.

In this context, the ownership is considered based on the total ownership of a local authority corporation. The individuals appointed cannot have an employment relationship with the company. The company's largest shareholder appoints its representative as the Chair of the Nomination Committee.

The members of the Shareholders' Nomination Committee at the end of the 2023 financial year were:

- Jaakko Kiander, Chair (CEO, Keva)
- Timo Reina (Deputy Managing Director, the Association of Finnish Local and Regional Authorities)
- Jukka-Pekka Ujula (Chief Executive Officer, City of Helsinki)
- Majja Strandberg (Senior Finance Councillor, Prime Minister's Office, Government ownership steering)
- Juha Yli-Rajala (Group Chief Executive Officer, City of Tampere)

The Chair of the Board of Directors attends the Shareholders' Nomination Committee meetings as an expert and as a part of this duty, prepares the meetings together with the secretary to support the Chair of the Shareholders' Nomination Committee.

The Shareholders' Nomination Committee convened for the 2023 Annual General Meeting and made the required proposals to the Annual General Meeting. The Annual General Meeting approved the proposals as submitted. The proposals made to the 2024 Annual General Meeting and the Board of Directors to be elected at the meeting will be published as an appendix to the invitation to the 2024 Annual General Meeting and made available on the Company's website.

No remuneration is paid to the members of the Shareholders' Nomination Committee.

5. The Board of Directors

5.1. Duties of the Board of Directors

The Board of Directors is responsible for the Company's management and the proper arrangement of its operations. The Board of Directors is responsible for the duties specified for it in the Limited Liability Companies Act, the Articles of Association and other legislative provisions and regulations issued by the authorities. Duties and principles of the Board of Directors are confirmed as part of MuniFin's Corporate Governance Policy and the appended Board's Rules of Procedure. The main duties of the Board include determining the Company's strategy (including sustainability and the risk profile), accepting the annual operating plan and budget, monitoring the Company's financial situation, and ensuring

through supervision that the Company's management, and risk management in particular, are properly arranged by the management. The Board of Directors also makes decisions on matters that are unusual or extensive in view of the scope and nature of the activities of the company.

The external and internal audit report to the Audit Committee and the Board of Directors, which ensures that the Board of Directors receives independent information on the status of the Company. The Board confirms the Company's values and ethical operating principles and other key policies that guide the operations and the risk management. The Board of Directors is responsible for the appointment and termination of employment of the CEO and Deputy to the CEO and decides on their remuneration and benefits. In addition, the Board of Directors approves the appointment and remuneration and benefits of persons reporting to the CEO. The Board of Directors decides on the principles of the remuneration system for the whole Company.

In the 2023 financial year, the Board of Directors has discharged its duties as set out in legislation and the Company's risk management principles (including approving the updated risk policies and other board-level guidelines). The Board of Directors has monitored the development of the business operations, the financial situation, the risk position and the strategic development projects. In 2023, the Board assessed the Company's operating environment

and the potential pressures for change affecting the operating environment. As a result, the Board confirmed the Company's updated strategy, which did not materially alter the Company's previous strategy. Instead, the strategy clarified the Company's core mission, which is to ensure the accessibility and effectiveness of its customers' financing. The strategy also strongly emphasizes the company's commitment to sustainability at the core of its operations, as well as the need to develop expertise, processes, and IT systems to meet future demands. In the fall of 2023, the Board approved MuniFin's sustainability program, aiming to increase the share of sustainable financing and reduce emissions from financed properties. The Board also actively monitored the market developments and the risks of the Company, taking into account the changes in the world politics and especially paid attention to liquidity risk management due to global development. MuniFin's operations and risk position remained stable despite the different events in the market environment. The Company's capital adequacy remained high, and the Board continued the capital planning started already in 2021 by establishing a new dividend policy that was approved by the Annual General Meeting. The Board will continue its development work related to the company's capital planning in 2024, aiming to establish financial goals that support the company's strategy while considering the company's needs for sufficient risk buffers.

5.2. Composition of the Board of Directors and the term of office

Under the Articles of Association, the Board of Directors has a minimum of five and a maximum of nine members.

The Annual General Meeting elects the members of the Board and each member's term of office will terminate when the Annual General Meeting following their election concludes.

Each year, the Shareholders' Nomination Committee prepares a proposal to the Annual General Meeting concerning the composition of the Board of Directors.

The Board of Directors shall always operate independently, taking into account the interests of the Company and all shareholders.

The Board will elect a Chair and a Vice Chair from among its members and their term of office will last until the conclusion of the Annual General Meeting following their election. The Shareholders' Nomination Committee will make a proposal on the Chair and the Vice Chair to the Board-to-be-elected. There is no rotation system for retiring members of the Board of Directors and a member for a previous term can be re-elected. A new Board member can be elected at the Annual General Meeting or at an extraordinary meeting

of shareholders to take, for the remainder of the term of office, the place of a member who has resigned or become permanently incapable of performing the duties of a board member. However, in preparing their proposal for the composition of the Board of Directors, the Shareholders' Nomination Committee strives to take into account the requirements with regard to rotation of the Board members.

5.3. Suitability of Board members and diversity of the Board of Directors

With regard to the members of the Board of Directors, each person's integrity and competence is always assessed before the person is finally selected or before they take up their duties, as separately prescribed in the applicable legislation and guidelines issued by authorities.

The composition of the Board of Directors is planned with a long-term view. Members of the Board must also have specific familiarity with the activities of a credit institution as well as the statutory requirements and risks concerning credit institutions. When planning its proposal for the composition of the Board of Directors, the Shareholders' Nomination Committee shall also take into account professional competence and the independency requirements of the Board and the person's ability to use enough time to fulfil their duties.

No maximum age limit has been set for Board members and the Company has not set targets for the age distribution of the Board.

Effective Board work requires a diverse range of expertise, knowledge and experience to be represented on the Board of Directors. The Annual General Meeting, held on 23 March 2011, decided on a permanent establishment of the Shareholders' Nomination Committee and defined that the proposal for the composition of the Board of Directors shall take into account understanding on operational environment, capital markets, financing related risks, customers and owners and general operational experience on corporate governance.

Regulations in force set requirements for the diversity of the composition of the Board of Directors and for disclosing potential targets, if any, related to diversity. The referred decision of the General Meeting concerning elements to be considered in relation to the composition of the Board of Directors does not include more detailed targets. The Shareholders' Nomination Committee shall consider, based on these elements and regulations in force, more detailed knowledge areas, which needs to be considered in the Composition of the Board of Directors. These more detailed elements to be considered are e.g., knowledge of the Finnish municipal and public sector, social housing,

credit granting, various financial instruments, accounting and international accounting standards, banking regulation and internal controls and external audit. Due to the number and complexity of different factors, and the limited number of Board members, the Shareholders' Nomination Committee and the Board of Directors have not set exact targets for these subareas with respect to the composition of the Board, but instead assess the Board composition as a whole with respect to these issues.

The target is to have a composition that best serves MuniFin's business considering its special features and changes in the business environment. Both the Shareholders' Nomination Committee and the Board of Directors have assessed that the composition of the Board of Directors meets these requirements well.

The Company has not set objectives for geographical representation on the Board of Directors, but the Nomination Committee has deemed it important, in view of the Company's business model, for the members of the Board of Directors to be familiar with Finnish society and public sector activities, even if they have not worked professionally in that sector.

With respect to independence, the Board of Directors has specified as part of the Corporate Governance Policy that a majority of Board members must be independent of the Company and two of those independent of the Company must be independent of its largest owners (more than 10%) as well. The composition of the Board of Directors in the 2023-2024 term fulfils this requirement. Independence is evaluated based on the European Banking Authority guidelines and the Finnish Corporate Governance Code.

The composition of the Board of Directors also takes into account equal representation of both genders. The Shareholders' Nomination Committee has set a target according to which representatives of both genders shall be minimum of 40%. This corresponds to the Act on Equality in force. Before the Annual General Meeting in 2023, the Board composition had equal amount of female and male members. After the Annual General Meeting, the composition of the Board has consisted of male members at 63% and female members at 38%. The Shareholders' Nomination Committee has considered this acceptable as there are usually some changes to the composition annually and thus there may be differences between the target and individual years that will even out over the long term.

The executive management together with the Chair of the Board takes care of making new Board members adequately familiar with the duties of a Board member, the Company's business operations and the risks involved in its operations. In addition, the Board of Directors adopts an education programme each year to ensure that it possesses all times the necessary expertise to address changes in the business environment and development of the Company's business operations. In 2023, the Board's education program included topics related to cybersecurity, sustainability and sustainable development (e.g., sustainability reporting and municipal climate actions). Members of MuniFin's Executive Management Team also participated in these training sessions.

5.4. Composition of the Board of Directors at the end of the 2023 financial year

In accordance with the proposal of the Shareholders' Nomination Committee, the 2023 Annual General Meeting elected the persons listed below to the Board of Directors for the 2023–2024 term (from the end of the Annual General Meeting to the end of the next Annual General Meeting).

The table below includes information based on the Directive 2013/36/EU ("CRD") Article 91 and the Finnish Act on Credit Institutions Section 7, Paragraph 5 on number of directorships regarding the members of the Board of Directors. According to this regulation a Board member or the CEO with a full-time service or employment contract with a significant credit institution may hold a maximum of two other types of Board memberships and a Board member in other than full-time employment or service position a maximum of four Board memberships.

MuniFin Board membership is counted as one non-executive directorship. The calculation does not take into account duties that involve entities that do not pursue commercial objectives (non-commercial entities). Additionally, directorships within the same group shall count as a single directorship (see detailed information under CRD Article 91). Members of the Board of Directors met these requirements in 2023.



Kari Laukkanen, b. 1964
Chair
On the Board of Directors since 2018
Education: M.Sc. (Econ.)
Primary occupation: Board professional and financial consultant (Lauvest Oy, CEO, Chair of the Board of Directors, consultancy company owned by Kari Laukkanen, not a full time position)
Previous key work history and positions of trust: Long and diverse international banking experience in various positions at a global banking group (Citigroup, 1990–2016, last 13 years Managing Director, Citi Country Officer of the Finnish branch).
Other material positions of trust: Chair of the Board of Directors at Emittor Oy
Number of directorships as defined by the regulation: 2 (membership of the Board of MuniFin and another membership of the Board), does not exceed the permitted number, no other directorships to be taken into account
Independence: Independent of the Company and its significant shareholders



Maaria Eriksson, b. 1967
Vice-Chair,
On the Board of Directors since 2019
Education: M.Sc. (Econ), CEFA
Primary occupation: Deputy CIO, COO, Investments, Keva
Previous key work history and positions of trust: Long and diverse experience in capital market tasks at Keva, Finland's largest occupational pension insurance company (since 1998) and before that as portfolio manager and economist in the banking sector (Merita 1996–1998) and as an economist at the Bank of Finland (1994–1996).
Other material positions of trust: Member of the Advisory Committee for Investments of the University of Oulu (non-commercial)
Number of directorships as defined by the regulation: 1 (membership of the Board of MuniFin), does not exceed the permitted number, no other directorships to be taken into account.
Independence: Independent of the Company, not independent of its significant shareholders (works for a significant shareholder)



Markku Koponen, b. 1957
On the Board of Directors since 2018
Education: Master of Laws, Trained on the bench, EMBA
Primary occupation: Board professional
Previous key work history and positions of trust: Long and diverse experience in communications, legal affairs and banking regulation at OP Financial Group, one of the largest banking groups in Finland (1985–2017, during which more than 20 years of experience in the executive management team and the board of directors).
Other material positions of trust: No other positions
Number of directorships as defined by the regulation: 1 (membership of the Board of MuniFin), does not exceed the permitted number, no other directorships to be taken into account.
Independence: Independent of the Company and its significant shareholders



Tuomo Mäkinen, b. 1972
On the Board of Directors since 2021
Education: M.Sc. (Econ)
Primary occupation: Finance Manager, City of Helsinki
Previous key work history and positions of trust: Long experience of executive-level financial responsibilities at the City of Helsinki since 2000. Finance Manager since 2014.
Other material positions of trust: Chair of the Board of Directors at Helsinki Stadion Oy (Helsinki City Group, non-commercial entity)
Number of directorships as defined by the regulation: 1 (membership of the Board of MuniFin), does not exceed the permitted number, no other directorships to be taken into account
Independence: Non-independent of the Company and its significant shareholders (works for a significant shareholder and customer)



Minna Smedsten, b. 1976
On the Board of Directors since 2021
Education: M.Sc. (Econ)
Primary occupation: CFO, Tietoevry Banking, Tietoevry Corporation, starting from 1 February 2024. *Smedsten's position as the CFO of Taaleri Group ended at the end of 2023. Her positions of trust in the Group ended at the same time.*
Previous key work history and positions of trust: Long experience in executive-level financial management positions in the financial sector since 2000 (Taaleri, GreenStream, Kaupthing Bank, Norvestia).
Other material positions of trust: No other positions
Number of directorships as defined by the regulation: 1 (membership of the Board of MuniFin), does not exceed the permitted number, no other directorships to be taken into account
Independence: Independent of the Company and its significant shareholders



Denis Strandell, b. 1958
On the Board of Directors since 2020
Education: M.Sc. (Econ)
Primary occupation: Mayor, City of Hanko
Previous key work history and positions of trust: Long and diverse experience in capital market tasks and investment services at Finnish and Nordic banking and investment services groups (1986–2011: Protos, Aktia, Unibank, Danske Bank, FIM). Long experience (since 2000) of Finnish municipal sector administration in the Kirkkonummi municipal council and municipal government prior to becoming the Mayor of the City of Hanko (since 2015).
Other material positions of trust: Chair of the Board of Directors at Asunto Oy Lappohjan kerrostalot (non-commercial housing company); member of the Board of Directors at C-Fiber Hanko Oy
Number of directorships as defined by the regulation: 2 (membership of the Board of MuniFin and another ordinary membership of the Board), does not exceed the permitted number, no other directorships to be taken into account
Independence: Independent of the company and its significant shareholders



Leena Vainiomäki, b. 1961
On the Board of Directors since 2021
Education: Master of Political Sciences, MBA
Primary occupation: Board professional
Previous key work history and positions of trust: Long and diverse experience in executive-level positions in the financial sector. Country Manager at Danske Bank (2018–2020), other executive-level positions at Danske Bank since 2011 and at Nordea and its predecessors since 1988. Has also held Board positions at companies belonging to the Danske Group.
Other material positions of trust: Member of the Board of Directors at LRV Corp Oy and Veikkaus Oy; member of the Board of Directors and Audit Committee at Finnish Rail Ltd (non-commercial entity)
Number of directorships as defined by the regulation: (membership of the Board of MuniFin and two other Board memberships), does not exceed the permitted number, no other directorships to be taken into account
Independence: Independent of the Company and its significant shareholders



Arto Vuojolainen, b. 1963
On the Board of Directors since 2023
Education: Master of Science in Technology
Primary occupation: Operational and Financial Director, City of Tampere
Previous key work history and positions of trust: Experience in financial management positions at the City of Tampere since 2007. Prior experience in expert and managerial positions in credit granting and customer relations in the banking sector (Nordea, Handelsbanken) since 1991.
Other material positions of trust: Member of the Board of Directors at the Tor, Joe and Pentti Borg Foundation (non-commercial); member of the Board of Directors at the Tampere University of Applied Sciences Foundation (non-commercial)
Number of directorships as defined by the regulation: 1 (membership of the Board of MuniFin), does not exceed the permitted number, no other directorships to be taken into account
Independence: Non-independent of the Company, independent of its significant shareholders (works for a significant customer)

5.5. Changes in the composition of the Board of Directors 2023

Vivi Marttila was a Board member until the 2023 Annual General Meeting. Marttila was no longer available to the Board for the term 2023-2024. Arto Vuojolainen was elected to the Board at the 2023 Annual General Meeting.

5.6. Meetings of the Board of Directors

The Company's Board of Directors has confirmed its rules of procedure. The Board will convene upon the summons of the Chair as often as Company business requires. During the 2023 financial year the Board of Directors convened 12 times, out of which two were email meetings. The average attendance rate of Board members at these meetings was 97%. The Board conducts an annual self-assessment of the effectiveness and quality of its work and performance of its duties.

The individual attendance rates of the Board members in the meetings for the 2023 financial year were as follows:

| | |
|--------------------|-------|
| Kari Laukkanen | 100 % |
| Maaria Eriksson | 100 % |
| Markku Koponen | 100 % |
| Vivi Marttila* | 100 % |
| Tuomo Mäkinen | 100 % |
| Minna Smedsten | 92 % |
| Denis Strandell | 83 % |
| Leena Vainiomäki | 100 % |
| Arto Vuojolainen** | 100 % |

*Board membership ended at the 2023 Annual General Meeting and the attendance rate has been calculated for the meetings before the ending

**Elected to the Board at the 2023 Annual General Meeting, and the attendance rate has been calculated for the meetings after the commencement of the membership

The CEO and Secretary of the Board of Directors participated regularly in meetings of the Board of Directors.

5.7. Composition of the Board of Directors for the term 2024 - 2025

The Shareholders' Nomination Committee will make a proposal for the composition of the Board of Directors for the term commencing at the end of the 2024 Annual General meeting and ending at the conclusion of the Annual General Meeting following the election (2025). The proposal will be attached to the invitation to the Annual General Meeting.

5.8. Board Committees

MuniFin is, based on the Act on Credit Institutions, another significant credit institution (O-SII) and the Board of Directors has, as required by the legislation, established Audit, Risk and Remuneration Committees. The Board appoints, from among its own members, the chairs and the members of these committees. Each committee must have at least three members and the members must have the necessary expertise and experience required to perform the duties of the committee. Committees regularly report to the Board of Directors on their activities.

The purpose of the Audit Committee, as a preparatory body, is to assist the Board of Directors in duties related to financial reporting and internal control. The Audit Committee supervises work of the external and internal audit. The members of the Audit Committee must have adequate expertise and experience, taking into account the area of responsibility of the Audit Committee and the mandatory duties related to external audit.

The Audit Committee convened a total of ten (10) times during the financial year, and the average attendance rate was 95%.

The members of the Audit Committee at the end of the financial year, and their individual attendance rates in the meetings for the 2023 financial year were:

| | |
|------------------------|-------|
| Markku Koponen (Chair) | 100 % |
| Tuomo Mäkinen* | 100 % |
| Minna Smedsten | 100 % |
| Denis Strandell | 80 % |

*Elected to the Audit Committee during 2023, and the attendance rate has been calculated for the meetings after the commencement of the membership

Vivi Marttila served as a member of the Audit Committee until the 2023 Annual General Meeting.

The meetings of the Audit Committee were also regularly attended by the CEO, the Secretary of the Committee, the CFO, the Head of Internal Audit and the lead audit partner.

In accordance with the Act on Credit Institutions, the Risk Committee assists the Board in the matters related to the institution's overall risk appetite and strategy, and in overseeing that the management complies with the risk strategy decided by the Board. The Risk Committee is to estimate whether the prices for the services that tie up capital correspond with the institution's business model and risk strategy and if not, to present a remedy plan to the Board. Furthermore, the Risk Committee shall assist the Remuneration Committee in the establishment of impeccable remuneration policies, and to assess whether the incentives provided by the remuneration system take into consideration the institution's risks, capital and liquidity requirements, and the likelihood and timing of the earnings. On this basis, the Risk Committee has confirmed Rules of Procedure, in which its duties are described in more detail. In accordance with the Rules of Procedure, the Risk Committee takes into account all main risk types, including ESG risks.

The Risk Committee convened a total of nine (9) times during the financial year, and the average attendance rate was 100%.

The members of the Risk Committee at the end of the financial year, and their individual attendance rates in the meetings for the 2023 financial year were:

| | |
|--------------------------|-------|
| Leena Vainiomäki (Chair) | 100 % |
| Maaria Eriksson | 100 % |
| Kari Laukkanen | 100 % |
| Arto Vuojolainen* | 100 % |

*Elected to the Risk Committee during 2023, and the attendance rate has been calculated for the meetings after the commencement of the membership

Tuomo Mäkinen served as a member of the Risk Committee until March 2023.

The meetings of the Risk Committee were also regularly attended by the CEO, the Secretary of the Committee, and the Chief Risk Officer ("CRO").

The Remuneration Committee of the Board of Directors is responsible for preparatory work to assist in the Board's decision-making concerning the setting of objectives related to the Company's remuneration system, assessment of whether the objectives are attained, development of the remuneration system and the remuneration and other benefits for the CEO and persons reporting to the CEO.

The Remuneration Committee convened a total of four (4) times during the financial year and the average attendance rate was 100%.

The members of the Remuneration Committee at the end of the financial year, and their individual attendance rates in the meetings for the 2023 financial year were:

| | |
|------------------------|-------|
| Kari Laukkanen (Chair) | 100 % |
| Leena Vainiomäki | 100 % |
| Maaria Eriksson | 100 % |

The meetings of the Remuneration Committee were also regularly attended by the CEO, the Secretary of the Committee, and the head of HR. These persons did not participate in deliberations on their own remuneration.

6. CEO and Executive Management Team

Under the Articles of Association, the Company has a CEO and a Deputy to the CEO appointed by the Board of Directors.

The terms of the CEO's service relationship have been defined in the written CEO's contract, which has been approved by the Board. The CEO's duty is to manage the Company's operations in order to implement the resolutions made by the Board of Directors and maintain the Company's operations in line with the strategy, risk management principles and limits set by the Board of Directors. Supported by the Executive Management Team, the CEO is responsible for the effectiveness of the Company's day-to-day operations and organisational structure as well as reporting to the Board of Directors. The Board of Directors appoints and decides on resignation of members of the Executive Management Team based on the proposal by the CEO. Persons responsible for risk management and compliance may not be dismissed without the consent of the Board of Directors. The Board of Directors appoints and decides on resignation of the Head of Internal Audit.

With regard to the CEO, Deputy to the CEO, other members of the Executive Management Team, and those responsible for the internal audit and compliance, each person's reliability and competence is always assessed before the person is finally selected or before they take up their duties, as separately stated in the applicable legislation and guidelines issued by the authorities. When hiring other employees, the suitability of candidates, with respect to the demands of the position, is assessed sufficiently as part of the ordinary recruitment process.

The Executive Management Team convenes regularly at least two times a month. In 2023, the Executive Management Team convened 43 times, out of which one was an email meeting.

CEO and the Executive Management Team at the end of the 2023 financial year



Esa Kallio, b. 1963
President and CEO
Employed by the Company since: 2005, President and CEO as from 2018
Education: M.Sc. (Econ)
Other material positions of trust: No other material positions of trust outside the group



Aku Dunderfelt, b. 1975
Executive Vice President, Customer Solutions
Employed by the Company since: 2019
Education: BBA
Other material positions of trust: No other material positions of trust outside the group



Toni Heikkilä, b. 1965
Executive Vice President, CRO,
Risk Management and Compliance
Employed by the Company since: 1997
Education: Lic.Sc. (Econ), M.Sc. (Finance)
Other material positions of trust: No other material positions of trust outside the group



Joakim Holmström, b. 1977
Executive Vice President,
Capital Markets and Sustainability
Employed by the Company since: 2008
Education: M.Sc. (Econ)
Other material positions of trust: No other material positions of trust outside the group

The CEO or members of the Executive Management Team do not have significant memberships in the Boards of Directors of other companies outside MuniFin Group or other material commitments, and all of their positions in the Company are full-time.



Harri Luhtala, b. 1965
Executive Vice President, CFO, Finance
Employed by the Company since: 2019
Education: M.Sc. (Econ)
Other material positions of trust: SOS-Children's Villages Foundation sr, member of the Board of Directors



Minna Piitulainen, b. 1973
Executive Vice President,
Development and HR Services
Employed by the Company since: 2018
Education: M.Sc. (Psychology)
Other material positions of trust: No other material positions of trust outside the group



Mari Tyster, b. 1975
Executive Vice President, Legal and Communications, secretary to the Board of Directors and its Committees, Deputy to the CEO as from 2018
Employed by the Company since: 2009
Education: Master of Laws
Other material positions of trust: European Association of Public Banks, Administrative Board, Vice President



Juha Volotinen, b. 1975
Executive Vice President, Technology Services
Employed by the Company since: 2021
Education: M.Sc. (Econ)
Other material positions of trust: No other material positions of trust outside the group

The Executive Management Team has established management teams for each division and a Credit Group to support its activities. Each of the divisional management teams and the Credit Group has rules of procedure confirmed by the Executive Management Team and powers of decision have been delegated to them.

| Name | Main duties | Chair |
|---|--|------------------|
| Customer Solutions Management Team | Steering the business processes of Customer Solutions and the customer work as well as guiding the development work, monitoring the supply and market of the Customer Solutions | Aku Dunderfelt |
| Credit Group | Business operation decisions regarding lending or other financing when involving a customer of increased risk or in other individual situations | Aku Dunderfelt |
| Capital Markets and Sustainability Management Team | Steering the business processes of Capital Markets, supporting MuniFin's Executive Management Team in liquidity management, balance sheet management, market risks and responsibilities related to profitability as well as coordinating and steering the sustainability at MuniFin | Joakim Holmström |
| Risk Management and Compliance Management Team | Steering the Risk Management and Compliance division and the processes within the divisions responsibility, regularly monitoring the development of the Company's risk position in light of the risk appetite and deciding on the risk management related methods of calculation and analysis as well as development of reporting and key operational positions, approving the risk management related key policies, guidelines, principles and other processes for decisionmaking | Toni Heikkilä |
| Finance Management Team | Steering the Finance division and the processes within its responsibility, ensuring achievement of targets set to the division or the units belonging to the division, monitoring and supervising the performance of MuniFin's valuation processes and models, being in charge of the information management policies and standards and ensuring compliance with regulation in the data management practices | Harri Luhtala |
| Technology Services Management Team | Steering, supervising and making decisions on MuniFin's IT system production and development as well as matters relating to information security | Juha Volotinen |

During the financial year 2023, the Executive Management Team emphasized monitoring key factors affecting business, financial position, and risk exposure, along with related operational decision-making where these tasks were not delegated to the divisional management teams. The Executive Management Team particularly assessed the business environment and the impacts of its changes on company operations, resulting in operational decisions aligned with the company's strategy. It prepared the necessary information for the Board to update the Company's strategy, including insights into the anticipated developments in the operational environment. The Executive Management Team monitored the progress of the company's developmental projects and ensured guiding decision-making to support their advancement. As part of internal oversight, the Executive Management Team actively monitored internal audit findings throughout the year and oversaw the implementation of associated improvement measures. It supervised the preparation and execution of matters addressed by the Board.

7. Group Structure

The Municipality Finance Group consists of the Group's parent company Municipality Finance Plc and the subsidiary Financial Advisory Services Inspira Ltd ("Inspira"). Inspira's governance complies with the same key principles as the parent Company. The Board of Directors and the Committees of the parent company also supervise the activities of Inspira.

At the end of the 2023 financial year, the Board of Directors of Inspira consists of representatives of the parent company.

- Esa Kallio, CEO of the parent Company, Chair of the Board of Directors
- Markku Perälä, Vice President, Legal, member of the Board of Directors
- Harri Luhtala, Executive Vice President, Finance, deputy member of the Board of Directors

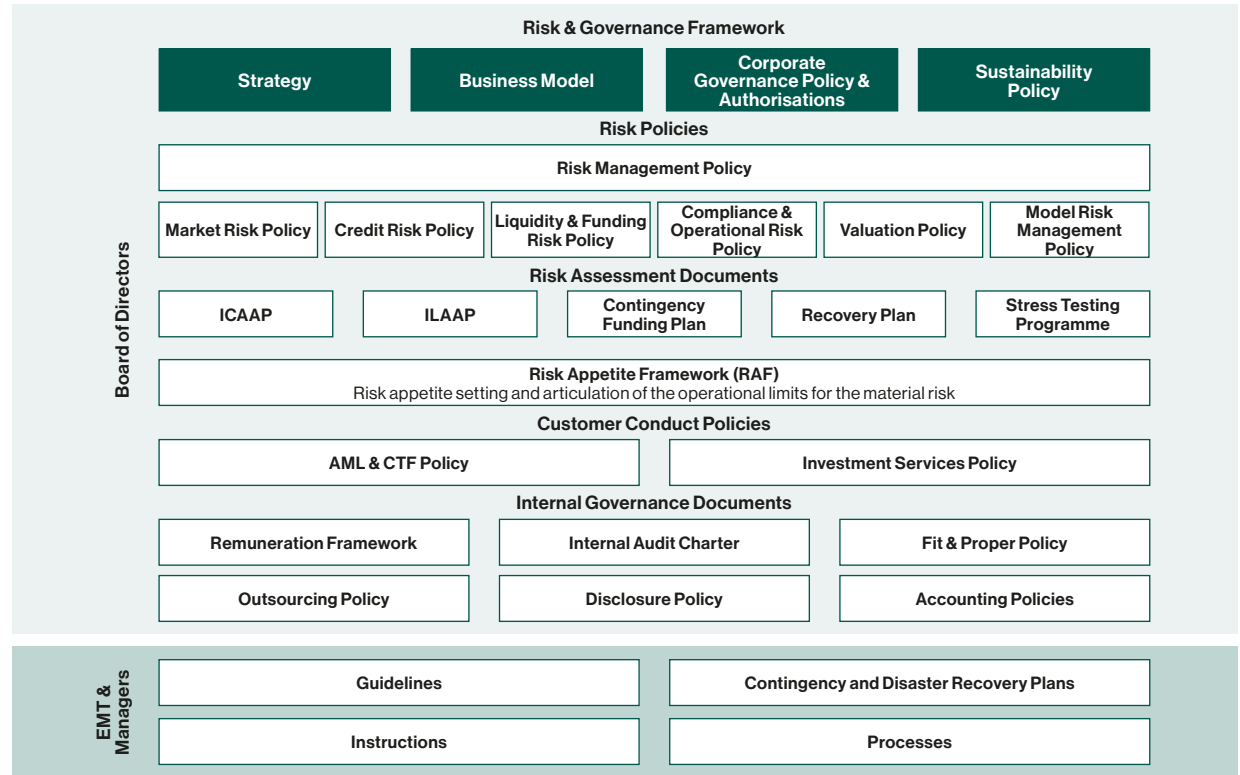
For the entire financial year 2023, the CEO of Inspira was Anssi Wright.

C. Description of the main features of the internal control and risk management systems pertaining to the financial reporting process

1. Internal control and risk management

MuniFin is, due to the nature of its operations, inevitably exposed to a number of risks and, as such, internal control and risk management are key aspects of strategic planning and management. Appropriately implemented internal control and risk management are included in the day-to-day operations and facilitate the accomplishment of set objectives and ensure that the Company's risk level stays at the desired level.

The Board of Directors has ratified the Company's Risk and Governance Framework and, as part of it, key policies and processes for the effective implementation of internal control and risk management, as shown in the figure below.



Internal control ensures that the Company acts in accordance with confirmed principles and processes. This is supported by controls of different processes. Internal control is performed at all levels of the organisation and the nature and scope of operations are considered in defining the operating methods used in internal control. Internal control is primarily carried out in line operations, where internal control is continuous and part of day-to-day operations. Internal control processes are complemented by an independent whistleblowing channel, as required by regulations, through which employees can report suspected infringements.

Internal control practices are developed continuously. In 2023 the Company continued to develop the key processes including both digitalization and reforming of practises. Adequate controls as part of processes have been considered in this development. The prevailing general market development has also required continuous investment in cybersecurity and the development of related processes and systems. The improvement of cybersecurity has also taken into account ongoing training for the staff. Based on the observations of the Company's internal audit, many other operation areas have been also widely developed to better ensure the execution of internal control.

The purpose of risk management is to ensure that the risks associated with lending, funding, and investing, as well as other operations, are in line with the Company's approved risk profile, and that the Company attains the objectives set for its business. The objective is to maintain MuniFin's overall risk position at a level that is the best possible related to the credit rating of the Republic of Finland and not to compromise the Company's credit rating through its own actions.

The Company's business units and support functions identify and manage MuniFin's risks as part of their daily operations, taking into consideration MuniFin's risk appetite, internal policies and guidelines, and limits. The Capital Markets and Sustainability function is responsible for managing the risk profile of the consolidated balance sheet by entering into market transactions within the limits set by the Board of Directors. The risk position and limit usage are reported to the Executive Management Team and Board of Directors on a regular basis. The Company's Financial Control and Regulatory Reporting unit, led by the CFO, is responsible for the implementation of the principles for capital management and the structure of own funds confirmed by the Board of Directors.

The organisation and responsibilities for risk management at MuniFin are built on three lines of defence:

- First line of defence: Confirmed risk management principles are applied in business activities (see the section on "Supervision and reporting at the operational level").
- Second line of defence: The Risk Management and Compliance function, which is independent of the business units, is responsible for the risk management principles ratified by the Board of Directors and process supervision led by the CRO. Regulatory compliance (external and internal) is supervised by the Compliance and Operational Risks unit, which is part of the independent Risk Management and Compliance function and reports to the Audit Committee of the Board of Directors.
- Third line of defence: The internal audit regularly evaluates various aspects of the Company's operations and also reports to the Audit Committee and the Board of Directors.

MuniFin has an extensive risk management organisation and systems, which covers the main parts of the Company's operations including the tasks and responsibilities of different units and decision-making bodies.

MuniFin regularly maps risks related to its operations and continuously develops methods for recognising and managing them. Risks are assessed through regular risk analyses. The aim of the analyses is to recognise new challenges and risks created by changes in the operating environment and to prioritise risks and their management based on the results. The Company hedges and reduces risks it has identified with collateral, guarantees, derivatives, insurance and active risk management. According to its own analysis, MuniFin does not have any liabilities containing wrong-way risk.

In 2023, the risk management monitored the limits set for identified risks and reported to the Company's management the development of the Company's risk position, in particular taking into account the current geopolitical situation and its possible impacts on the Company's operating environment. As part of its yearly tasks, the risk management assessed the appropriateness of crucial risk policies and proposed necessary adjustments. In addition, the framework for the Company's risk appetite and the ECL model related to credit risks were updated to correspond to the changes in the operating environment. During the year the Company has also participated in the ECB's stress test and conducted a materiality assessment related to climate and environmental risks. During the year, the Company also developed calculation models and their validation framework. In addition, the Company further developed the compliance framework to improve the control of regulatory compliance.

2. Reporting and supervision at the Board level

MuniFin's general principles, limits and measurement methods used in risk management are determined by the Board of Directors. The Risk Committee of the Board of Directors assists the Board in matters regarding risk strategy and risk taking and in supervising that the Company follows the risk strategy defined by the Board. The purpose of risk management is to ensure that the risks associated with lending, funding, investment and other business operations are in line with MuniFin's low risk profile. The Board of Directors is responsible for ensuring that internal control and risk management are sufficiently comprehensive and effective and that the Company does not, in its operations, take risks that would endanger the continuity of the Company's operations. The Board is assisted and supported in this supervision by the Audit Committee and Risk Committee. The Board of Directors and the Committees have confirmed rules of procedure that also specify the Board's and Committee's duties concerning internal control and risk management in more detail.

The Board of Directors has confirmed principal risk policies, which include the operating principles and limits pertaining to internal control and risk management. The Board of Directors has confirmed the risk management strategy as part of the Company's overall strategy. The aim of risk management policies, of which need for update is assessed regularly, is to guide the Company's operations such that the Company's risk position is maintained at a level that corresponds to its confirmed risk profile.

MuniFin's Board of Directors has confirmed a Risk Appetite Framework ("RAF"), the purpose of which is to enable the Company to:

- effectively identify, assess and manage the risks inherent in its strategy as well as its internal risks;
- assess and decide on the amount and quality of risk it is willing and able to take in executing its business strategy, and to actively communicate it; and
- promote discussion about the risk appetite of the Company and challenge decisions on business and risk taking.

RAF is linked to both short-term and long-term strategic plans, capital, liquidity and financial plans, the Recovery Plan and the Remuneration Policy. The RAF is updated at least annually.

Monthly reports are made to the Board of Directors on the Company's risk position relative to the limits set and, as necessary, on individual risk events of material significance. The CRO reports monthly directly to the Chair of the Risk Committee on any material deviations in the risk position of the Company since the previous report. The CRO presents a broad report on the Company's risk position to the Risk Committee and the Board of Directors every quarter. As part of the described standard reporting the Risk Committee and Board of Directors evaluate the content and comprehensiveness of reporting and may require changes to the content or method of reporting.

3. Capital adequacy

The Board of Directors approves the plan for capital adequacy management, which is revised annually. The plan for capital adequacy management includes the Company's capital plan and a process description for capital adequacy management. Capital adequacy disclosures according to Pillar III are published separately at the same time as the Annual Report. In addition, briefer Pillar III is published at the same time as the Half Year Report.

The Company meets clearly all capital requirements in force. MuniFin is a public development credit institution under CRR II and may deduct in the calculation of leverage ratio all credit receivables from the central government and the local governments. This has a significant positive impact on fulfilling the leverage ratio requirement.

The Company does not have capital loans in its balance sheet. The Company's own funds primarily consist of share capital and retained earnings.

Capital adequacy is calculated as required by the EU's capital requirements regulation and the related directive (so called CRDIV-package), which are based on the Basel III framework. The capital adequacy requirement for credit risk is calculated using the standardised approach, and the capital adequacy requirement for operative risks using the basic indicator approach. As the Group has neither a trading book nor share or commodity positions, only currency risks

are taken into account in the capital adequacy calculations for market risk. As the Company hedges against currency risks by using derivative contracts to convert all foreign currency denominated funding into euros, the Company's currency position is very small and it is therefore not necessary to allocate capital for the currency risk.

Financial reporting and reporting on risk management to the Board of Directors is the responsibility of the CEO. In this task, the CEO is supported by the CFO and the CRO. Further, the CRO reports directly to the Board of Directors and its Risk Committee on a regular basis. MuniFin hedges itself against financial risks related to its operations with derivatives contracts, and the changes in valuations are recognised in the net operating profit and own funds.

The risk position of the Company has not materially changed during 2023. According to the principles of the Company's risk management, the Company hedges itself from all material market risks by using derivatives contracts that are measured at a market value according to IFRS accounting regulation. In this regard, there Company's profit and loss is facing volatility caused by the valuations during the maturity of instruments, which decreases to zero by the end of the maturity. During the year the Company has continued to develop the risk management methods, in particular related to the valuation models of instruments and their management.

In 2023, risks remained within the set limits and based on the Company's assessment, the risk management function met with its requirements. The Company's risk position is regularly reported to the Board of Directors as a part of monthly reporting. Risk reporting covers all the risk areas, as well as the limit usages for the various risks. Additionally, every quarter the CRO gives the Board's Risk Committee a more extensive risk report on the company's risk position in relation to various risk areas.

A comprehensive stress test is conducted regularly in the Company.

4. Supervision and reporting at the operational level

Internal control plays a part in the duties of each individual belonging to the management or staff of the Company and everyone in the organisation is responsible for reporting any observed deficiencies concerning internal control. Internal control is based on an organisation specific to each function or unit, where everyone involved has their own duties and areas of responsibility. Decision-making and the implementation of decisions have been delegated to different functions or individuals.

Reliable and timely reporting on the Company's financial performance is a key tool for management. Reporting on financial performance is carried out by the Company's Financial Control and Regulatory Reporting unit and the risk management, but in part also independently at the operational

level to control the accuracy and sufficiency of financial reporting. The basic elements of financial reporting include internally produced reports on a monthly basis, regular reporting to the authorities and the half-year and annual reports required for external reporting.

Financial reporting is based on appropriately prepared bookkeeping and other materials pertaining to transactions. In order to ensure the accuracy of financial reporting, the Company's financial administration has detailed internal instructions on the recording of business activities and other financial management processes, including amongst other things the control principles concerning the approval and implementation of various transactions. These control procedures include regular routines pertaining to the reconciliation of accounts and transactions and payment transfer processes that follow the four-eye principle. Some of the control measures are automated by the Company's information systems while some are based on manual inspection. The Audit Committee is charged with supervising the financial reporting processes.

The Company has a risk management function, independent of the business operations, which maintains, develops and prepares risk management principles for confirmation by the Board of Directors and develops methods for use in the assessment and measurement of risks. The Company's various functions are responsible for day-to-day business decisions to minimise risks within the established principles, policies, authorisations and limits. The risk management

function ensures that risks are maintained within acceptable limits and that the methods used for measuring risks are appropriate. The risk management function reports to the executive management and the Board of Directors on a monthly basis on the Company's risk position relative to the limits set and, as necessary, on individual risk events of material significance.

The management of operational risks, including information systems critical to the Company's operations, and the supervision of operational risks are part of the normal processes of functions and units. In addition, the function charged with the supervision of overall risk has the general responsibility of coordinating the management of operational risks. The Company conducts an annual process to identify operational risks. The process evaluates risks and their probability of realisation and effects and decides on means of managing the risks in question.

The CEO, supported by the Executive Management Team, is responsible for managing the Company's operations and organising the internal control, the risk management and the financial reporting. The Executive Management Team has a Credit Group and divisional management teams focusing on different aspects of the operations to support its operations in steering the Company's operations, to make essential decisions, and to prepare matters for the Board of Directors and its Committees. Responsibilities for decision-making and monitoring have been delegated to the Credit Group and the divisional management teams. For more information on the

activities of these groups, see part B, section 6 "CEO and Executive Management Team".

MuniFin's senior management is represented in the Board of Directors of its subsidiary Financial Advisory Services Inspira Ltd and Inspira's governance is based on the same internal control principles as at MuniFin.

In addition to the risk and governance policies confirmed by the Board of Directors, the Company has operating guidelines for essential parts of its business and risk management confirmed by the Executive Management Team. The operating guidelines are supported by process descriptions that are prepared for all essential processes and revised regularly. In addition, each employee has a job description that specifies their key duties and back-up arrangements. The heads of units also prepare and revise process instructions and other specific guidelines as necessary.

The Company reports on its activities as required by law to the Finnish Financial Supervisory Authority, the European Central Bank, Bank of Finland, Municipal Guarantee Board, EU Single Resolution Board, the Finnish Financial Stability Authority, Tax Administration, and Statistics Finland. As from the beginning of 2016, the Company has been under the direct supervision of the European Central Bank and is thereby also under the supervision of the Single Resolution Board with respect to crisis management.

5. Compliance

Duties related to compliance with external and internal regulation (monitoring regulations, disseminating information, training, supervising) are handled by the compliance function, which is part of the independent Risk Management division. Compliance operations are reported regularly to the Executive Management Team and to the Audit Committee of the Board of Directors. The Board of Directors also receives regular reviews of the development of banking regulation and its impacts on MuniFin's operations. In 2023, the focus of compliance activities was on aligning regulatory monitoring and change analysis across the entire organization. The unit particularly supported ESG regulatory implementation and analysed IT regulatory changes. Additionally, there has been a focus on supporting IT risk management, especially in outsourcing projects. As part of the organization-wide development, efforts were initiated to enhance the internal control framework and improve automated controls. Regarding internal control, compliance has intensified the monitoring of risk events and controls to ensure that compliance-related incidents are brought to the unit's attention. The unit has conducted monitoring activities according to the plan, maintaining company-wide action tracking related to recommendations. Internal communication regarding internal compliance requirements for the staff has been increased.

6. Internal audit

The tasks of the internal audit function include monitoring the reliability and accuracy of MuniFin's financial and other management information. Its tasks also include ensuring that the Company has adequate and properly organised processes and IT systems for its operations and that the risks associated with operations are being managed adequately.

Annually, the Company's Board of Directors approves an operational plan for internal audit for each financial period. In the 2023 financial period, all audits performed by internal audit were reported to the Company's Executive Management Team, Audit Committee and Board of Directors. The recommendations issued by the internal audit are systematically monitored in the Company and their implementation is reported to the Company's executive management and the Audit Committee regularly. The internal audit function assesses the status of the implementation of recommended measures.

The head of the internal audit reports directly to the Board of Directors and its Audit Committee. In 2023, the internal audit carried out an extensive audit of different parts of the Company's operations while taking into account different risk types. The internal audit function may use external parties in its work to support the activities of internal audit. Use of external parties in audits must be reported to the Audit Committee.

7. External audit

The Company's auditor must be an Authorised Public Accountant approved by the Central Chamber of Commerce of Finland. The Auditor's term ends at the closing of the next Annual General Meeting following its election. The Company's financial year is the calendar year.

In the 2023 financial period, MuniFin's auditor was KPMG Oy Ab, with APA Tiia Kataja as the lead audit partner. The Board will propose to the Annual General Meeting of 2024 that PricewaterhouseCoopers Oy be appointed as the new auditor for the term beginning at the appointment and ending at the close of the following Annual General Meeting.

The audit in 2023 based on a pre-prepared audit plan. Fees paid to the audit firm during the financial year 2023 are the following:

| Auditing and other fees paid to the audit firm: (EUR 1,000) | 2023 |
|--|-------------|
| Auditing | 363 |
| Actions defined in section 1(1)(2) of the Auditing Act | 11 |
| Tax consultation | 7 |
| Other services | 170 |
| Total | 551 |

8. Related parties and related party transactions

Related parties of MuniFin include the Company's shareholders that control more than 20% of all votes attached to shares, the CEO and President, Deputy to CEO, other members of the Executive Management Team, members of the Board of Directors as well as their spouses, children and dependants and the children and dependants of their spouses. In addition, related parties of MuniFin include entities directly or indirectly controlled, jointly controlled or significantly influenced by the aforementioned. MuniFin's subsidiary, Inspira, is also a related party. The above definition for related parties is based on the IAS 24 standard, according to which MuniFin reports the related parties in its annual accounts. The Limited Liability Companies Act and the Credit Institutions Act also include their own related party definitions that differ somewhat from that of IAS 24. The different definitions do not have a material significance to MuniFin, as due to the nature of its business, MuniFin cannot grant financing to any party described as a related party, regardless of which definition is applied, as described below.

Restrictions for MuniFin's operations are set out in the MGB Act and the framework agreement between MuniFin and the Municipal Guarantee Board. Under those restrictions, MuniFin can grant financing only for parties set up under the MGB Act (municipalities, joint municipal authorities, wellbeing services counties, joint county authorities, entities owned or controlled by them and corporations designated by state authorities and engaging in the renting or production and maintenance

of housing on social grounds). Related parties of MuniFin are not included in the customer base set out in the MGB Act and therefore MuniFin has not had any related party transactions concerning its customer finance operations during 2023.

Following the above, MuniFin carries out only payments of remuneration based on employment with natural persons included in the related parties. MuniFin has no loans or financial claims from the above mentioned natural persons. Business transactions carried out with the subsidiary Inspira comprise fees related to administration services and professional services that MuniFin has bought from Inspira.

9. Insider administration

As an issuer of financial instrument traded on a regulated market MuniFin is obligated to maintain an insider list. Permanent part of the list includes those employees of MuniFin who receive inside information of the Company regularly as well as other persons and entities, who the Company assesses to regularly receive inside information concerning MuniFin.

Although MuniFin does not in practise provide for example share-related investment services, as a credit institution authorized to provide investment services, it is obligated to maintain a public insider register. Under the obligation to notify are the members of the Board of Directors, the CEO and President and the Deputy to CEO. Other persons in the Company are not under the duty of notification in regards

to the investment service company's insider register as the Company does not provide investment services in a manner that could create a possibility for the personnel to receive insider information.

MuniFin has an insider guideline that Executive Management Team has approved and which all persons in the insider register and insider list are obligated to comply with. In addition, MuniFin applies the insider guidelines of Nasdaq Helsinki Ltd, of which requirements are taken into account in the Company's insider guideline.

As an issuer of financial instrument traded on a regulated market MuniFin is subject to the obligation of executives and their related parties to publish business transactions. The Company has defined that executives under obligation to notify are the members of Board of Directors and the Executive Management Team.

10. Management of Conflicts of Interest

A conflict of interest refers to an exceptional situation, which involves interests of one entity or individual competing with the interests of another entity or individual. Conflicts of interest may emerge, for example, between MuniFin and its management and employees, between customers and shareholders or between two customers. The key principle of MuniFin's Board approved Ethical Principles is that MuniFin always strives for equal treatment of its customers and other partners.

According to MuniFin's Articles of Association, members of the Board of Directors, the CEO and the Deputy CEO and company officers may not belong to the management of a credit institution engaging in competitive activities or another company engaging in competitive activities. Further, the CEO, the Deputy CEO and persons reporting directly to the CEO may only belong to another company's management with permission from the Board.

MuniFin's Board of Directors has defined the rules for managing conflicts of interests as part of the Corporate Governance Policy. In addition, MuniFin's Executive Management Team has approved a guideline for managing conflicts of interests that supplements the Corporate Governance Policy. MuniFin endeavours to primarily identify and actively prevent any conflicts of interest through, for example, different organisational and administrative measures. If a conflict of interests cannot be avoided despite the implemented measures, the parties to a conflict of interest are informed of the nature of the conflict of interests and the reasons for it before any action is completed.

A member of the Board, the CEO, the Deputy to the CEO, member of the Executive Management Team and any member of the staff must not take part in the handling of a matter pertaining to an agreement between themselves and MuniFin. In addition, any individual must not take part in the handling of a matter between the MuniFin Group and a third person if the matter is expected to result in a material benefit

for the individual and may be in contradiction with the Group's best interests.

Due to the nature of MuniFin Group's business model, it is recognized that conflicts of interest in relation to customers occur rarely in day-to-day business. However, due to the purpose of MuniFin and its ownership structure, MuniFin's Board may include members that represent its shareholders and/or customers. The Board does not regularly make decisions related to specific customers. However, if that should be the case, a Board member representing the customer whose case is handled by the Board should refrain from discussion and decision-making.

Where a conflict of interest arises, it shall be documented (including actions taken to prevent it).

11. Business Continuity Planning

Business continuity planning at MuniFin prepares for business interruptions, ensuring that Kuntarahoitus can continue operations and mitigate losses during various disruption scenarios.

In a serious disruption scenario, the Continuity Committee, composed of members of MuniFin's Executive Management Team, takes charge of managing operations. As part of the continuity plan, MuniFin has defined critical individuals, functions, processes, information systems, and equipment for continuity.

In addition to the continuity plan, MuniFin has a separate IT services continuity plan aimed at ensuring the production of services critical to MuniFin remains unaffected during normal operations, disruptions in normal circumstances, or unexpected exceptional circumstances.

MuniFin's recovery planning aims to determine recovery arrangements for critical systems, enabling smooth recovery from system disruptions and ensuring uninterrupted production of services critical to the company in any situation.

For situations defined by the Preparedness Act, MuniFin has a separate preparedness plan.

MuniFin's continuity planning is complemented by a crisis communication plan.

MuniFin

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