

**Pillar III Disclosure Report**  
Half Year Report 2020

**MuniFin**

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# Introduction

This Pillar III Half Year Disclosure Report 2020 discloses information on the capital adequacy of the MuniFin Group, as specified in Part 8 of EU Capital Requirements Regulation (575/2013) in compliance with the guidelines issued by EBA for publishing disclosures. All the figures in this Pillar III Half Year Disclosure Report 2020 are consolidated figures of the MuniFin Group unless otherwise stated. This Pillar III Disclosure Report complies with principles described in Pillar III Disclosure Report 2019.

## Effects of the COVID-19 pandemic on the MuniFin Group

The outbreak of the COVID-19 pandemic and the resulting surge in economic uncertainty have had only a minor effect on the MuniFin Group's economic situation. The general pandemic restrictions have had some practical effects on the Group's operating practices, for example with increased remote work arrangements, but otherwise the Group's activities have continued in the usual manner.

A few of the MuniFin Group's customers have run into economic challenges due to the COVID-19 crisis. If the pandemic has impacted their repayment ability, MuniFin has offered them repayment holidays and concessions to

the payment terms of the loans. The COVID-19 pandemic has not increased the MuniFin Group's expected credit losses in the reporting period. More information on non-performing exposures is available in Section 6 in this Report and in the MuniFin Group's Half Year Report 2020, which is available in MuniFin's website.

The MuniFin Group has also reviewed the EBA Guidelines on COVID-19 measures reporting and disclosure (EBA/GL/2020/07) and concluded following: For the purpose of EBA/GL/2020/07 templates 1 and 2, moratoria refers to general moratoria in accordance with paragraph 10 of EBA Guidelines (EBA/GL/2020/02) on legislative and non-legislative moratoria. The concessions MuniFin has made in response to the COVID-19 crisis have been assessed individually for each counterparty, hence the concessions do not meet the criteria of moratoria in accordance with EBA/GL/2020/02. For the purpose of EBA/GL/2020/07 Template 3, the MuniFin Group has not received any public guarantees introduced in response to the COVID-19 crisis. As a result, the MuniFin Group has not disclosed these templates.

In order to secure the banking sector's ability to continue financing its customers in exceptional circumstances,

the banking authorities have eased some requirements of supervised banks. This easing has had only a limited effect on the MuniFin Group's capital adequacy and leverage ratio. The MuniFin Group has applied the Commission's Delegated Regulation (2020/866) on additional valuation adjustment (AVA) in prudent valuation. The delegated regulation changes the aggregation factor applied in valuation related to the uncertainty of market price uncertainty, close-out costs and model risks. The aggregation factor is temporarily raised to 66% until the end of 2020, after which it will be returned to its previous level of 50%. The effect this had on the MuniFin Group's own funds at the end of June 2020 was EUR 8 million.

In April 2020, FIN-FSA adjusted the capital requirements for the largest credit institutions in Finland. The purpose of these adjustments was to mitigate the negative effect the COVID-19 pandemic has on the stability of financial markets and on the credit institutions' ability to finance the economy. FIN-FSA removed the MuniFin Group's systemic risk buffer of 1.5%, which reduced Group's overall capital requirements by 1.0 percentage points.

The MuniFin Group has not applied any other reliefs.

## Section 1

# Own funds

<b>CONSOLIDATED OWN FUNDS (EUR 1,000)</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
Share capital	42,583	42,583
Reserve for invested non-restricted equity	40,366	40,366
Retained earnings	1,152,732	1,121,774
Fair value reserve	-3,869	28,882
Other reserves	277	277
Foreseeable dividend	-3,125	-6,250
Accrued interest net of deferred taxes of AT1 capital loan treated as equity	-3,107	-9,433
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,225,858</b>	<b>1,218,199</b>
Intangible assets	-16,021	-14,704
Deductions due to prudential filters on Common Equity Tier 1	-37,859	-41,043
<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,171,977</b>	<b>1,162,452</b>
Instruments included in Additional Tier 1 capital	347,454	347,454
<b>Additional Tier 1 (AT1) capital</b>	<b>347,454</b>	<b>347,454</b>
<b>Tier 1 (T1) capital</b>	<b>1,519,431</b>	<b>1,509,906</b>
<b>Total own funds</b>	<b>1,519,431</b>	<b>1,509,906</b>

At the end of the reporting period, the Group's CET1 capital totalled EUR 1,172 million (EUR 1,162 million) and Tier 1 capital EUR 1,519 million (1,510 million). The MuniFin Group had no Tier 2 capital. The Group's own funds totalled EUR 1,519 million (EUR 1,510 million).

CET1 capital includes profit for the period of 1 January–30 June 2020, as the profit has been subject to a review by the external auditor, and therefore can be included in CET1 capital on the basis of permission granted by the ECB in accordance with the Capital Requirements Regulation. Deductions due to prudential filters on CET1 capital are made up of debt value adjustment (DVA) and prudent valuation adjustment (PVA). In addition, the amount of foreseeable dividend has been deducted from CET1 capital.

The MuniFin Group has applied the Commission's Delegated Regulation (2020/866) on additional valuation adjustment (AVA) in prudent valuation. The delegated regulation changes the aggregation factor applied in valuation related to the uncertainty of market price uncertainty, close-out costs and model risks. The aggregation factor is temporarily raised to 66% until the end of 2020, after which it will be returned to its previous level of 50%. The effect this had on the MuniFin Group's own funds at the end of June 2020 was EUR 8 million.

Additional Tier 1 capital contains MuniFin's AT1 capital loan EUR 350 million which was issued on October 1st 2015. A detailed description of the instruments included in the Additional Tier 1 capital is included in the Financial Statements 2019 (available in English on MuniFin's website) and in this Pillar III report.

**Main features of capital instruments**

	<b>Common Equity Tier 1 capital</b>	<b>Additional Tier 1 instrument</b>
	<b>Shares A and B of share capital</b>	<b>EUR 350,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Securities</b>
1. Issuer	Municipality Finance Plc	Municipality Finance Plc
2. Unique identifier	N/A	ISIN: XS1299724911
3. Governing law(s) of the instrument	Finnish Law	English law, except for the provisions of Status and Subordination (section 3) and Enforcement Events (section 10) which are governed by Finnish law.
<b>Regulatory treatment</b>		
4. Transitional CRR rules	CET1	AT1
5. Post-transitional CRR rules	CET1	AT1
6. Eligible at solo/consolidated / solo and consolidated	Solo and consolidated	Solo and consolidated
7. Instrument type (types to be specified by each jurisdiction)	Share capital as defined in Regulation No (EU) 575/2013 Article 28, Finnish Limited Liability Companies Act	Additional Tier 1 as defined in Regulation No (EU) 575/2013 Article 52, Finnish Limited Liability Companies Act
8. Amount recognised in regulatory capital (currency in EUR million, as of most recent reporting date)	42.583	347.454
9. Nominal amount of instrument	N/A	EUR 350 million
9a. Issue price	N/A	100%
9b. Redemption price	Redemption price according to the Articles of Association depending of the redemption situation	100%
10. Accounting classification	Shareholders' equity	Other equity instrument issued

## Section 1 Own funds

	<b>Common Equity Tier 1 capital</b>	<b>Additional Tier 1 instrument</b>
	<b>Shares A and B of share capital</b>	<b>EUR 350,000,000 Perpetual Fixed Rate Resetable Additional Tier 1 Securities</b>
11. Original date of issuance	N/A	Oct 1, 2015
12. Perpetual or dated	Perpetual	Perpetual
13. Original maturity date	No maturity	No maturity
14. Issuer call subject to prior supervisory approval	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	1) Right to redeem on April 1, 2022 and subsequently on each annual coupon payment date; 2) Right to redeem subsequent to a Capital or Tax Event as defined in the terms. Redemption price is 100%.
16. Subsequent call dates, if applicable	N/A	Annually April 1 after the first call date.
<b>Coupons/Dividends</b>		
17. Fixed or floating dividend/coupon	Fixed	Fixed coupon until April 1 2022, thereafter floating.
18. Coupon rate and any related index	N/A	4.5% to but excluding the first call date 1.4.2022. After 1.4.2022 the rate is the 5 year swap rate plus a margin of 3.960% and reset each fifth anniversary.
19. Existence of a dividend stopper	No	No
20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21. Existence of step up or other incentive to redeem	No	No
22. Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23. Convertible or non-convertible	Non-convertible	Non-convertible

## Section 1 Own funds

	<b>Common Equity Tier 1 capital</b>	<b>Additional Tier 1 instrument</b>
	<b>Shares A and B of share capital</b>	<b>EUR 350,000,000 Perpetual Fixed Rate Resetable Additional Tier 1 Securities</b>
24. If convertible, conversion trigger(s)	N/A	N/A
25. If convertible, fully or partially	N/A	N/A
26. If convertible, conversion rate	N/A	N/A
27. If convertible, mandatory or optional conversion	N/A	N/A
28. If convertible, specify instrument type convertible into	N/A	N/A
29. If convertible, specify issuer of instrument it converts to	N/A	N/A
30. Write-down features	No	Yes
31. If write-down, write-down trigger(s)	N/A	CET1 of the Issuer and/or the Group less than 5.125%
32. If write-down, full or partial	N/A	Full or partial
33. If write-down, permanent or temporary	N/A	Temporary
34. If temporary write-down, description of write-up mechanism	N/A	Fully discretionary
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2
36. Non-compliant transitioned features	No	No
37. If yes, specify non-compliant features	N/A	N/A

The prospectus of MuniFin's Additional Tier 1 instrument is available on company's website at [https://www.kuntarahoitus.fi/app/uploads/sites/2/2019/09/munifin\\_at1\\_-\\_offering\\_circular.pdf](https://www.kuntarahoitus.fi/app/uploads/sites/2/2019/09/munifin_at1_-_offering_circular.pdf)

## Transitional own funds

30 Jun 2020 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1. Capital instruments and the related share premium accounts	42,583	26 (1), 27, 28, 29, EBA list 26 (3)	
2. Retained earnings	1,102,924	26 (1) c	
3. Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	36,774	26 (1)	
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	43,577	26 (2)	
<b>6. Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,225,858</b>		
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7. Additional value adjustments (negative amount)	-35,267	34, 105	
8. Intangible assets (net of related tax liability) (negative amount)	-16,021	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2,592	33 (b)	
<b>28. Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-53,880</b>		
<b>29. Common Equity Tier 1 (CET1) capital</b>	<b>1,171,977</b>		
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30. Capital instruments and the related share premium	347,454	51, 52	
31. of which: classified as equity under applicable accounting standards	347,454		
<b>36. Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>347,454</b>		
<b>43. Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>		



30 Jun 2020 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
<b>44. Additional Tier 1 (AT1) capital</b>	<b>347,454</b>		
<b>45. Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1,519,431</b>		
<b>59. Total capital (TC = T1 + T2)</b>	<b>1,519,431</b>		
<b>60. Total risk weighted assets</b>	<b>1,335,442</b>		
<b>Capital ratios and buffers</b>			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	87.76%	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	113.78%	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	113.78%	92 (2) (c)	
64. Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of risk exposure amount)	7.63%	CRD 128, 129, 130, 131, 133	
65. of which: capital conservation buffer requirement	2.50%	CRD 129	
66. of which: countercyclical buffer requirement	0.13%	CRD 130	
67. of which: systemic risk buffer requirement	0.00%	CRD 133	
67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.50%	CRD 131	
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	83.26%	CRD 128	

31 Dec 2019 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1. Capital instruments and the related share premium accounts	42,583	26 (1), 27, 28, 29, EBA list 26 (3)	
2. Retained earnings	1,016,842		26 (1) c
3. Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	69,525		26 (1)
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	89,249		26 (2)
<b>6. Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,218,199</b>		
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7. Additional value adjustments (negative amount)	-38,358		34, 105
8. Intangible assets (net of related tax liability) (negative amount)	-14,704	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2,685		33 (b)
<b>28. Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-55,747</b>		
<b>29. Common Equity Tier 1 (CET1) capital</b>	<b>1,162,452</b>		
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30. Capital instruments and the related share premium	347,454		51, 52
31. of which: classified as equity under applicable accounting standards	347,454		
<b>36. Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>347,454</b>		

31 Dec 2019 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
<b>43. Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	-		
<b>44. Additional Tier 1 (AT1) capital</b>	<b>347,454</b>		
<b>45. Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1,509,906</b>		
<b>59. Total capital (TC = T1 + T2)</b>	<b>1,509,906</b>		
<b>60. Total risk weighted assets</b>	<b>1,399,553</b>		
<b>Capital ratios and buffers</b>			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	83.06%	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	107.88%	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	107.88%	92 (2) (c)	
64. Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of risk exposure amount)	9.72%	CRD 128, 129, 130, 131, 133	
65. of which: capital conservation buffer requirement	2.50%	CRD 129	
66. of which: countercyclical buffer requirement	0.72%	CRD 130	
67. of which: systemic risk buffer requirement	1.50%	CRD 133	
67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.50%	CRD 131	
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	78.56%	CRD 128	

## Section 2

# Capital requirements

### Consolidated key figures for capital adequacy

The total capital ratio increased to 113.78% (107.88%) over the reporting period. The change was mainly driven by decrease in the risk exposure amount stemming from lower risk-weights in the liquidity portfolio and lowered operational risk capital requirement.

CONSOLIDATED KEY FIGURES FOR CAPITAL ADEQUACY	30 Jun 2020	31 Dec 2019
CET1 capital ratio, %	87.76	83.06
Tier 1 capital ratio, %	113.78	107.88
Total capital ratio, %	113.78	107.88

**Consolidated minimum requirement for own funds**

The regulatory capital requirement for credit risk is calculated using the standardised approach and for counterparty credit risk the MuniFin Group uses mark-to-market method. In calculating the regulatory capital requirements for market risk, only foreign exchange risk is taken into account as the Group does not have a trading book nor share or commodity positions. As foreign exchange risk is hedged by swapping all currency denominated funding and investments into euros, the company's foreign exchange position is small and consists of FX trades made for daily collateral management purposes in other currencies than euros. At the end of June 2020 and at the end of December 2019, there was no capital requirement for foreign exchange risk since the net position did not exceed 2% of the own fund (CRR 575/2013 Art. 351).

The risk exposure amount decreased by 4.6% from the end of 2019, totalling EUR 1,335 million (EUR 1,400 million) at the end of the reporting period. The overall credit and counterparty risk decreased from the year-end 2019 figure of EUR 763 million to EUR 689 million at the end of the reporting period. This was particularly influenced by decrease in the risk-weights of liquidity portfolio. The credit valuation adjustment risk increased to EUR 237 million (EUR 214 million). The capital requirement for operational risk is calculated using the basic indicator approach. The risk exposure amount of operational risk decreased by 3.4% to EUR 409 million (EUR 423 million) due to a decrease in the profit indicator.

(EUR 1,000)	30 Jun 2020		31 Dec 2019	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit and counterparty risk, standardised approach</b>	<b>55,137</b>	<b>689,213</b>	<b>61,038</b>	<b>762,976</b>
Exposures to central governments or central banks	-	-	-	-
Exposures to regional governments or local authorities	291	3,639	289	3,613
Exposures to public sector entities	486	6,077	-	-
Exposures to multilateral development banks	807	10,087	323	4,043
Exposures to institutions*	31,148	389,349	37,847	473,090
Exposures in the form of covered bonds	20,449	255,617	20,676	258,456
Items representing securitisation positions	-	-	-	-
Exposures in the form of shares in CIUs	-	-	84	1,049
Other items	1,956	24,444	1,818	22,724
<b>Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit valuation adjustment risk (CVA VaR), standard method</b>	<b>18,995</b>	<b>237,433</b>	<b>17,085</b>	<b>213,561</b>
<b>Operational risk, basic indicator approach</b>	<b>32,704</b>	<b>408,795</b>	<b>33,841</b>	<b>423,016</b>
<b>Total</b>	<b>106,835</b>	<b>1,335,442</b>	<b>111,964</b>	<b>1,399,553</b>

\*Exposures to institutions includes capital requirement for counterparty credit risk by EUR 3,074 thousand (EUR 2,896 thousand).

## Section 2 Capital requirements

## Consolidated exposure by class

30 Jun 2020 (EUR 1,000) EXPOSURE CLASSES	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk exposure amount
Exposures to central governments or central banks	3,776,146	-	-	3,776,146	4,116,099	-
Exposures to regional governments or local authorities	13,878,626	843,531	407,051	15,129,208	14,555,178	3,639
Exposures to public sector entities	405,784	-	-	405,784	381,763	6,077
Exposures to multilateral development banks	251,952	-	-	251,952	205,865	10,087
Exposures to international organisations	159,002	-	-	159,002	135,144	-
Exposures to institutions	1,697,297	-	570,499	2,267,796	2,432,152	389,349
Exposures to corporates	6,462,623	1,687,279	-	8,149,902	8,007,554	-
Exposures secured by mortgages on immovable property	8,680,113	9,968	-	8,690,081	8,684,769	-
Exposures in default	45,428	-	-	45,428	53,272	-
Exposures in the form of covered bonds	2,091,544	-	-	2,091,544	2,144,311	255,617
Items representing securitisation positions	-	-	-	-	-	-
Exposures in the form of shares in CIUs	-	-	-	-	-	-
Other items	26,023	-	-	26,023	24,594	24,444
<b>Total</b>	<b>37,474,541</b>	<b>2,540,778</b>	<b>977,550</b>	<b>40,992,868</b>	<b>40,740,702</b>	<b>689,213</b>

## Section 2 Capital requirements

31 Dec 2019 (EUR 1,000) EXPOSURE CLASSES	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk exposure amount
Exposures to central governments or central banks	5,170,467	-	-	5,170,467	4,794,138	-
Exposures to regional governments or local authorities	11,316,007	724,183	290,560	12,330,750	12,420,665	3,613
Exposures to public sector entities	342,131	-	-	342,131	283,806	-
Exposures to multilateral development banks	182,632	-	-	182,632	196,299	4,043
Exposures to international organisations	111,246	-	-	111,246	93,708	-
Exposures to institutions	1,907,819	-	506,879	2,414,698	2,574,145	473,090
Exposures to corporates	6,031,136	1,629,526	-	7,660,662	7,146,923	-
Exposures secured by mortgages on immovable property	8,515,464	7,609	-	8,523,074	8,683,596	-
Exposures in default	61,757	-	-	61,757	39,091	-
Exposures in the form of covered bonds	2,137,947	-	-	2,137,947	2,005,152	258,456
Items representing securitisation positions	-	-	-	-	574	-
Exposures in the form of shares in CIUs	9,769	-	-	9,769	9,806	1,049
Other items	31,920	-	-	31,920	27,942	22,724
<b>Total</b>	<b>35,818,296</b>	<b>2,361,319</b>	<b>797,439</b>	<b>38,977,054</b>	<b>38,275,845</b>	<b>762,976</b>

## Section 2 Capital requirements

## EU OV1

## Overview of RWAs

The overall RWA has moderately decreased over the reporting period. The credit risk (excluding CCR) has mainly decreased due to the changes in the liquidity portfolio. The CVA RWA and capital charge reduced moderately. There is no risk exposure amount for market risk, as the foreign exchange net position did not exceed 2% of the own funds.

(EUR 1,000)	RWAs		Minimum capital requirements	
	30 Jun 2020	31 Mar 2020	30 Jun 2020	31 Mar 2020
1 Credit risk (excluding CCR)	650,786	712,397	52,063	56,992
2 Of which the standardised approach	650,786	712,397	52,063	56,992
6 CCR	275,861	306,156	22,069	24,493
7 Of which mark to market	38,427	37,040	3,074	2,963
12 Of which CVA	237,433	269,116	18,995	21,529
14 Securitisation exposures in the banking book (after the cap)	-	-	-	-
18 Of which standardised approach	-	-	-	-
19 Market risk	-	-	-	-
20 Of which the standardised approach	-	-	-	-
23 Operational risk	408,795	408,795	32,704	32,704
24 Of which basic indicator approach	408,795	408,795	32,704	32,704
<b>29 Total</b>	<b>1,335,442</b>	<b>1,427,349</b>	<b>106,835</b>	<b>114,188</b>



## Section 3

## Capital buffers

## Minimum capital requirements and capital buffers

MINIMUM CAPITAL REQUIREMENTS AND  
CAPITAL BUFFERS, %  
30 Jun 2020

	Capital requirement	Capital conservation buffer <sup>1)</sup>	Counter- cyclical buffer <sup>2)</sup>	O-SII <sup>3)</sup>	Systemic risk buffer <sup>4)</sup>	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4.50%	2.50%	0.13%	0.50%	0.00%	3.13%	7.63%
Tier 1 Capital (T1)	6.00%	2.50%	0.13%	0.50%	0.00%	3.13%	9.13%
Total own funds	8.00%	2.50%	0.13%	0.50%	0.00%	3.13%	11.13%

MINIMUM CAPITAL REQUIREMENTS AND  
CAPITAL BUFFERS (EUR 1,000)  
30 Jun 2020

	Capital requirement	Capital conservation buffer <sup>1)</sup>	Counter- cyclical buffer <sup>2)</sup>	O-SII <sup>3)</sup>	Systemic risk buffer <sup>4)</sup>	Total capital buffers	Total
Common Equity Tier 1 (CET1)	60,095	33,386	1,755	6,677	0	41,818	101,913
Tier 1 Capital (T1)	80,127	33,386	1,755	6,677	0	41,818	121,944
Total own funds	106,835	33,386	1,755	6,677	0	41,818	148,653

## Section 3 Capital buffers

**MINIMUM CAPITAL REQUIREMENTS AND CAPITAL BUFFERS, %  
31 Dec 2019**

	Capital requirement	Capital conservation buffer <sup>1)</sup>	Counter-cyclical buffer <sup>2)</sup>	O-SII <sup>3)</sup>	Systemic risk buffer <sup>4)</sup>	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4.50%	2.50%	0.72%	0.50%	1.50%	4.72%	9.22%
Tier 1 Capital (T1)	6.00%	2.50%	0.72%	0.50%	1.50%	4.72%	10.72%
Total own funds	8.00%	2.50%	0.72%	0.50%	1.50%	4.72%	12.72%

**MINIMUM CAPITAL REQUIREMENTS AND CAPITAL BUFFERS (EUR 1,000)  
31 Dec 2019**

	Capital requirement	Capital conservation buffer <sup>1)</sup>	Counter-cyclical buffer <sup>2)</sup>	O-SII <sup>3)</sup>	Systemic risk buffer <sup>4)</sup>	Total capital buffers	Total
Common Equity Tier 1 (CET1)	62,980	34,989	10,082	6,998	20,993	66,064	129,044
Tier 1 Capital (T1)	83,973	34,989	10,082	6,998	20,993	66,064	150,037
Total own funds	111,964	34,989	10,082	6,998	20,993	66,064	178,028

1) Act on Credit Institutions (610/2014), Chapter 10, Section 3, and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). Valid from 1 January 2015.

2) Act on Credit Institutions (610/2014) Sect 10:4-6 § and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). On 29 June 2020, the Board of Financial Supervisory Authority (FIN-FSA) decided not to set countercyclical capital buffer requirement for credit exposures allocated to Finland. The institution-specific countercyclical capital buffer requirement is determined on the basis of the geographical distribution of the exposures. For the MuniFin Group it is 0.13% (31 Dec 2019: 0.72%). Several countries have reduced their countercyclical capital buffer rates due to challenges related to COVID-19 pandemic.

3) Other Systemically Important Institutions additional capital requirements: Act on Credit Institutions (610/2014) Sect 10:8 § and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). Additional capital requirement (O-SII) for the MuniFin Group is 0.5%. The decision of the Board of FIN-FSA on 29 June 2018, effective from 1 January 2019 (31 Dec 2019: 0.5%).

4) Act on Credit Institutions (610/2014) Sect 10:6a § and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). On 6 April 2020, the FIN-FSA made a decision to remove the additional capital requirement determined on the basis of the structural characteristics of the financial system (systemic risk buffer) from Finnish credit institutions. The aim of the decision is to mitigate the negative effects

of the COVID-19 pandemic on the stability of the financial markets. The decision entered into force immediately. The systemic risk buffer and the O-SII additional capital requirement are parallel buffers, of which the greater is applied.

ECB has updated the capital buffer requirement (P2R) imposed on the MuniFin Group as part of the yearly Supervisory Review and Evaluation Process (SREP). The requirement was kept unchanged at 2.25%. The updated capital buffer requirement is effective on 1 January 2020. Considering the additional capital requirement the new minimum level for CET1 capital ratio is 9.88 % (31 Dec 2019: 11.47%) and total capital ratio 13.38 % (31 Dec 2019: 14.97%).

## Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

30 Jun 2020  
(EUR 1,000)

BREAKDOWN BY COUNTRY	General credit exposures	Own funds requirements	Total	Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Of which: General credit exposures			
Row	010	070	100	110	120
010 AU	110,614	1,770	1,770	7.9%	0.00%
010 BE	67,680	541	541	2.4%	0.00%
010 CA	250,525	4,008	4,008	17.9%	0.00%
010 DK	95,564	765	765	3.4%	0.00%
010 FI	471,654	5,521	5,521	24.6%	0.00%
010 FR	147,439	1,180	1,180	5.3%	0.00%
010 GB	153,216	1,331	1,331	5.9%	0.00%
010 NL	74,747	598	598	2.7%	0.00%
010 NO	367,984	2,944	2,944	13.1%	1.00%
010 NZ	90,272	1,444	1,444	6.4%	0.00%
010 SE	287,871	2,303	2,303	10.3%	0.00%
020 Total	2,117,567	22,405	22,405	100%	

## Section 3 Capital buffers

31 Dec 2019 (EUR 1,000)		General credit exposures		Own funds requirements		
		Exposure value for SA	Of which: General credit exposures	Total	Own funds requirement weights	Countercyclical capital buffer rate
BREAKDOWN BY COUNTRY		010	070	100	110	120
Row						
010	AU	113,453	1,815	1,815	8.0%	0.00%
010	BE	54,642	437	437	1.9%	0.00%
010	CA	237,653	3,802	3,802	16.8%	0.00%
010	DK	74,671	597	597	2.6%	1.00%
010	FI	484,823	5,441	5,441	24.1%	0.00%
010	FR	198,676	1,589	1,589	7.0%	0.25%
010	GB	184,353	1,811	1,811	8.0%	1.00%
010	LU	9,769	84	84	0.4%	0.25%
010	NL	96,244	770	770	3.4%	0.00%
010	NO	357,283	2,858	2,858	12.7%	2.50%
010	NZ	53,478	856	856	3.8%	0.00%
010	SE	314,592	2,517	2,517	11.1%	2.50%
020	Total	2,179,636	22,578	22,578	100%	

**Amount of institution-specific countercyclical capital buffer****30 Jun 2020  
(EUR 1,000)**

		<b>Column</b>
<b>Row</b>		<b>010</b>
010	Total risk exposure amount	1,335,442
020	Institution-specific countercyclical buffer rate	0.13%
030	Institution-specific countercyclical buffer requirement	1,755

**31 Dec 2019  
(EUR 1,000)**

		<b>Column</b>
<b>Row</b>		<b>010</b>
010	Total risk exposure amount	1,399,553
020	Institution-specific countercyclical buffer rate	0.72%
030	Institution-specific countercyclical buffer requirement	10,082

## Section 4

## Credit risk and general information on credit risk mitigation

EU CR1-A

## Credit quality of exposures by exposure class and instrument

The total net exposure at the end of June 2020 was EUR 40,993 million increasing by EUR 2,016 million from the year-end 2019. The change was primarily stemming from increase in the loan portfolio and investments in domestic municipal commercial papers. The amount of defaulted exposures decreased by EUR 16 million during the reporting period.

Defaulted exposures in column a include breakdown by the exposure class that corresponds to the exposure before default. In order to avoid double counting of exposures, the *Total standardised approach* in row 35 does not take into account figures disclosed under row 28.

The row 37 *Of which: Loans* includes the gross carrying value of Loans and advances to the public and public sector entities, Cash and balances with central banks and Loans and advances to credit institutions, other than posted cash collateral as variation margin.

30 Jun 2020 (EUR 1,000)	a	b	c	f	g
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
16	-	3,776,147	0	0	3,776,146
17	-	15,129,235	27	8	15,129,208
18	-	405,784	0	0	405,784
19	-	251,952	-	0	251,952
20	-	159,002	-	0	159,002
21	-	2,267,809	13	2	2,267,796
22	47,073	8,150,011	108	17	8,149,902
26	-	8,690,081	0	0	8,690,081
27	-	-	-	0	0
28	47,073	-	1,644	-38	45,428
30	-	2,091,544	-	0	2,091,544
32	-	0	-	0	0
34	-	26,023	-	0	26,023
<b>35 Total standardised approach</b>	<b>47,073</b>	<b>40,947,589</b>	<b>1,793</b>	<b>-11</b>	<b>40,992,868</b>
<b>36 Total</b>	<b>47,073</b>	<b>40,947,589</b>	<b>1,793</b>	<b>-11</b>	<b>40,992,868</b>
37	45,469	30,303,846	184	-2	30,349,144
38	-	6,708,397	0	0	6,708,397
39	-	2,540,783	5	1	2,540,778

## Section 4 Credit risk and general information on credit risk mitigation

	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
31 Dec 2019 (EUR 1,000)	Defaulted exposures	Non-defaulted exposures			
16 Central governments or central banks	-	5,170,467	-	0	5,170,467
17 Regional governments or local authorities	-	12,330,769	19	8	12,330,750
18 Public sector entities	-	342,131	-	0	342,131
19 Multilateral development banks	-	182,632	-	-	182,632
20 International organisations	-	111,246	-	-	111,246
21 Institutions	-	2,414,709	11	-44	2,414,698
22 Corporates	63,440	7,660,753	91	31	7,660,662
26 Secured by mortgages on immovable property	-	8,523,074	1	-4	8,523,074
28 Exposures in default	63,440	-	1,683	-117	61,757
30 Covered bonds	-	2,137,947	-	-	2,137,947
32 Collective investments undertakings	-	9,769	-	-	9,769
34 Other exposures	-	31,920	-	-	31,920
<b>35 Total standardised approach</b>	<b>63,440</b>	<b>38,915,418</b>	<b>1,804</b>	<b>-126</b>	<b>38,977,054</b>
<b>36 Total</b>	<b>63,440</b>	<b>38,915,418</b>	<b>1,804</b>	<b>-126</b>	<b>38,977,054</b>
37 Of which: Loans	61,837	29,978,230	186	111	30,039,881
38 Of which: Debt securities	-	5,736,848	0	0	5,736,848
39 Of which: Off-balance sheet exposures	-	2,361,323	4	4	2,361,319

## Section 4 Credit risk and general information on credit risk mitigation

## EU CR1-B

**Credit quality of exposures by industry or counterparty types**

The following table shows breakdown for the exposures by industry. The breakdown for domestic exposures is based on the information from the Statistics Finland.

The industries with the highest total net exposure values on 30 June 2020 were 'Real estate activities' (35.49%), 'Public administration and defence, compulsory social security' (34.70%) and 'Financial and insurance activities' (19.88%).

		a	b	c	f	g
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
	<b>30 Jun 2020 (EUR 1,000)</b>	<b>Gross carrying values of</b>				
4	Electricity, gas, steam and air conditioning supply	-	366,097	1	0	366,096
5	Water supply	-	426,226	1	0	426,226
6	Construction	-	371,671	3	2	371,669
8	Transport and storage	-	301,998	0	0	301,997
XX	Financial and insurance activities	-	8,140,719	13	2	8,140,706
11	Real estate activities	43,097	14,531,731	120	6	14,574,707
14	Public administration and defence, compulsory social security	-	14,208,436	23	7	14,208,412
16	Human health services and social work activities	1,603	1,904,806	1,630	14	1,904,780
18	Other services	2,372	695,905	2	-41	698,275
<b>19</b>	<b>Total</b>	<b>47,073</b>	<b>40,947,589</b>	<b>1,793</b>	<b>-11</b>	<b>40,992,868</b>



## Section 4 Credit risk and general information on credit risk mitigation

	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
31 Dec 2019 (EUR 1,000)	Defaulted exposures	Non-defaulted exposures			
4 Electricity, gas, steam and air conditioning supply	-	377,528	1	0	377,527
5 Water supply	-	403,700	1	0	403,700
6 Construction	-	359,965	0	0	359,965
8 Transport and storage	-	305,910	1	0	305,910
XX Financial and insurance activities	-	9,787,152	11	-44	9,787,141
11 Real estate activities	33,517	13,917,270	115	74	13,950,673
14 Public administration and defence, compulsory social security	-	11,480,054	16	7	11,480,038
16 Human health services and social work activities	1,603	1,706,319	1,616	-185	1,706,306
18 Other services	28,320	577,519	44	21	605,795
<b>19 Total</b>	<b>63,440</b>	<b>38,915,418</b>	<b>1,804</b>	<b>-126</b>	<b>38,977,054</b>

## Section 4 Credit risk and general information on credit risk mitigation

## EU CR1-C

## Credit quality of exposures by geography

On 30 June 2020 a total of EUR 36,204 million (88.3%) of the total net exposures was stemming from Finland, which is a 5.8% increase compared to year-end 2019.

	a	b	c	f	g
	Gross carrying values of				
30 Jun 2020 (EUR 1,000)	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
1 Finland	47,073	36,159,021	1,790	-10	36,204,304
2 Other Nordic countries	-	1,238,508	-	-	1,238,508
3 Other EU countries	-	2,423,545	4	-1	2,423,541
4 Other countries	-	1,126,515	-	-	1,126,515
<b>5 Total</b>	<b>47,073</b>	<b>40,947,589</b>	<b>1,793</b>	<b>-11</b>	<b>40,992,868</b>

  

	a	b	c	f	g
	Gross carrying values of				
31 Dec 2019 (EUR 1,000)	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
1 Finland	63,440	34,155,595	1,800	-131	34,217,235
2 Other Nordic countries	-	1,282,519	-	-	1,282,519
3 Other EU countries	-	2,358,041	4	4	2,358,036
4 Other countries	-	1,119,264	-	-	1,119,264
<b>5 Total</b>	<b>63,440</b>	<b>38,915,418</b>	<b>1,804</b>	<b>-126</b>	<b>38,977,054</b>

## EU CR2-A

**Changes in the stock of general and specific credit risk adjustments**

Changes in the stock of specific credit risk adjustments for impaired and defaulted loans and debt securities are presented in the following table.

The MuniFin Group did not make any general credit risk adjustments during 1 January–30 June 2020.

	a	b
<b>30 Jun 2020 (EUR 1,000)</b>	<b>Accumulated specific credit risk adjustment</b>	<b>Accumulated general credit risk adjustment</b>
1 Opening balance	80	-
2 Increases due to amounts set aside for estimated loan losses during the period	8	-
3 Decreases due to amounts reversed for estimated loan losses during the period	-4	-
4 Decreases due to amounts taken against accumulated credit risk adjustments	-	-
5 Transfers between credit risk adjustments	-	-
6 Impact of exchange rate differences	-	-
7 Business combinations, including acquisitions and disposals of subsidiaries	-	-
8 Other adjustments	-43	-
<b>9 Closing balance</b>	<b>41</b>	<b>-</b>
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

## Section 4 Credit risk and general information on credit risk mitigation

	a	b
<b>31 Dec 2019 (EUR 1,000)</b>	<b>Accumulated specific credit risk adjustment</b>	<b>Accumulated general credit risk adjustment</b>
1 Opening balance	-	-
2 Increases due to amounts set aside for estimated loan losses during the period	80	-
3 Decreases due to amounts reversed for estimated loan losses during the period	-	-
4 Decreases due to amounts taken against accumulated credit risk adjustments	-	-
5 Transfers between credit risk adjustments	-	-
6 Impact of exchange rate differences	-	-
7 Business combinations, including acquisitions and disposals of subsidiaries	-	-
8 Other adjustments	-	-
<b>9 Closing balance</b>	<b>80</b>	<b>-</b>
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

## Section 4 Credit risk and general information on credit risk mitigation

## EU CR2-B

**Changes in the stock of defaulted and impaired loans and debt securities**

Changes in the stock of defaulted loans and debt securities are presented in the following table. The stock classified as defaulted is also treated as impaired.

During the reporting period 1 January–30 June 2020, six counterparties have been reclassified as impaired and defaulted, and one counterparty has been returned to non-defaulted status.

	a
<b>30 Jun 2020 (EUR 1,000)</b>	<b>Gross carrying value of defaulted exposures</b>
1 Opening balance	61,837
2 Loans and debt securities that have defaulted or impaired since the last reporting period	16,482
3 Returned to non-defaulted status	-4,031
4 Amounts written off	-
5 Other changes	-28,819
6 Closing balance	45,469

  

	a
<b>31 Dec 2019 (EUR 1,000)</b>	<b>Gross carrying value of defaulted exposures</b>
1 Opening balance	-
2 Loans and debt securities that have defaulted or impaired since the last reporting period	61,837
3 Returned to non-defaulted status	-
4 Amounts written off	-
5 Other changes	-
6 Closing balance	61,837

## Section 4 Credit risk and general information on credit risk mitigation

## EU CR3

## CRM techniques - Overview

In the following table the unsecured loans include loans granted to the Group's customers, cash held at the central bank and loans and advances in credit institutions other than posted cash collateral as variation margin. Collaterals reported in this table consist exclusively of immovable property. For further credit risk mitigation, all loans secured by immovable property have guarantees from the State of Finland or municipalities.

On 30 June 2020, unsecured debt securities include covered bonds by EUR 2,092 million (EUR 2,138 million) and municipal commercial papers invested in municipalities by EUR 1,813 million (EUR 722 million).

	a	b	c	d
30 Jun 2020 (EUR 1,000)	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1 Total loans	15,431,487	15,310,004	8,680,113	6,629,890
2 Total debt securities	6,435,171	273,227	-	273,227
<b>3 Total exposures</b>	<b>21,866,658</b>	<b>15,583,230</b>	<b>8,680,113</b>	<b>6,903,117</b>

	a	b	c	d
31 Dec 2019 (EUR 1,000)	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1 Total loans	15,246,370	14,731,859	8,515,464	6,216,395
2 Total debt securities	5,520,523	216,325	-	216,325
<b>3 Total exposures</b>	<b>20,766,894</b>	<b>14,948,185</b>	<b>8,515,464</b>	<b>6,432,720</b>

## Section 5

# Credit risk and credit risk mitigation in the standardised approach

EU CR4

### Standardised approach – Credit risk exposure and CRM effects

This table shows on- and off-balance sheet exposures, items treated within the scope of counterparty credit risk are excluded. Total on- and off-balance sheet exposure amount post CCF and CRM was EUR 38,692 million at the end of June 2020 increasing by 1,752 million from the year-end 2019. The change was mainly driven by increased lending volumes.

Changes in exposures to institutions between reporting periods are driven by changes in the liquidity portfolio.

## Section 5 Credit risk and credit risk mitigation in the standardised approach

30 Jun 2020 (EUR 1,000)	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
<b>EXPOSURE CLASSES</b>						
1 Central governments or central banks	3,776,146	-	14,262,695	875,515	-	0%
2 Regional governments or local authorities	13,878,626	843,531	18,769,132	342,055	3,639	0%
3 Public sector entities	405,784	-	399,702	-	6,077	2%
4 Multilateral development banks	251,952	-	251,952	-	10,087	4%
5 International organisations	159,002	-	159,002	-	-	0%
6 Institutions	1,697,297	-	1,514,490	-	350,922	23%
7 Corporates	6,462,623	1,687,279	-	-	-	-
9 Secured by mortgages on immovable property	8,680,113	9,968	-	-	-	0%
10 Exposures in default	45,428	-	-	-	-	-
12 Covered bonds	2,091,544	-	2,091,544	-	255,617	12%
14 Collective investments undertakings	-	-	-	-	-	-
16 Other exposures	26,023	-	26,023	-	24,444	94%
<b>17 Total</b>	<b>37,474,541</b>	<b>2,540,778</b>	<b>37,474,541</b>	<b>1,217,570</b>	<b>650,786</b>	<b>2%</b>



## Section 5 Credit risk and credit risk mitigation in the standardised approach

31 Dec 2019 (EUR 1,000)	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
<b>EXPOSURE CLASSES</b>						
1 Central governments or central banks	5,170,467	-	15,084,145	763,561	-	0%
2 Regional governments or local authorities	11,316,007	724,183	16,144,691	358,480	3,613	0%
3 Public sector entities	342,131	-	341,681	-	-	0%
4 Multilateral development banks	182,632	-	182,632	-	4,043	2%
5 International organisations	111,246	-	111,246	-	-	0%
6 Institutions	1,907,819	-	1,774,266	-	436,889	25%
7 Corporates	6,031,136	1,629,526	-	-	-	-
9 Secured by mortgages on immovable property	8,515,464	7,609	-	-	-	-
10 Exposures in default	61,757	-	-	-	-	-
12 Covered bonds	2,137,947	-	2,137,947	-	258,456	12%
14 Collective investments undertakings	9,769	-	9,769	-	1,049	11%
16 Other exposures	31,920	-	31,920	-	22,724	71%
<b>17 Total</b>	<b>35,818,296</b>	<b>2,361,319</b>	<b>35,818,296</b>	<b>1,122,041</b>	<b>726,775</b>	<b>2%</b>

## Section 5 Credit risk and credit risk mitigation in the standardised approach

## EU CR5

## Standardised approach

This table shows on- and off-balance sheet exposures post conversion factor and post risk mitigation techniques. Items treated within the scope of counterparty credit risk are excluded. To determine the exposure's risk weight, the MuniFin Group applies credit ratings by Moody's Investors Service, Fitch Ratings or Standard & Poor's Financial Services.

The largest change took place in the 0% risk weight bucket, which increased from EUR 32,957 million to EUR 34,991 million being driven by increased volumes in regional governments exposures. Of the total exposure amount 90.4% (89.2%) is risk-weighted by 0%. Decrease in the 20% and 50% risk weight buckets is stemming from changes in the liquidity portfolio.

30 Jun 2020  
(EUR 1,000)

EXPOSURE CLASSES	Risk weight							Total	Of which unrated
	0%	2%	10%	20%	50%	100%	Others		
1 Central governments or central banks	15,138,210	-	-	-	-	-	-	15,138,210	-
2 Regional governments or local authorities	19,092,994	-	-	18,193	-	-	-	19,111,187	19,096,906
3 Public sector entities	369,315	-	-	30,387	-	-	-	399,702	0
4 Multilateral development banks	231,779	-	-	-	20,173	-	-	251,952	0
5 International organisations	159,002	-	-	-	-	-	-	159,002	0
6 Institutions	-	169,996	-	1,082,416	262,077	-	-	1,514,490	28,200
12 Covered bonds	-	-	1,626,918	464,626	-	-	-	2,091,544	-
14 Collective investments undertakings	-	-	-	-	-	-	-	0	-
16 Other exposures	2	-	-	1,970	-	24,050	-	26,023	24,050
<b>17 Total</b>	<b>34,991,303</b>	<b>169,996</b>	<b>1,626,918</b>	<b>1,597,592</b>	<b>282,251</b>	<b>24,050</b>	<b>0</b>	<b>38,692,110</b>	<b>19,149,156</b>

## Section 5 Credit risk and credit risk mitigation in the standardised approach

31 Dec 2019 (EUR 1,000)		Risk weight							Total	Of which unrated
		0%	2%	10%	20%	50%	100%	Others		
EXPOSURE CLASSES										
1	Central governments or central banks	15,847,706	-	-	-	-	-	-	15,847,706	-
2	Regional governments or local authorities	16,485,103	-	-	18,067	-	-	-	16,503,171	16,482,073
3	Public sector entities	341,681	-	-	-	-	-	-	341,681	-
4	Multilateral development banks	162,417	-	-	20,215	-	-	-	182,632	-
5	International organisations	111,246	-	-	-	-	-	-	111,246	-
6	Institutions	-	158,494	-	1,247,224	368,548	-	-	1,774,266	24,300
12	Covered bonds	-	-	1,691,331	446,616	-	-	-	2,137,947	-
14	Collective investments undertakings	-	-	-	-	-	-	9,769	9,769	-
16	Other exposures	9,191	6	-	-	-	22,723	-	31,920	22,723
<b>17</b>	<b>Total</b>	<b>32,957,344</b>	<b>158,500</b>	<b>1,691,331</b>	<b>1,732,122</b>	<b>368,548</b>	<b>22,723</b>	<b>9,769</b>	<b>36,940,337</b>	<b>16,529,096</b>

## Section 6

## Non-performing exposures

Template 1

## Credit quality of forborne exposures

The COVID-19 pandemic affected the financial situation and liquidity of the Group's customers. MuniFin has therefore offered concessions to the payment terms of the loans to customers whose finances have been temporarily affected by the pandemic. During the reporting period, 50 loans were classified as forborne exposures of which 43 were offered due to COVID-19 pandemic.

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Non-performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
30 Jun 2020 (EUR 1,000)	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		
1 Loans and advances	61,920	14,467	14,467	14,467	-42	-8	76,337	14,459
6 Non-financial corporations	52,726	13,955	13,955	13,955	-28	-8	66,645	13,947
7 Households	9,194	511	511	511	-14	0	9,692	511
<b>10 Total</b>	<b>61,920</b>	<b>14,467</b>	<b>14,467</b>	<b>14,467</b>	<b>-42</b>	<b>-8</b>	<b>76,337</b>	<b>14,459</b>

## Section 6 Non-performing exposures

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Non-performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
31 Dec 2019 (EUR 1,000)	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		
1 Loans and advances	27,834	4,954	4,954	4,954	-26	-1	32,761	4,953
6 Non-financial corporations	27,193	4,954	4,954	4,954	-26	-1	32,120	4,953
7 Households	641	-	-	-	-	-	641	-
<b>10 Total</b>	<b>27,834</b>	<b>4,954</b>	<b>4,954</b>	<b>4,954</b>	<b>-26</b>	<b>-1</b>	<b>32,761</b>	<b>4,953</b>

## Section 6 Non-performing exposures

## Template 3

## Credit quality of performing and non-performing exposures by past due days

The following table shows the counterparty breakdown for the gross carrying amount of performing and non-performing exposures. The gross NPL ratio is 0,14% (0,20%).

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures				Non-performing exposures							
30 Jun 2020 (EUR 1,000)		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1 Loans and advances	31,280,488	31,280,488	-	45,282	42,188	3,093	-	-	-	-	-	45,282
2 Central banks	3,512,877	3,512,877	-	-	-	-	-	-	-	-	-	-
3 General governments	12,938,320	12,938,320	-	-	-	-	-	-	-	-	-	-
4 Credit institutions	1,305,492	1,305,492	-	-	-	-	-	-	-	-	-	-
5 Other financial corporations	176,363	176,363	-	-	-	-	-	-	-	-	-	-
6 Non-financial corporations	12,972,970	12,972,970	-	44,770	41,677	3,093	-	-	-	-	-	44,770
8 Households	374,467	374,467	-	511	511	-	-	-	-	-	-	511
9 Debt securities	6,707,742	6,707,742	-	-	-	-	-	-	-	-	-	-
11 General governments	2,849,472	2,849,472	-	-	-	-	-	-	-	-	-	-
12 Credit institutions	3,427,980	3,427,980	-	-	-	-	-	-	-	-	-	-
13 Other financial corporations	334,340	334,340	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	95,949	95,949	-	-	-	-	-	-	-	-	-	-
15 Off-balance sheet exposures	2,540,783	-	-	-	-	-	-	-	-	-	-	-
17 General governments	1,000,283	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	1,529,779	-	-	-	-	-	-	-	-	-	-	-
21 Households	10,722	-	-	-	-	-	-	-	-	-	-	-
<b>22 Total</b>	<b>40,529,013</b>	<b>37,988,229</b>	<b>-</b>	<b>45,282</b>	<b>42,188</b>	<b>3,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,282</b>

## Section 6 Non-performing exposures

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures				Non-performing exposures							
31 Dec 2019 (EUR 1,000)		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1 Loans and advances	30,360,978	30,360,978	-	61,726	61,726	-	-	-	-	-	-	61,726
2 Central banks	4,935,926	4,935,926	-	-	-	-	-	-	-	-	-	-
3 General governments	11,568,637	11,568,637	-	-	-	-	-	-	-	-	-	-
4 Credit institutions	791,496	791,496	-	-	-	-	-	-	-	-	-	-
5 Other financial corporations	158,501	158,501	-	-	-	-	-	-	-	-	-	-
6 Non-financial corporations	12,533,555	12,533,555	-	61,726	61,726	-	-	-	-	-	-	61,726
8 Households	372,863	372,863	-	-	-	-	-	-	-	-	-	-
9 Debt securities	5,736,848	5,736,848	-	-	-	-	-	-	-	-	-	-
11 General governments	1,548,556	1,548,556	-	-	-	-	-	-	-	-	-	-
12 Credit institutions	3,770,182	3,770,182	-	-	-	-	-	-	-	-	-	-
13 Other financial corporations	349,038	349,038	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	69,072	69,072	-	-	-	-	-	-	-	-	-	-
15 Off-balance sheet exposures	2,361,323	-	-	-	-	-	-	-	-	-	-	-
17 General governments	805,771	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	1,546,747	-	-	-	-	-	-	-	-	-	-	-
21 Households	8,805	-	-	-	-	-	-	-	-	-	-	-
<b>22 Total</b>	<b>38,459,149</b>	<b>36,097,826</b>	-	<b>61,726</b>	<b>61,726</b>	-	-	-	-	-	-	<b>61,726</b>

## Section 6 Non-performing exposures

## Template 4

## Performing and non-performing exposures and related provisions

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3					
30 Jun 2020 (EUR 1,000)															
1 Loans and advances	31,280,488	31,010,988	221,657	45,282	-	45,282	-165	-69	-96	-41	-	-41	-	15,065,117	45,241
2 Central banks	3,512,877	3,512,877	-	-	-	-	-0	-0	-	-	-	-	-	-	-
3 General governments	12,938,320	12,923,581	7,184	-	-	-	-28	-25	-3	-	-	-	-	1,768,155	-
4 Credit institutions	1,305,492	1,305,492	-	-	-	-	-32	-32	-	-	-	-	-	-	-
5 Other financial corporations	176,363	176,363	-	-	-	-	-4	-4	-	-	-	-	-	-	-
6 Non-financial corporations	12,972,970	12,744,009	197,083	44,770	-	44,770	-78	-8	-70	-41	-	-41	-	12,926,928	44,729
8 Households	374,467	348,666	17,390	511	-	511	-24	-0	-23	-0	-	-0	-	370,034	511
9 Debt securities	6,707,742	2,562,082	11,001	-	-	-	-0	-0	-0	-	-	-	-	273,227	-
11 General governments	2,849,472	1,861,948	4,001	-	-	-	-0	-0	-0	-	-	-	-	19,480	-
12 Credit institutions	3,427,980	600,595	-	-	-	-	-	-	-	-	-	-	-	182,807	-
13 Other financial corporations	334,340	10,589	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	95,949	88,950	7,000	-	-	-	-0	-0	-0	-	-	-	-	70,939	-
15 Off-balance sheet exposures	2,540,783	2,539,076	1,707	-	-	-	5	5	0	-	-	-	-	1,881,170	-
17 General governments	1,000,283	1,000,283	-	-	-	-	2	2	-	-	-	-	-	340,669	-
20 Non-financial corporations	1,529,779	1,528,072	1,707	-	-	-	3	3	0	-	-	-	-	1,529,779	-
21 Households	10,722	10,722	-	-	-	-	0	0	-	-	-	-	-	10,722	-
<b>22 Total</b>	<b>40,529,013</b>	<b>36,112,147</b>	<b>234,365</b>	<b>45,282</b>	<b>-</b>	<b>45,282</b>	<b>-160</b>	<b>-64</b>	<b>-96</b>	<b>-41</b>	<b>-</b>	<b>-41</b>	<b>-</b>	<b>17,219,514</b>	<b>45,241</b>



## Section 6 Non-performing exposures

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
31 Dec 2019 (EUR 1,000)	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
1 Loans and advances	30,360,978	30,124,811	184,887	61,726	-	61,726	-139	-59	-80	-80	-	-80	-	14,537,548	61,646
2 Central banks	4,935,926	4,935,926	-	-	-	-	-0	-0	-	-	-	-	-	-	-
3 General governments	11,568,637	11,556,476	3,157	-	-	-	-20	-19	-1	-	-	-	-	1,680,090	-
4 Credit institutions	791,496	791,496	-	-	-	-	-28	-28	-	-	-	-	-	-	-
5 Other financial corporations	158,501	158,501	-	-	-	-	-4	-4	-	-	-	-	-	-	-
6 Non-financial corporations	12,533,555	12,328,250	171,592	61,726	-	61,726	-75	-7	-68	-80	-	-80	-	12,484,607	61,646
8 Households	372,863	354,161	10,138	-	-	-	-11	-0	-11	-	-	-	-	372,852	-
9 Debt securities	5,736,848	1,752,499	23,690	-	-	-	-0	-0	-0	-	-	-	-	216,325	-
11 General governments	1,548,556	721,489	13,796	-	-	-	-0	-0	-0	-	-	-	-	13,700	-
12 Credit institutions	3,770,182	971,832	-	-	-	-	-	-	-	-	-	-	-	133,553	-
13 Other financial corporations	349,038	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Non-financial corporations	69,072	59,178	9,894	-	-	-	-0	-0	-0	-	-	-	-	69,072	-
15 Off-balance sheet exposures	2,361,323	2,359,038	2,285	-	-	-	4	4	0	-	-	-	-	1,719,559	-
17 General governments	805,771	805,771	-	-	-	-	1	1	-	-	-	-	-	164,007	-
20 Non-financial corporations	1,546,747	1,544,462	2,285	-	-	-	3	3	0	-	-	-	-	1,546,747	-
21 Households	8,805	8,805	-	-	-	-	0	0	-	-	-	-	-	8,805	-
<b>22 Total</b>	<b>38,459,149</b>	<b>34,236,348</b>	<b>210,863</b>	<b>61,726</b>	<b>-</b>	<b>61,726</b>	<b>-135</b>	<b>-55</b>	<b>-80</b>	<b>-80</b>	<b>-</b>	<b>-80</b>	<b>-</b>	<b>16,473,432</b>	<b>61,646</b>

Template 9

**Collateral obtained by taking possession and execution processes**

The MuniFin Group has not obtained collateral by taking possession and execution processes.

## Section 7

## Counterparty credit risk

## EU CCR1

## Analysis of CCR exposure by approach

The MuniFin Group limits credit risk arising from its derivative counterparties with ISDA Credit Support Annexes. The company has total of 58 Credit Support Annexes in force of which 50 require daily margining. 37 of these agreements are in active use and of this, 36 require daily margining. New CSA agreements have been made during 2019 in preparing for Brexit. Additionally, the Municipal Guarantee Board's guarantees are used for reducing the derivative counterparty risk of certain counterparties. The counterparty credit risk RWA has moderately increased in the reporting period.

30 Jun 2020 (EUR 1,000)		b	c	f	g
		Replacement cost / current market value	Potential future credit exposure	EAD post CRM	RWAs
1	Mark to market	421,559	555,991	589,447	38,427
<b>11</b>	<b>Total</b>				<b>38,427</b>

  

31 Dec 2019 (EUR 1,000)		b	c	f	g
		Replacement cost / current market value	Potential future credit exposure	EAD post CRM	RWAs
1	Mark to market	272,628	524,811	453,585	36,201
<b>11</b>	<b>Total</b>				<b>36,201</b>

## Section 7 Counterparty credit risk

### EU CCR2 CVA capital charge

The CVA capital charge has increased moderately during the reporting period. The Group manages the CVA capital charge with comprehensive use of CSAs and CCP clearing. The number and value of derivatives cleared through the Central Counterparty has increased during the reporting period.

	30 Jun 2020 (EUR 1,000)	
	a Exposure value	b RWAs
4 All portfolios subject to the standardised method	457,689	237,433
5 Total subject to the CVA capital charge	457,689	237,433

  

	31 Dec 2019 (EUR 1,000)	
	a Exposure value	b RWAs
4 All portfolios subject to the standardised method	414,433	213,561
5 Total subject to the CVA capital charge	414,433	213,561

### EU CCR8 Exposures to CCPs

30 Jun 2020 (EUR 1,000)	a	b
	EAD post CRM	RWAs
<b>1 Exposures to QCCPs (total)</b>		<b>2,199</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	109,938	2,199
3 (i) OTC derivatives	109,938	2,199
7 Segregated initial margin	169,996	
10 Alternative calculation of own funds requirements for exposures		-
<b>11 Exposures to non-QCCPs (total)</b>		<b>-</b>
17 Segregated initial margin	-	

31 Dec 2019 (EUR 1,000)	a	b
	EAD post CRM	RWAs
<b>1 Exposures to QCCPs (total)</b>		<b>1,849</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	92,446	1,849
3 (i) OTC derivatives	92,446	1,849
7 Segregated initial margin	158,494	
10 Alternative calculation of own funds requirements for exposures		-
<b>11 Exposures to non-QCCPs (total)</b>		<b>-</b>
17 Segregated initial margin	-	

## Section 7 Counterparty credit risk

## EU CCR3

## Standardised approach – CCR exposures by regulatory portfolio and risk

30 Jun 2020 (EUR 1,000) EXPOSURE CLASSES	Risk weight				Total	Of which unrated
	0%	2%	20%	50%		
2 Regional governments or local authorities	407,051	-	-	-	407,051	407,051
6 Institutions	-	109,938	267,696	192,864	570,499	-
<b>11 Total</b>	<b>407,051</b>	<b>109,938</b>	<b>267,696</b>	<b>192,864</b>	<b>977,550</b>	<b>407,051</b>

31 Dec 2019 (EUR 1,000) EXPOSURE CLASSES	Risk weight				Total	Of which unrated
	0%	2%	20%	50%		
2 Regional governments or local authorities	290,560	-	-	-	290,560	290,560
6 Institutions	-	92,446	227,849	186,583	506,879	-
<b>11 Total</b>	<b>290,560</b>	<b>92,446</b>	<b>227,849</b>	<b>186,583</b>	<b>797,439</b>	<b>290,560</b>

## Section 7 Counterparty credit risk

## EU CCR5-A

## Impact of netting and collateral held on exposure values

		a	b	c	d	e
30 Jun 2020 (EUR 1,000)		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	2,771,233	1,322,546	1,448,687	1,073,508	375,179
<b>4</b>	<b>Total</b>	<b>2,771,233</b>	<b>1,322,546</b>	<b>1,448,687</b>	<b>1,073,508</b>	<b>375,179</b>

		a	b	c	d	e
31 Dec 2019 (EUR 1,000)		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	2,422,935	1,054,011	1,368,924	1,191,579	177,345
<b>4</b>	<b>Total</b>	<b>2,422,935</b>	<b>1,054,011</b>	<b>1,368,924</b>	<b>1,191,579</b>	<b>177,345</b>

## EU CCR5-B

## Composition of collateral for exposures to CCR

The amount of collaterals posted for derivative transactions on 30 June 2020 was EUR 1,214 million (EUR 845 million). MuniFin holds a strong credit rating (Aa1/AA+). The impact of a possible credit downgrade lower than four notches of MuniFin would not have any impact on the collateral posted.

		a	b	c	d
		Collateral used in derivative transactions			
30 Jun 2020 (EUR 1,000)		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
	Cash	-	1,073,508	169,996	1,043,522
	<b>Total</b>	<b>-</b>	<b>1,073,508</b>	<b>169,996</b>	<b>1,043,522</b>

		a	b	c	d
		Collateral used in derivative transactions			
31 Dec 2019 (EUR 1,000)		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
	Cash	-	1,191,579	158,494	686,150
	<b>Total</b>	<b>-</b>	<b>1,191,579</b>	<b>158,494</b>	<b>686,150</b>

## Section 8

# Market risk

### EU MR1

#### Market risk under the standardised approach

The MuniFin Group calculates capital requirements for overall net foreign exchange position. The Group hedges against exchange rate risks by using derivative contracts to translate all foreign currency denominated funding and investments into euros. The Group does not bear any material foreign exchange risk.

The foreign exchange risk position was EUR 1.5 million at the end of June 2020 (EUR 2.0 million at the end of 2019). Since the foreign exchange risk position was less than 2% of the own funds, there was no capital requirement for it (CRR 575/2013 Art. 351).

The MuniFin Group does not hold trading book exposures.

## Section 9

## Leverage ratio

LRSum

## Summary reconciliation of accounting assets and leverage ratio exposures

(EUR 1,000)	30 Jun 2020	31 Dec 2019
	Applicable amount	Applicable amount
1 Total assets as per published financial statements	41,288,022	38,933,758
4 Adjustments for derivative financial instruments	-2,643,919	-2,059,346
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,217,570	1,122,041
7 Other adjustments	-15,280	-14,207
<b>8 Leverage ratio total exposure measure</b>	<b>39,846,393</b>	<b>37,982,245</b>

## Section 9 Leverage ratio

LRCom

**Leverage ratio common disclosure**

	30 Jun 2020	31 Dec 2019
(EUR 1,000)	CRR leverage ratio exposures	CRR leverage ratio exposures
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	38,534,084	36,519,150
2 (Asset amounts deducted in determining Tier 1 capital)	-16,021	-14,704
<b>3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</b>	<b>38,518,063</b>	<b>36,504,446</b>
<b>Derivative exposures</b>		
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	429,843	280,699
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	724,440	761,208
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1,043,522	-686,150
<b>11 Total derivatives exposures (sum of lines 4 to 10)</b>	<b>110,761</b>	<b>355,758</b>
<b>Other off-balance sheet exposures</b>		
17 Off-balance sheet exposures at gross notional amount	2,540,778	2,361,319
18 (Adjustments for conversion to credit equivalent amounts)	-1,323,208	-1,239,278
<b>19 Other off-balance sheet exposures (sum of lines 17 and 18)</b>	<b>1,217,570</b>	<b>1,122,041</b>
<b>Capital and total exposure measure</b>		
20 Tier 1 capital	1,519,431	1,509,906
21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	39,846,393	37,982,245
<b>Leverage ratio</b>		
22 Leverage ratio	3.81%	3.98%



## Section 9 Leverage ratio

## LRSpl

**Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

(EUR 1,000)	30 Jun 2020	31 Dec 2019
	CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	37,490,562	35,833,000
EU-3 Banking book exposures, of which:	37,490,562	35,833,000
EU-4 Covered bonds	2,091,544	2,137,947
EU-5 Exposures treated as sovereigns	18,402,458	17,083,751
EU-6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	69,053	38,732
EU-7 Institutions	1,697,297	1,907,819
EU-8 Secured by mortgages of immovable properties	8,680,113	8,515,464
EU-10 Corporate	6,462,623	6,031,136
EU-11 Exposures in default	45,428	61,757
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	42,044	56,393

## LRQua

**Disclosure on qualitative items**

The risk of excessive leverage is managed as part of the internal capital management process. Within this process, the target level for leverage ratio is defined. The leverage ratio is part of Group's Risk Appetite Framework and is regularly monitored in Risk Appetite Dashboard and in internal monthly reporting. Leverage ratio is also one of the Recovery Plan indicators. The principles for managing maturity mismatch and asset encumbrance are defined in the Liquidity and Funding Risk policy. The maturity mismatch is followed and managed through the Financing gap indicator within the Risk Appetite Framework. The Group maintains a sufficient liquidity portfolio of unencumbered, highly liquid assets at all times.

The consolidated leverage ratio was 3.81% at the end of June 2020 compared to 3.98% at the end of December 2019. The on-balance sheet exposures grew by net EUR 2,014 million during the first half of the year. The change was mainly driven by increased lending to the public and public sector entities. Off-balance sheet exposures, loan promises to public and public sector entities, increased by EUR 179 million during the review period. Tier 1 capital grew in the period by EUR 10 million, mainly driven by increase in CET1 capital, namely from the continued profit generation.

## Section 10

# Information not disclosed due to non-materiality, proprietary or confidential nature

## REFERENCE

**EBA/GL/2016/11**

Table EU OVA (b), CRR Article 435(1)(b): The approved limits of risks to which the institution is exposed.

**EBA/GL/2018/10**

Template 2 – Quality of forbearance,  
 Template 5 – Quality of non-performing exposures by geography,  
 Template 6 – Credit quality of loans and advances by industry,  
 Template 7 – Collateral valuation – loans and advances,  
 Template 8 – Changes in the stock of non-performing loans and advances and  
 Template 10 – Collateral obtained by taking possession and execution processes – vintage breakdown.

**EBA/GL/2020/07**

Disclosure of exposures subject to measures applied in response to the COVID-19 crisis.  
 Template 1 - Information on loans and advances subject to legislative and non-legislative moratoria  
 Template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria  
 Template 3 - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

## REASON NOT FOR DISCLOSING

Risk Appetite Framework (RAF) limits and thresholds are defined strictly confidential. Limits and thresholds are of strategic nature and as such defined confidential. The Financial Supervisory Authorities have full access to MuniFin's RAF limits and thresholds.

EBA/GL/2018/10 Templates 2, 5, 6, 7, 8 and 10 are applicable only to significant credit institutions with a gross NPL ratio of 5% or above. As the NPL ratio does not exceed 5%, the MuniFin Group has not disclosed these templates.

For the purpose of EBA/GL/2020/07 templates 1 and 2, moratoria refers to general moratoria in accordance with paragraph 10 of EBA Guidelines (EBA/GL/2020/02) on legislative and non-legislative moratoria. The concessions MuniFin has made in response to the COVID-19 crisis have been assessed individually for each counterparty, hence the concessions do not meet the criteria of moratoria in accordance with EBA/GL/2020/02. For the purpose of EBA/GL/2020/07 Template 3, the MuniFin Group has not received any public guarantees introduced in response to the COVID-19 crisis. As a result, the MuniFin Group has not disclosed these templates.

## INFORMATION PROVIDED IN PILLAR III DISCLOSURE

See Pillar III Disclosure Report 2019  
 RAF is described in detail in Section 2 Risk management objectives and policies, subsection MuniFin's overall risk profile associated with the business strategy and business model.

The MuniFin Group complies the EBA/GL/2018/10 disclosure requirements by disclosing the templates applicable to all credit institutions within Section 6 Non-performing exposures in this Pillar III Half Year Disclosure Report 2020. Additionally, according to Section 3 Implementation (19) of EBA/GL/2018/10, MuniFin has disclosed 'Template 12 – EU CR1-B – Credit quality of exposures by industry or counterparty types' and 'Template 13 – EU CR1-C – Credit quality of exposures by geography' in full within Section 4 Credit risk and general information on credit risk mitigation.

**Municipality Finance Plc**

Jaakonkatu 3 A, P.O. Box 744

00101 Helsinki

Tel. +358 9 6803 5666

[www.munifin.fi](http://www.munifin.fi)

[firstname.lastname@munifin.fi](mailto:firstname.lastname@munifin.fi)