

## IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND A "QUALIFIED PURCHASER" ("QP") WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, OR (2) PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) AND WHO ARE OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS.

**IMPORTANT: You must read the following before continuing.** This notice applies to the offering circular dated 8 May 2024 (the "Offering Circular") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive information from Municipality Finance Plc (the "Issuer"), the Arranger and the Dealers (each as defined in the Offering Circular).

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE OFFERING CIRCULAR CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THIS ELECTRONIC TRANSMISSION AND THE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND PERMITTED BY, REGULATION S OR WITHIN THE UNITED STATES TO PERSONS WHO ARE BOTH A QIB WITHIN THE MEANING OF RULE 144A AND A "QUALIFIED PURCHASER" ("QP") WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT AND/OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND CANNOT PURCHASE THE SECURITIES DISCUSSED IN THE ATTACHED OFFERING CIRCULAR (THE "NOTES").

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS BOTH A QIB AND A QP OR (2) IN ACCORDANCE WITH SECTIONS 903 OR 904 OF REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF "U.S. PERSONS" (AS DEFINED BY REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

**Confirmation of your representation:** In order to be eligible to view the attached Offering Circular, you must be, and by accessing the attached Offering Circular you shall be deemed to have represented to the Issuer, the Arranger and Dealers that you have understood and agree to the terms set out herein and you are either (1) (a) located outside the United States and not resident or located in any jurisdiction where accessing the Offering Circular is unlawful, (b) not a U.S. person (within the meaning of Regulation S) or a United States person as defined for US federal income tax purposes and (c) not an affiliate of the Issuer or a person acting on behalf of such an affiliate or (2) (a) a QIB and a QP, (b) not formed for the purpose of investing in the Rule 144A Notes or the Issuer, (c) not a broker dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers, (d) not a participant-directed employee plan such as a 401(k) plan, (e) acting for your own account, or the account of one or more QIBs each of

which is also a QP, (f) aware that the sale of the Rule 144A Notes is being made in reliance on Rule 144A and (g) if acting as a fiduciary or agent for one or more investor accounts (i) each such account is a QIB that is also a QP, (ii) you have investment discretion with respect to each account, and (iii) you have full power and authority to make, and do make, the representations, warranties, agreements and acknowledgements herein on behalf of each such account. Additionally, you shall also be deemed to have represented to the Issuer, the Arranger and the Dealers that you consent to delivery of the Offering Circular by electronic transmission on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and agree that you will not forward, transfer, transmit or otherwise send (by any means including by electronic transmission) the Offering Circular to any person in any territory where to do so would breach applicable local law or regulation. You are reminded that documents in electronic form may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer, the Arranger, the Dealers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any such alteration or change. Breach of this representation could mean that you are in breach of applicable laws or regulations and, furthermore, you agree that the Issuer, the Arranger and the Dealers shall in no case bear liability for any infringement of any such prohibition or restriction.

The Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Arranger/Dealers or any affiliate of the Arranger/Dealers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Arranger/Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

None of the Arranger, the Dealers or any of their respective affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the Offering Circular or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the offering referred to herein. The Arranger, the Dealers and each of their respective affiliates disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the electronic transmission, the Offering Circular or any such statement. No representation or warranty, express or implied, is made by the Arranger, the Dealers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the Offering Circular.

OFFERING CIRCULAR DATED 8 MAY 2024



**MUNICIPALITY FINANCE PLC**  
**(Kuntarahoitus Oyj)**

*(Public limited liability company incorporated in the Republic of Finland)*

**€50,000,000,000**

**Programme for the Issuance of Debt Instruments**

Guaranteed by

**THE MUNICIPAL GUARANTEE BOARD**  
**(Kuntien takauskeskus)**

*(Established as a public law institution under the laws of the Republic of Finland)*

Application may be made for notes ("Notes") issued pursuant to this €50,000,000,000 Programme for the Issuance of Debt Instruments (the "Programme") of Municipality Finance Plc (the "Issuer" or "Municipality Finance") to be listed and admitted to trading on the Helsinki Stock Exchange maintained by Nasdaq Helsinki (the "Market") or to any other listing authority, stock exchange and/or quotation system as may be agreed with the Issuer. The Market is a regulated market for the purposes of the Directive 2014/65/EU (as amended, "EU MiFID II"). Unlisted Notes may also be issued pursuant to the Programme. The relevant Final Terms or Drawdown Offering Circular (as defined herein) in respect of the issue of any Notes will specify whether or not an application will be made for such Notes to be listed and admitted to trading on the Market (or any other listing authority, stock exchange and/or quotation system).

This offering circular (the "Offering Circular") does not comprise (i) a base prospectus for the purpose of Regulation (EU) 2017/1129 (the "Prospectus Regulation"), (ii) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "FSMA"), (iii) a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") (the "UK Prospectus Regulation"), or (iv) listing particulars given in compliance with the listing rules made under Part VI of the FSMA by the United Kingdom Financial Conduct Authority in its capacity as competent authority under the FSMA. Notes will not be subject to the prospectus requirements of (i) the Prospectus Regulation as a result of the exemption provided by Article 1.2(d) of the Prospectus Regulation for securities unconditionally and irrevocably guaranteed by a local authority of a European Economic Area ("EEA") member state, or (ii) the UK Prospectus Regulation as a result of the exemption provided by Article 1.2(d) of the UK Prospectus Regulation for securities unconditionally and irrevocably guaranteed by the government or a local or regional authority of any country or territory.

Under this Programme, the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Notes in bearer and/or in registered form and/or in uncertificated book entry form (in the case of VPS Notes) (respectively "Bearer Notes", "Registered Notes" and "VPS Notes") each denominated in any currency agreed between the Issuer and the Dealers (as defined below). Copies of each Final Terms (as defined herein) will be available (in the case of Bearer Notes) from the specified office set out below of each of the Paying Agents (as defined below), in the case of Registered Notes from the specified office set out below of the Transfer Agent (as defined below) and in the case of VPS Notes as set out in the Final Terms relating to such VPS Notes.

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may be offered and sold only (i) outside of the United States to persons other than U.S. persons as defined in and in accordance with Regulation S under the Securities Act and (ii) in the United States to purchasers who are qualified institutional buyers ("QIBs") as defined in Rule 144A under the Securities Act that are also qualified purchasers ("QPs") as defined in Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended ("Investment Company Act") in each case acting for their own account of one or more QIBs that are also QPs in reliance on and in compliance with Rule 144A.**

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations under the Notes are discussed under "Risk Factors".

*Arranger*

**Citigroup**

*Dealers*

**Barclays**  
**BofA Securities**  
**Daiwa Capital Markets Europe**  
**Goldman Sachs Bank Europe SE**  
**Landesbank Baden-Württemberg**  
**RBC Capital Markets**

**BMO Capital Markets**  
**Citigroup**  
**Danske Bank**  
**HSBC**  
**Nomura**  
**SEB**

**BNP PARIBAS**  
**Crédit Agricole CIB**  
**Deutsche Bank**  
**J.P. Morgan**  
**Nordea**  
**TD Securities**

## TABLE OF CONTENTS

	Page
IMPORTANT NOTICES .....	1
SUMMARY OF THE PROGRAMME .....	8
RISK FACTORS .....	14
INFORMATION INCORPORATED BY REFERENCE .....	39
FINAL TERMS AND DRAWDOWN OFFERING CIRCULARS .....	41
FORMS OF THE NOTES .....	42
TERMS AND CONDITIONS OF THE NOTES .....	50
PRO FORMA FINAL TERMS .....	96
USE OF PROCEEDS .....	112
CAPITALISATION AND INDEBTEDNESS .....	113
SELECTED FINANCIAL INFORMATION RELATING TO THE GROUP .....	114
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GROUP .....	119
MUNICIPALITY FINANCE PLC .....	139
MANAGEMENT AND SHAREHOLDERS OF MUNICIPALITY FINANCE PLC .....	143
SELECTED FINANCIAL INFORMATION RELATING TO THE GUARANTOR .....	145
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GUARANTOR .....	147
THE MUNICIPAL GUARANTEE BOARD .....	151
MANAGEMENT OF THE MUNICIPAL GUARANTEE BOARD .....	152
THE MUNICIPAL SECTOR .....	154
TAXATION .....	157
SUBSCRIPTION AND SALE .....	161
NOTICE TO PURCHASERS AND HOLDERS OF RESTRICTED NOTES AND TRANSFER RESTRICTIONS .....	166
GENERAL INFORMATION .....	169

## IMPORTANT NOTICES

*Defined terms used in this section "Important Notices" have the meanings given to them elsewhere in this Offering Circular.*

Municipality Finance Plc (the "**Issuer**" or "**Municipality Finance**") and the Municipal Guarantee Board (the "**Guarantor**" or the "**MGB**") have confirmed to the dealers (the "**Dealers**") named under "*Subscription and Sale*" that this Offering Circular (as amended or supplemented and, in relation to a particular tranche of Notes, as completed by the relevant Final Terms (as defined below)) contains all information which is (in the context of the Programme or the issue, offering and sale of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in the Offering Circular are honestly held or made and are not misleading in any material respect; the Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme or the issue, offering and sale of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain or verify the foregoing.

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") in conjunction with a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate offering circular specific to such Tranche (the "**Drawdown Offering Circular**") as described under "*Final Terms and Drawdown Offering Circulars*". In the case of a Tranche of Notes which is the subject of a Drawdown Offering Circular, each reference in this Offering Circular to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Offering Circular unless the context requires otherwise.

This Offering Circular must be read and construed together with any amendment or supplement thereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer or the Guarantor or the Notes other than as contained or incorporated by reference in this Offering Circular, the Dealer Agreement (as defined herein), any other document prepared in connection with the Programme, any Final Terms, any Drawdown Offering Circular or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor, the Dealers or any of them.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular. No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for any acts or omission of the Issuer, the Guarantor, or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Offering Circular, any Drawdown Offering Circular or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Final Terms comes are required by the Issuer and the Guarantor and the Dealers to inform themselves

about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the Securities Act and may include Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Neither this Offering Circular nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. Additionally, Notes denominated in NOK or governed by Norwegian law may not be offered or sold within Norway or to or for the account or benefit of persons domiciled in Norway, unless the applicable Norwegian law restrictions are complied with. Notes governed by Norwegian law may not be offered or sold, unless the regulation relating to the offer of VPS Notes and the registration in Verdipapirsentralen ASA (Euronext Securities Oslo) (the "**VPS**") of VPS Notes has been complied with.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any State securities commission in the United States or any other U.S. Regulatory Authority nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of Notes or the accuracy or the adequacy of this Offering Circular. Any representations to the contrary are a criminal offence in the United States.

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") except in certain transactions exempt from the registration requirements of the Securities Act). See "*Subscription and Sale*".

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to persons other than U.S. persons as defined in Regulation S and, with respect to Notes in registered form only, within the United States in reliance upon Rule 144A under the Securities Act ("**Rule 144A**") to QIBs that are also QPs in reliance on Rule 144A and any applicable securities laws of any state of the United States and any other relevant jurisdiction. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Issuer and the Guarantor have agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Issuer and the Guarantor will, during any period in which it is neither subject to sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to each holder of such Notes in connection with any resale thereof and to any prospective purchaser of such Notes from such holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

Neither this Offering Circular nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Offering Circular or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- (i) the Notes are legal investments for it;
- (ii) the Notes can be used as collateral for various types of borrowings, and
- (iii) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Potential investors should consider reinvestment risk in light of other investments available at that time.

Investors who are in any doubt as to their position should consult their professional advisers.

Prospective purchasers should consult their own financial and legal advisers about risks associated with an investment in a particular Tranche of Notes and the suitability of investing in the Notes in light of their particular circumstances.

## NOTES ISSUED AS GREEN OR SOCIAL BONDS

*Defined terms used in this section "Notes Issued as Green or Social Bonds" have the meanings given to them elsewhere in this Offering Circular.*

None of the Arranger, the Dealers or any of their respective affiliates accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued under the Programme as green bonds or social bonds ("**Green Bonds**" and "**Social Bonds**", respectively) or makes any representation or warranty or assurance whether such Notes will fulfil social, environmental and sustainability criteria regarding such "green", "sustainable", "social" or similar labels required by prospective investors (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**") and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "**EU Green Bond Regulation**"), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. None of the Dealers or any of their respective affiliates is responsible for the use or allocation of proceeds for any Notes issued as Green Bonds or as Social Bonds, nor the impact or monitoring of such use of proceeds nor do any of the Dealers undertake to ensure that there are at any time sufficient Eligible Projects (as defined in the section "*Use of Proceeds*") to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds or Social Bonds in full.

Additionally, the Arranger, the Dealers and their respective affiliates are not responsible for the assessment of the Green Bond Framework, the Social Bonds Framework or Second Opinions (each as defined in "*Use of Proceeds*"), including the assessment of the applicable eligibility criteria in relation to Green Bonds or Social Bonds set out in therein, nor do they accept any responsibility as to the accuracy and completeness of the information contained in the Green Bond Framework, the Social Bonds Framework or Second Opinions or any opinion, certification, assessment or other report in connection with the Green Bond Framework or Social Bonds Framework or any Notes issued as Green Bonds or Social Bonds. No representation or assurance is given by the Dealers or any of their respective affiliates as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds or Social Bonds (whether or not solicited by the Issuer), nor is any such opinion or certification a recommendation by the Arranger, any Dealer or any of their respective affiliates to buy, sell or hold any such Notes and is current only as of the date it is issued. The Issuer's Green Bond Framework and Social Bonds Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular.

The Second Opinions provide an opinion on certain environmental and related considerations and are not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Opinions are statements of opinion, not statements of fact. The criteria and/or considerations that formed the basis of the Second Opinions or any such other opinion or certification may change at any time and the Second Opinions may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

None of the Green Bond Framework, the Social Bonds Framework, the Second Opinions, any other certification, report or opinion relating to the Green Bond Framework and/or Notes issued as Green Bonds or Social Bonds, any document referred to in any of the foregoing, or the contents of any website referred to herein or therein are, or are deemed to be, incorporated in, or form part of, this Offering Circular and/or any Final Terms relating to Notes issued as Green Bonds or Social Bonds.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

## RATINGS

The Programme has been rated by S&P Global Ratings Europe Limited, Stockholm Branch, and by Moody's Investors Service España, S.A., both of which are established in the EEA and registered under Regulation (EC) No 1060/2009, as amended. Ratings issued by S&P Global Ratings Europe Limited, Stockholm Branch and Moody's Investors Service España, S.A. are endorsed by S&P Global Ratings UK Limited and Moody's Investors Service Limited, respectively, both of which are established in the United Kingdom and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the EUWA. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.**



## **PRODUCT GOVERNANCE / TARGET MARKET**

### ***EU MiFID II***

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

The Final Terms (or Drawdown Offering Circular, as the case may be) in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

### ***UK MiFIR***

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Final Terms (or Drawdown Offering Circular, as the case may be) in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

## **PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001**

The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 (the "**SFA**"). If applicable, the Issuer will make a determination in relation to such issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

## **SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES**

Each of the Issuer and the Guarantor is duly incorporated under the laws of the Republic of Finland. All of the directors and officers of the Issuer and the Guarantor reside in the Republic of Finland and a substantial amount of the assets of the Issuer and the Guarantor and of such directors and officers are located in the Republic of Finland. None of the Issuer, the Guarantor nor any of their respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any suit brought by an investor in the Notes or named an agent for service of process within the United States upon the Issuer, the Guarantor or such persons or to enforce, in United States courts, judgments against the Issuer, the Guarantor or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, under the Notes, each of the Issuer and the Guarantor will consent to the jurisdiction of the courts of England and, in the case of VPS Notes, Norway and will appoint an agent for service of process in England, and in the case of VPS Notes, Norway.

The Issuer has been advised by Asianajotoimisto DLA Piper Finland Oy, their counsel, that there is no convention or treaty concerning the enforcement of judgments between the Republic of Finland and the United States of America. Therefore the judgments of United States courts of civil liabilities are not enforceable in the Republic of Finland. Enforcement of such judgment in Finland shall require a new legal

action, suit or proceeding in, and judgment by, a Finnish court. In such event, the judgment would constitute circumstantial evidence of the questions of fact in the case concerned and evidence of the governing law as applied to the matter in dispute, **provided that** such court had jurisdiction over the subject matter and the parties involved and such judgment was final and was not and is not contrary to the laws or the public policy of Finland.

For further discussion on the enforcement of judgments in the Republic of Finland including English court judgments see "*Risk Factors—Judgments entered against the Issuer or the Guarantor in the courts of a state which is not subject to the Brussels Regulations or the Lugano Convention may not be recognised or enforceable in Finland*".

#### **FORWARD-LOOKING STATEMENTS**

This Offering Circular contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Issuer and its consolidated subsidiary (together, the "**Group**") and certain of the plans, intentions, expectations, assumptions, goals and beliefs of the Group regarding such items. These statements include matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "will continue", "may", "is likely to", "plans" or similar expressions, including variations and the negatives thereof or comparable terminology.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and the development of the industry in which it operates may differ significantly from those predicted or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the Group's results of operations, financial condition and business and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

#### **PRESENTATION OF FINANCIAL AND OTHER DATA**

In this Offering Circular, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "€", "**EUR**", "**Euro**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "£", "**Pounds Sterling**" and "**British Pounds Sterling**" are to the currency of the United Kingdom, references to "U.S.\$", "**USD**" and "**United States Dollars**" are to the currency of the United States of America, references to "NOK" or "**Norwegian Kroner**" are to the lawful currency of the Kingdom of Norway, references to "AUD" are to the currency of the Commonwealth of Australia. All references to "**Government**" are to the government of the Republic of Finland.

In this Offering Circular, various figures and percentages have been rounded and, accordingly, may not total.

Pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002 and related regulations, effective 1 January 2005, the Issuer adopted International Financial Reporting Standards, as they have been endorsed by the European Commission ("**EU IFRS**"). Accordingly, the Consolidated Financial Statements (as defined below) have been prepared in accordance with EU IFRS.

MGB has adopted Finnish Accounting Principles ("**Finnish GAAP**") and accordingly the Audited MGB Financial Statements (as defined below) have been prepared in accordance with Finnish GAAP. The Issuer standalone financial statements have also been prepared in accordance with Finnish GAAP.

EU IFRS and Finnish GAAP differ in certain significant respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). No financial statements or financial information included herein have been prepared or presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the SEC ("**SEC Rules and Regulations**"). As a result, the financial information included herein may differ substantially from financial information prepared in accordance with U.S. GAAP and those rules and regulations. It is not practicable for the Issuer to prepare its financial statements in accordance with U.S. GAAP and the SEC Rules and Regulations or to prepare any reconciliation of its consolidated financial statements and related footnotes. In making an investment decision, investors must

rely upon their own examination of the business, financial condition, results of operations and cash flows of the Group, the terms of the offering and the financial information presented herein. Potential investors are urged to consult their own professional advisors for an understanding of the differences between EU IFRS, Finnish GAAP and U.S. GAAP, and of how those differences might affect the financial information presented herein.

### **Market Data**

Certain macroeconomic and statistical data included in this Offering Circular has been derived from publicly available sources, the reliability of which may vary. Macroeconomic and statistical data concerning Finland is mostly based on information published by the Finnish Ministry of Finance (the "**Ministry of Finance**"). In any case, macroeconomic and statistical data, as well as the source data on which it is based, may not have been extracted or derived from a source in a manner analogous to that used in other countries. There is no guarantee that a third party using different methods of gathering, analysing and processing information would obtain the same results.

Market data and certain industry data and forecasts used, as well as statements made herein regarding the Group's and the Guarantor's position in the industry, were estimated or derived based upon assumptions the Group deems reasonable. The source of any external information is provided each time such information is used in this Offering Circular. When searching for, processing and preparing macroeconomic, market, industry and other data from sources other than the Group, such as governmental publications, third party publications, industry publications and general interest publications, the Group has not verified such data. The Group has accurately extracted information from this third-party data from published sources and, as far as the Group is aware and to the extent the Group can ascertain from the information published by these sources, there are no omissions that would render such information in this Offering Circular materially misleading.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.

However, in the preparation of this Offering Circular, this third-party information has not been independently verified nor has there been any investigation of the validity of the methodology or the basis used by the third parties in producing such data or making estimates and forecasts. The Group can give no assurance that any such information is accurate or, in respect of projected data, that such projections have been based on correct information and assumptions or that they will prove to be accurate.

### **Non GAAP Measures of Financial Performance**

Certain data and ratios presented in this Offering Circular, such as certain key indicators set out in "*Selected Financial Information Relating to the Group*", are supplemental measures of the Group's performance and liquidity that are not required by, or presented in accordance with EU IFRS, and for which there are no generally accepted accounting principles governing the definition or calculation of these terms and the criteria upon which they are based can vary from company to company.

These measures, by themselves, do not provide a sufficient basis to compare the Group's performance and financial position with those of other companies and should not be considered in isolation or as a substitute for any performance measure derived in accordance with EU IFRS. These measures have been presented in this document because they are used by the Group in managing the Group's business and to enable a more complete analysis of the Group's operating performance and financial position.

## SUMMARY OF THE PROGRAMME

*The following is a brief summary only and should be read in conjunction with the relevant Final Terms or Drawdown Offering Circular and to the extent applicable, the Terms and Conditions of the Notes set out below.*

*Defined terms used in this section "Summary of the Programme" have the meanings given to them elsewhere in this Offering Circular.*

**Issuer:** Municipality Finance Plc (Kuntarahoitus Oyj) (the "**Issuer**") was established on 1 May 2001, is domiciled in Helsinki and was entered in the (Finnish) Trade Register on 1 May 2001 under the corporate code 1701683-4. The documents mentioned in this Offering Circular may be viewed at the Issuer's head office at (Jaakonkatu 3A, 5<sup>th</sup> Floor), FI-00101 Helsinki.

The Issuer's fully paid-up capital was Euro 43 million and its own consolidated funds amounted to Euro 1,550 million at 31 December 2023. The Issuer's total assets on 31 December 2023 were Euro 50 billion and its loans and advances to the public and public sector entities were Euro 32 billion.

The Issuer's objective is to provide municipalities, municipality controlled entities and non-profit entities (designated by the state and engaging in the renting or production and maintenance of housing on social grounds) with market funding by obtaining funds on capital markets at competitive rates.

The Issuer's five largest shareholders at 31 December 2023 were Keva (public sector pension fund) (30.7 per cent.), the Republic of Finland (16.0 per cent.), City of Helsinki (10.4 per cent.), City of Espoo (4.0 per cent.) and VAV Asunnot Oy (fully owned by City of Vantaa) (2.5 per cent.).

**Guarantor:** The Municipal Guarantee Board (Kuntien takauskeskus) (the "**Guarantor**"). The Guarantor is an institution under public law established by the (Finnish) Act on the Municipal Guarantee Board (487/1996, as amended) (in Finnish: *laki Kuntien takauskeskuksesta*).

Its objective is to secure competitive funding for the municipal sector based on the creditworthiness of the whole sector. To implement its objective, the Guarantor can grant guarantees in respect of funding obtained by the municipal sector's credit institutions that will be used for lending to the municipal sector, wellbeing services counties or to non-profit organisations designated by the state that engage in the renting, construction or maintenance of social housing.

The membership of the Guarantor consists of 293 Finnish municipalities, representing 100 per cent. of the population of Finland (excluding the Province of Åland).

**Arranger:** Citigroup Global Markets Limited.

**Dealers:** Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Bank of Montreal Europe plc, Crédit Agricole CIB, Citigroup Global Markets Europe AG, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Daiwa Capital Markets Europe Limited, Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, J.P. Morgan SE, Landesbank Baden-Württemberg, Nomura International plc, Nordea Bank Abp, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Skandinaviska Enskilda Banken AB (publ), TD Global Finance

unlimited company, and any other Dealer appointed from time to time by the Issuer and the Guarantor.

**Risk Factors:**

There are certain factors that (i) may affect the ability of the Issuer to fulfil its obligations under Notes, (ii) the Guarantor's ability to fulfil its obligations under the Guarantee and (iii) relating to the structure of a particular issue of Notes and the Notes and the market generally, including:

- Reliance on economic conditions in Finland
- Counterparty credit risk
- Competition for customer base
- Regulatory change and increasingly stringent capital adequacy and liquidity framework
- Risks relating to the Guarantor's solvency
- Market risks
- Exchange rate risks and exchange controls
- Interest rate risks

**Final Terms or Drawdown Offering Circular:**

Notes issued under the Programme may be issued either (1) pursuant to this Offering Circular and associated Final Terms or (2) pursuant to a Drawdown Offering Circular.

**Listing and Trading:**

Application may be made for Notes to be listed and admitted to trading on the Market or to any other listing authority, stock exchange and/or quotation system as may be agreed with the Issuer, as may be specified in the relevant Final Terms.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

**Programme Amount:**

€50,000,000,000 (or its approximate equivalent in other currencies), subject to any duly authorised increase or decrease.

**Form of Notes:**

Notes may be issued, in bearer form, in registered form or in uncertificated book entry form cleared through the Norwegian Central Securities Depository, the VPS, legal title thereto being evidenced by book entries in the VPS. Registered Notes may not be exchanged for Bearer Notes or VPS Notes, Bearer Notes may not be exchanged for Registered Notes or VPS Notes and VPS Notes may not be exchanged for Bearer Notes or Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended

to be issued in new global note form ("**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be represented by either:

- (i) Definitive Registered Notes; or
- (ii) one or more Registered Global Notes in the form of either (a) Regulation S Global Notes (as defined in the Conditions) in the case of Registered Notes sold outside the United States to persons other than U.S. person in reliance on Regulation S; or (b) Restricted Global Notes in the case of Registered Notes sold to QIBs that are also QPs in reliance on Rule 144A,

in each case as specified in the relevant Final Terms.

Each Registered Global Note which is not intended to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**") will either be, (i) deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**") on its issue date, or (ii) deposited with a depository or common depository for Euroclear and/or Clearstream, Luxembourg and each Registered Global Note which is intended to be held under the New Safekeeping Structure will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee of the common safekeeper.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described in Condition 1 (*Form and Denomination*) to receive physical delivery of Definitive Registered Notes (as defined in the Conditions), save for VPS Notes (see below) and Notes not being VPS Notes, but denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the Norwegian Registration of Financial Instruments Act of 15 March 2019 no. 6 (as amended or replaced from time to time, the "**CSD Act**") (Nw. *verdipapirsentralloven*), including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with regulation (EU) no. 909/2014 (as amended from time to time, the "**CSDR**") regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CS DR.

Restricted Notes are subject to the Transfer Restrictions described in "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

VPS Notes will not be evidenced by any physical note or document of title VPS Notes will be in uncertificated book entry form cleared through the VPS, legal title thereto being evidenced by book entries in the VPS (the "**VPS Notes**"). Notes not being VPS Notes, but denominated in NOK and offered or sold in Norway, must satisfy the requirements in the CSD Act, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with the CSDR regardless of the Notes being traded on a trading venue and only permit physical documents evidencing the Notes in accordance with the CSD Act and the CSDR.

Prior to the issue of any VPS Notes, the Issuer is required to have registered with the VPS and complied with any related registration requirements (including the provision of legal opinions), if applicable.

- Currencies:** Notes may be denominated in Australian Dollars, Canadian Dollars, Euro, Japanese Yen, British Pounds Sterling, Swedish Kronor, Norwegian Kroner, United States Dollars and such other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, in respect of which specific arrangements have been made between the relevant Dealer and the Issuer and the Guarantor. Notes may, subject to compliance as aforesaid, be issued as multi-currency Notes.
- Status of Notes:** Notes may be issued by the Issuer as Senior Notes or Eligible Notes, as specified in the relevant Final Terms.
- No set-off:** Holders of Eligible Notes shall not be entitled to exercise any right of set-off or netting against moneys owed by the Issuer in respect of such Notes.
- Status of Guarantee:** The obligations of the Guarantor under the Guarantee will constitute unsubordinated obligations of the Guarantor.
- Negative Pledge:** Only applicable in respect of Senior Notes. None for Eligible Notes.
- Issuance in Series:** Notes will be issued in series (each a "**Series**"). Each Series may comprise one or more tranches (each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, whether as to currency, denomination, interest or maturity or otherwise, save that a Series may comprise Notes in bearer form and Notes in registered form and except that the issue date and the amount of the first payment of interest may be different in respect of the different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations. Further Notes may be issued as part of an existing Series. For the avoidance of doubt, a Tranche that comprises VPS Notes may not also comprise Notes in bearer form or notes registered form, though it may comprise Notes in different denominations.
- Issue Price:** Notes may be issued at par or at a discount or premium to par and either on a fully or partly paid basis. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- Interest:** Notes may be interest-bearing or non-interest-bearing.

**Denominations:** Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Maturities:** Any maturity between one month and fifty years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Minimum and maximum maturities may be subject to increase or decrease from time to time as a result of changes to applicable regulations.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

**Redemption:** Notes may be redeemable at par or at such other redemption amount (linked to an index or otherwise) as may be specified in the relevant Final Terms.

**Early Redemption:** Early redemption will be permitted for taxation reasons as mentioned in Condition 7.02 (*Early Redemption or Substitution for Taxation Reasons*) of the Terms and Conditions of the Notes.

Redemption at the option of the Issuer will be permitted if and to the extent specified in the relevant Final Terms.

In relation to Eligible Notes, early redemption in whole (but not in part) is permitted as a result of an MREL Disqualification Event if specified as applicable in the relevant Final Terms, as mentioned in Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) of the Terms and Conditions of the Notes.

There are additional restrictions on the early redemption of Eligible Notes, as mentioned in Condition 7.10 (*Restrictions on Early Redemption or Purchase of Eligible Notes*) of the Terms and Conditions of the Notes.

**Taxation:** Payments in respect of Notes will be made without withholding in respect of taxes imposed by or in the Republic of Finland or, if such taxes are required to be withheld, will be increased as mentioned in Condition 9 (*Taxation*) of the Terms and Condition of the Notes.

**Early Redemption or Substitution for Taxation Reasons:** In the event of the imposition of withholding in respect of taxes of or in the Republic of Finland the Issuer may, without the consent of the holder of any Note, either (i) redeem the Notes of any Series or (ii) substitute an Affiliate (as defined in the Conditions) to assume its obligations in respect of such Notes, all subject to, and in the manner contemplated in, such terms and conditions.

There are additional restrictions on the early redemption of Eligible Notes, as mentioned in Condition 7.10 (*Restrictions on Early*



*Redemption or Purchase of Eligible Notes*) of the Terms and Conditions of Notes.

- Substitution and Variation:** The Issuer may substitute or vary the terms of the Eligible Notes if an MREL Disqualification Event has occurred and is continuing as provided in Condition 10 (*Substitution or Variation*) of the Terms and Conditions of the Notes if so specified in the relevant Final Terms.
- Limited remedies:** The remedies available in respect of the Eligible Notes are more limited than those typically available to unsubordinated creditors. The Eligible Notes will only be capable of being accelerated if an order is made or an effective resolution is passed for the winding-up, liquidation or bankruptcy of the Issuer in the Republic of Finland.
- The exercise of the Bail-in and Loss Absorption Powers by the Resolution Authority (as defined in the Conditions) with respect to the Issuer and/or the Notes shall not give rise to any acceleration rights under the Notes.
- Governing Law:** The Notes, all related contractual documentation (other than the VPS Notes which will be governed by and construed in accordance with Norwegian law) and any non-contractual obligations arising out of or in connection with any of them are governed by English law. Further, VPS Notes and Notes which are not VPS Notes, but denominated in NOK and offered or sold in Norway, must comply with the CSD Act and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under that Act and any related regulations and liabilities.
- Enforcement of Notes in Global Form:** In the case of Notes in global form, individual investors' rights will be governed by a Deed of Covenant (as defined below) and available for inspection at the specified office of the Fiscal Agent.
- Clearing Systems:** Euroclear, Clearstream, Luxembourg, The Depository Trust Company, and/or any other relevant clearing system or depository specified in the relevant Final Terms, or in relation to VPS Notes, the VPS.
- Ratings:** The Programme has been rated by Moody's Investors Service España, S.A. and by S&P Global Ratings Europe Limited, Stockholm Branch.
- Selling Restrictions:** Restrictions on the sale of Notes and the distribution of offering material are set out under "*Subscription and Sale*".

## RISK FACTORS

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor, as applicable, to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

*Prospective investors should read the entire Offering Circular. Words and expressions defined in the "Terms and Conditions of the Notes" or elsewhere in this Offering Circular have the same meanings in this section. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:*

### **Risks that may affect the ability of the Issuer to fulfil its obligations under the Notes**

#### ***The Group is exposed to the economic conditions in Finland and globally***

The Group conducts its lending operations exclusively in Finland and its lending volumes are reliant on the prospects of Finnish municipalities, joint municipal authorities, wellbeing services counties, joint county authorities for wellbeing services, entities controlled by the foregoing and housing corporations providing housing on social grounds in Finland. Therefore, the macroeconomic factors relating to Finland, and more specifically its municipalities, such as GDP, the inflation rate, interest rates, currency exchange rates and tax rates as well as unemployment, personal income and the financial situation of companies, together with various other factors, have a material impact on customer demand and margins for Group's products and services. According to the Ministry of Finance, Finland's GDP contracted by 1.0 per cent. in 2023, and private consumption in 2023 declined rapidly as rising prices reduced the real disposable income of households. Growth in Europe slowed to 0.5 per cent. on average in 2023. In April 2024, the Ministry of Finance announced that the recession had been longer and deeper than previously estimated, stating that Finland's GDP is not expected to grow on an annual basis in 2024 as a result. Europe is expected to see growth of between 0.8 and 0.9 per cent., a downgrade from autumn 2023 forecasts. The root cause of the downturn in 2023 and the slow recovery in 2024 is the energy shortage exacerbated by the war between Russia and Ukraine and the sharp rise in energy prices as well as prolonged inflation and rising interest rates.

Should Finland's GDP slow or decline or Finnish municipalities' relative indebtedness increase, the Group may be exposed to instability in the prospects of both its customers and their ultimate guarantors. Additionally, should any of these factors result in Finland having its credit rating downgraded, it may cause an increase in the cost of the Group's future funding transactions and thereby put further pressure on the price of any lending required by the Group's customers. As a result, any of these factors relating to Finland or its municipal sector may have a material adverse effect on the Group's business, financial condition and results of operations.

Continuing uncertainty regarding the effects of the United Kingdom's withdrawal from the European Union may continue to adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the Sterling and Euro. The Group also has derivatives transactions cleared centrally through London Clearing House ("LCH"). LCH has been recognized as a third country CCP under Regulation (EU) No 648/2012, as amended ("EMIR"), eligible to provide their services in the EU until 30 June 2025. It remains uncertain whether LCH will remain a recognized central counterparty for the purposes of EMIR after June 2025. A lack of such recognition may result in significant market disruption when entities with derivatives cleared through LCH may need to transfer the transactions to another central counterparty. The aforementioned factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Recently, the global credit and financial markets have experienced volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. The financial markets, the global economy as well as the economy of Finland have been and may continue to be adversely affected by the current or anticipated impact of military conflicts, including the war between Russia and Ukraine,

conflict in the Middle East, terrorism or other geopolitical events. Sanctions imposed by the United States, the United Kingdom, the United Nations, and the European Union, and other countries in response to such conflicts, including the sanctions imposed relating to the conflict in Ukraine, have and may continue to adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. Russia's invasion of Ukraine has increased prices of energy, raw materials and food, which has cut household purchasing power, consumption and economic growth significantly. The global energy markets could be affected should the conflict in the Middle East escalate further.

In October 2022, the European Commission approved a subsidised loan and guarantee scheme that allowed the Group to finance Finnish municipal energy companies under the EU State Aid Temporary Crisis Framework. This arrangement aimed to ensure the continuity of municipal energy companies' operations and strengthen Finland's security of supply. The arrangement expired at the end of 2023. The Group's customers had little demand for this type of financing.

Prolonged inflation continues to pose the biggest challenge in global macroeconomy. The fastest rise in consumer prices following the Russian invasion of Ukraine in 2022 took a downward turn in 2023, but it may take a few years for inflation to return to the central banks' target level. The US Federal Reserve raised its key interest rate by more than four percentage points throughout 2022, taking it to a targeted range between 4.25 per cent. and 4.5 per cent. by the end of 2022. In July 2023, the US Federal Reserve raised the key interest rate to a targeted range between 5.25 and 5.5 per cent, which it has maintained as of March 2024. The European Central Bank raised its deposit facility rate by 2.5 percentage points in the second half of 2022, taking it from -0.5 per cent. to 2.0 per cent. The deposit facility rate further increased in February and March 2023, reaching 3.0 per cent. at the end of March 2023. The European Central Bank raised its deposit facility rate by 1.00 percentage points between March and September 2023, reaching 4.00 per cent. by September 2023. This rate has remained stable as of April 2024, but the European Central Bank has indicated that it intends to announce a number of interest rate decreases throughout 2024. On 13 March 2024, the European Central Bank also announced changes to its operational framework for implementing monetary policy. The spread between the rate on the main refinancing operations and the deposit facility rate will be reduced from 50 to 15 basis points. This change will come into effect in September 2024.

The ongoing conflict between Russia and Ukraine as well as rising inflation and fluctuating interest rates is expected to continue to have a significant impact on the Finnish economic outlook, including in relation to foreign trade and exports. Given the uncertainty of the situation, the exact impact on Finland's economy is not yet known but it is expected that the Finnish economy's growth outlook will decline given the conflict in Ukraine and the resulting rising inflation and rapidly tightening monetary policy. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy and supply chain, banking and monetary systems, which may have a material adverse effect on the Group's financial condition and results of operations.

#### ***The Group is exposed to credit risk from its counterparties on financial instruments***

The Group manages its interest rate risk, its currency risk and its financial position as a whole by entering into derivative transactions with financial institutions and through short-term placements of cash and current account balances with financial institutions. The Group's lending is denominated in euros although the Group has bonds outstanding denominated in several different currencies. However, the Group hedges against foreign exchange rate risks by using derivative contracts to translate foreign currency denominated funding into euros. Also, while the Group's lending and funding bears both floating and fixed interest rates, the Group uses interest rate derivatives to hedge its fixed interest rate exposure to floating rate. The Group may, however, leave fixed rate exposures unhedged in order to steer the Group's net interest income towards the objective of earnings stabilisation. Derivative contracts are also used to hedge against other market risks. As a result of these activities, the Group had derivative contracts with a nominal value of Euro 74.8 billion as at 31 December 2023.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Group from all risks associated with market fluctuations and market stresses. The Group's hedging strategies inevitably rely on assumptions and projections regarding its assets and liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or inadequate. Accordingly, the Group's hedging activities may not have the desired beneficial impact on its financial condition or its results of operations. The Group's ability to engage in derivatives transactions could be adversely affected by the actions and commercial soundness of financial institutions who are its hedge

counterparties. Derivative contracts and deposit arrangements expose the Group to credit risk in the event of a default by its counterparty. If the Group terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. Defaults or non-performance by counterparties or a deterioration in the credit standing of its contractual counterparties may have a material adverse effect on the Group's financial condition and results of operations.

***The Group's importance among its customers may decline***

Many of the other market players that have offered services to the Group's customers are not always able to lend at the rates, volumes and maturities that the Group is able to. Currently the most active market players are certain supranational banks. Also, as some of the Group's clients have shifted their borrowing into shorter maturities, it has allowed some commercial banks to be more active in the market. Should the other market players or bond markets be able to match or beat the Group's pricing, the Group may suffer a decline in both the volume of loans it makes and its margins, which may have a material adverse effect on its business, financial condition and results of operations.

***The Finnish health and social services reform may adversely affect the Group***

On 1 January 2023, Finland's long-prepared health and social services reform became effective and the new wellbeing services counties began their operations. The operative work of the wellbeing services counties is being largely funded by the central government, but the counties have government authorisation to acquire long-term funding for their investments. The counties can also independently seek short-term funding.

In terms of financing, the legislation adopted in the summer of 2021 allows the Group to continue to act as a lender and counterparty to the loans and other liabilities that were transferred to the counties at the start of 2023. These liabilities totalled about Euro 4 billion. The Group's financing contracts and other commitments were transferred automatically from hospital districts and special care districts to the wellbeing services counties on 1 January 2023, whereas the transfer of financing contracts and other commitments from joint municipal authorities and voluntary joint municipal authorities for health and social services to the wellbeing services counties required separate decisions whereby the counties accepted these commitments.

The amendments to the Act on the Municipal Guarantee Board passed by the Finnish Parliament in April 2022 allow the Group to also finance new investments and other new financing needs by the wellbeing services counties.

In January 2022, the Finnish Financial Supervisory Authority decided that like the central government and municipalities, wellbeing services counties will also fall in the zero-risk category in the capital adequacy regulation of credit institutions.

At this stage, wellbeing services counties are not liable for the guarantees for the Group's funding, because unlike municipalities, wellbeing services counties are not members of the MGB. For this reason, the MGB has decided to set an annual limit to the amount of new financing the Group can grant to wellbeing services counties. In 2024, the MGB's limit for the Group's long-term loans to wellbeing services counties is Euro 400 million. The Group estimates the wellbeing services counties' financing needs and government-authorised borrowing powers in 2024 to be considerably larger than the limit. The MGB's limit for the Group's new short-term financing to wellbeing services counties, i.e. commercial papers to wellbeing services counties, is Euro 900 million in 2024. The limits for long-term loans and short-term financing were Euro 400 million and Euro 900 million, respectively, in 2023 as well. MuniFin reached the Euro 400 million limit for long-term financing before the year-end and could no longer fulfil counties' financing requests for 2023 in the last quarter of the year.

The long-term financial effects of the health and social services reform remain difficult to estimate. The Group's financing volumes will be affected by the wellbeing services counties' future level of investment, the limits set by the MGB and the fact that the operating expenses of the wellbeing services counties are covered from the central government's budget. In the Group's current financing operations, lending related to health and social services does not play such a role that changes in it would have a material impact on the Group's financial position in the near future, however the longer term surrounding uncertainties may have a material adverse effect on the Group's business, financial condition and results of operations. As of

December 2023, 10 per cent. of the Group's long-term loan portfolio consisted of loans to wellbeing services counties.

### ***Increased capital requirements and standards***

Regulation and supervision of the global financial system remains a priority for governments and supranational organisations.

At the international level, a number of initiatives are being implemented with the aim of increasing capital requirements, increasing the quantity and quality of capital and raising liquidity levels in the financial institutions sector. Among these are a number of specific measures proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") which are being implemented by the European Union.

The Basel Committee issued a comprehensive set of reform measures in December 2010 ("**Basel III**"). The aim of the framework is to improve the ability of credit institutions to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen credit institutions' transparency and disclosures. The framework is intended to raise both the quality and quantity of the capital base and increases capital requirements for certain exposures. The minimum requirements for capital are underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. In addition to the minimum requirements, there are also buffer requirements in the form of both a capital conservation buffer and a countercyclical capital buffer, as well as additional capital buffers for institutions of systemic importance, which may be on a global, European or domestic basis. The framework also introduced internationally harmonised minimum requirements for liquidity risk. The regulatory framework will continue to evolve and any resulting changes could have a material impact on the business of the Issuer and the Group.

Following the Basel III guidelines, the EU level implementation is based on two legislative instruments: a directly applicable European Parliament and Council Regulation establishing the prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013, known as the Capital Requirements Regulation or "**CRR**") and a European Council Directive (through an amendment of Directive 2002/87/EC) governing access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as "**CRD IV**"). The CRR has been directly effective in Finland since 1 January 2014, while CRD IV was implemented in Finland through the Finnish Act on Credit Institutions (610/2014, as amended) (in Finnish *laki luottolaitostoiminnasta*), (the "**Act on Credit Institutions**"), which came into force on 15 August 2014. The CRR and CRD IV are both supported by a set of binding technical standards developed by the European Banking Authority (the "**EBA**"). For further information, see "*Minimum requirement for own funds and eligible liabilities under the BRRD*".

The capital adequacy framework includes minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 ("**CET1**") capital must be at least 4.5 per cent. of risk weighted assets at all times and tier 1 capital 6.0 per cent. The minimum total capital (or 'own funds') requirement (tier 1 capital plus tier 2 capital) is 8.0 per cent. of risk weighted assets. In addition to the minimum capital requirements, CRD IV includes further capital buffer requirements that are required to be satisfied with common equity tier 1 capital. It includes five capital buffers: (i) the capital conservation buffer, (ii) the countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Certain of these buffers may be applicable to the Issuer and the Group as determined by the Finanssivalvonta (or the Financial Supervisory Authority) ("**FIN-FSA**") or the European Central Bank ("**ECB**"). Breach of the combined buffer requirements will result in restrictions on certain capital distributions by the bank, for example, dividend and coupon payments on CET1 and tier 1 capital instruments. The Finnish authorities have implemented the higher capital requirements resulting from the implementation of the CRR and CRD IV as soon as possible, without any phasing-in period, to the extent permitted.

On 29 March 2023, FIN-FSA set a systemic risk buffer requirement of 1.0 per cent. to the Group. The decision will take effect on 1 April 2024, and it is equivalent to the requirements set to other Finnish banks at the same time.

Additionally, as part of the Supervisory Review and Evaluation Process the ECB has imposed an additional Pillar II capital requirement ("**P2R**") on the Group, which has been effective from 1 January 2017. The additional capital requirement is evaluated by the ECB at least annually. The minimum requirement for overall capital adequacy as at 31 December 2023 was 13.92 per cent. including the P2R of 2.0 per cent. and

other additional capital buffers. For the year ended 31 December 2023, the Group's CET1 capital adequacy was 103.4 per cent. If the Group were to experience difficulties in meeting the requisite capital requirements, such difficulties may have an effect on the Issuer's maximum distributable amount and profitability due to the adjustments needed to the structure of funding and liquidity portfolio.

In respect of liquidity requirements, the Basel Committee has supplemented their principles for sound liquidity risk management and supervision by fortifying their liquidity recommendations. The Basel Committee introduced two liquidity ratios for credit institutions. In order to improve the short-term payment capabilities of financial institutions, a liquidity coverage ratio ("**LCR**") was implemented in 2015, pursuant to which the liquidity buffer comprised of high quality liquid assets ("**HQLA**") must amount to at least 100 per cent. of the stress-tested amount of monthly net cash outflows. In line with Basel III, the CRR imposes a liquidity coverage requirement on credit institutions to improve the resilience of credit institutions to liquidity risks over a short-term period (i.e. thirty days). The general liquidity coverage requirement is set out in Article 412 of the CRR. Furthermore, on 10 October 2014, the European Commission published a Commission Delegated Regulation (EU) 2015/61 ("**Delegated Regulation**") to supplement CRR with regard to the liquidity coverage requirement for credit institutions. Finnish credit institutions must comply with the liquidity requirements set forth in the CRR and as further specified by the Delegated Regulation. The minimum requirement in respect of the LCR is 100 per cent. as of 1 January 2018).

Furthermore, the Basel Committee has developed the Net Stable Funding Ratio (the "**NSFR**") which aims to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over a one year horizon. The NSFR was scheduled, by the Basel Committee, to enter into force in 2018 without a phase-in period. The NSFR requirement of 100 per cent. included in the CRR II became applicable at the end of June 2021.

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks which proposals included, among others, reform of the CRR and CRD IV (together, the "**CRR II and CRD V Package**"). The CRR II and CRD V Package introduced, among other things, (i) a draft amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt (the "**Creditor Hierarchy Directive**") and (ii) phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework, which were subsequently updated with final compromise texts published by the European Commission. The banking package covers multiple areas, including the pillar 2 framework, leverage ratio, mandatory restrictions on distributions, permission for reducing own funds, eligible liabilities and macro-prudential tools, the framework for MREL and the integration of the TLAC standard into EU legislation. The CRR II and CRD V Package was published in the Official Journal on 7 June 2019 and the initial elements entered into force on 27 June 2019 and the majority of the rules were applied in June 2021. The national statutes adopted to transpose the CRD V in Finnish legislation entered into force in 1 April 2021.

The Basel III framework also includes an enhanced leverage ratio requirement. As at 31 December 2023, the Group's leverage ratio calculated under the Basel III Standards/CRR II was 12.0 per cent. (after taking account of the Group's status as a "public development credit institution" under CRR II as discussed below) compared to the prescribed minimum threshold of 3 per cent. set under Basel III/CRR.

The CRR II became applicable in June 2021 and introduced a new category of credit institutions, namely "public development credit institutions", and set out criteria based on which an institution can be considered a public development credit institution. If a credit institution meets such criteria and accordingly constitutes a public development credit institution, it can, for the purposes of calculating the leverage ratio, deduct exposures arising from assets that constitute claims on central governments, regional governments, local authorities or public sector entities in relation to public sector investments and promotional loans. The Issuer meets the criteria of a public development credit institution set out in the CRR II and accordingly it may deduct all credit receivables from the central government and municipalities in the calculation of its leverage ratio. Although the Group has currently sufficient Tier 1 capital in excess of the leverage ratio minimum requirement and it meets the requirements set for the public development credit institution, there can be no assurance that this situation will not change.

At the end of October 2021, the European Commission published its proposal for the implementation of the final Basel III banking regulatory standards in the EU. This reform involves amendments to the CRR and CRD IV. The reform will affect the Group's solvency calculation, especially in credit, market and operational risk calculations, in CVA VaR, in leverage ratio calculation and introduces a new output floor. The Group's business model is based on zero risk-weighted customer financing and there will not be any

changes on this when implementing Basel III package. However, the reform will affect the Group's calculation methods and reporting in capital adequacy calculations and the impact assessment of the changes remains unclear at the current stage. At the date of this Offering Circular, the Group has an ongoing project to assess the impacts of the changes and implement such changes to the Group's operations.

Requirements pertaining to capital adequacy and liquidity adopted in Finland may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the EBA or changes to the way in which the FIN-FSA or ECB interprets and applies these requirements to Finnish financial institutions (including as regards individual model approvals granted under CRD II and III). Any changes brought about by changes in the CRD IV requirements may have an impact on the financial position and profitability of the Issuer or the Group. Further, the Issuer may cease to meet the criteria of a public development credit institution.

For the foregoing reasons, and although at the date of this Offering Circular the Group meets all capital requirements set to it with a considerable margin, the Issuer and the Group may need to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. The Issuer is unable to predict what regulatory requirements may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on its business and the values of its assets. For example, if the Issuer or Group is unable to increase its capital to the required levels, it may be required to reduce the amount of its risk-weighted assets and engage in the disposition of businesses or assets, which may not occur on a timely basis or achieve prices which would otherwise be attractive to the Group. Any change that limits the Issuer or Group's ability to manage effectively its financial position and capital resources going forward or to access funding sources, may have a material adverse effect on their business, financial condition, regulatory capital position and liquidity.

#### ***The Issuer may be subject to statutory resolution***

To complement the CRD IV Regulation and CRD IV legislative package, on 2 July 2014 the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive or "**BRRD**") entered into force. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD requires, *inter alia*, that EU credit institutions produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial position. National competent authorities are required to prepare resolution plans setting out how an institution might be resolved in an orderly fashion and its essential functions preserved, if it were to fail. This includes the potential application of the resolution tools and powers referred to below as well as options for ensuring the continuity of critical functions.

The BRRD has been implemented in Finland through the Act on Resolution of Credit Institutions and Investment Firms (1194/2014, as amended) (in Finnish: *laki luottolaitosten ja sijoituspalveluyritysten kriisinvratkaisusta*), (the "**Resolution Act**") and the Act on Financial Stability Authority (1195/2014, as amended) (in Finnish: *laki rahoitusvakausviranomaisesta*). The latter regulates the Finnish Financial Stability Authority (the "**FFSA**"), which will be the national resolution authority.

The licensing of credit institutions and the supervision of the most significant banks and financial groups in the Eurozone were transferred to the ECB as of 4 November 2014 in the context of the Single Supervisory Mechanism ("**SSM**"). Furthermore, the European Union has adopted a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, i.e. a regulation establishing a Single Resolution Mechanism for them (806/2014, "**SRM Regulation**"). The SRM Regulation establishes a single European resolution board (consisting of representatives from the ECB, the European Commission and the relevant national resolution authorities) (the "**SRB**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities.

In 2015 the Issuer was named as another systemically significant financial institution in Finland. The Issuer is also subject to the SRM Regulation, and at the start of 2016 supervision of the Issuer was transferred to the ECB in accordance with SSM.

In addition, credit institutions are generally required to draw up recovery plans or living wills to secure continuation of business in financial distress. These plans must include options for measures to restore the financial viability of the institution, and they must be updated yearly and submitted to the supervisory authorities. The Issuer is under the supervision of the ECB and the FIN-FSA in the form of the Joint Supervisory Team ("**JST**"). In the context of the legislation, the supervisory authorities are empowered to apply early intervention tools to banks and investment firms if the supervisory authority has reasons to believe that the institution will fail its licensing conditions or obligations under the CRD IV Regulation within a twelve month period. The supervisory authorities' early intervention tools include, *inter alia*, the ability to require the management of an institution to implement measures included in the living will, to convene a general meeting of shareholders to take decisions relating to the recovery process, to require removal of members of the management and to require changes to the legal and financial structure of the institution. The Issuer's Board of Directors has approved the Issuer's recovery plan which is updated annually. The recovery plan and any updates of it are submitted to all the relevant authorities.

The SRM Regulation vests the SRB with resolution powers and tools similar to those of the national resolution authorities under the BRRD. The resolution tools are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant institution could have been initiated and the SRB will only be permitted to use resolution powers and tools in relation to an institution if it determines that all the conditions for resolution are satisfied. These conditions are (a) the determination that the institution is failing or likely to fail (the "failure condition"); (b) there is no reasonable prospect that any solution, other than a resolution action taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe (the "no alternative condition"), and (c) intervention through resolution action is necessary in the public interest (the "public interest condition"). Pursuant to the SRM Regulation, the SRB launched its Resolution Planning Cycle in April 2022, working alongside the National Resolution authorities, the SRB outlined 102 resolutions for banks within its area of responsibility. While the plan package is still being reviewed by the ECB and SRB quality assurance team, some resolutions have already been implemented in the SRM decision making process. The SRB has prepared and adopted a resolution plan for the entities subject to its powers, including the Group. The SRB has adopted a simplified resolution strategy in respect of the Group which, under normal circumstances, would involve application of national insolvency proceedings to resolve the Group if it were to fail.

During a resolution process, an institution such as the Issuer could be subject to a number of resolution tools: mandatory write-down of debts or conversion of debts into equity ("bail-in", as further described below), sale of business, transfer of all or part of the business to a bridge institution and asset separation. To continue the operations of the institution, the SRB has the power to decide to reduce the value of the institution's share capital or cancel its shares to cover losses. This reduction in value or cancellation is a precondition for any support from a newly established resolution fund administered by the SRB.

#### ***Effect of resolution powers under the Resolution Act, BRRD and SRM Regulation***

A bail-in tool (which comprises a general power for resolution authorities to write-down the claims of certain unsecured creditors (which may include holders of Notes) of a failing institution or to convert such debt claims to equity, which may itself be subject to subsequent write-down) was required to be implemented under the BRRD by 1 January 2016 at the latest. The Resolution Act includes the bail-in tool which was implemented in Finland as of 1 January 2015. The bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The bail-in tool could be used to impose losses on holders of Notes by effecting the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes, and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, to give effect to the exercise by the relevant resolution authority of such bail-in tool.

In the Guarantee, MGB has guaranteed the payment of the principal amount of the Notes issued under the Programme together with any accrued penalty interest thereof. Pursuant to article 44, paragraph 2 of BRRD and the respective implementing provision of the Resolution Act, the SRB shall not exercise write-down or conversion powers in relation to secured liabilities, to the extent that the fair value of the secured collateral



covers the amount of the outstanding debt. The BRRD defines secured liability to mean a liability where the right of the creditor to payment or other form of performance is secured by a charge, pledge or lien, or collateral arrangements including liabilities arising from repurchase transactions and other title transfer collateral arrangements. Due to the discrepancy between the Finnish and English language definitions of the secured liability in the BRRD and the ambiguity of the Resolution Act in this respect, the guarantee by the MGB could be interpreted in a way that the Notes issued under the Programme would not constitute secured liabilities under the BRRD. This may result in Holders of Notes losing some or all of their investment.

The powers set out in the Resolution Act, BRRD and the SRM Regulation will impact how Finnish credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. There remains uncertainty regarding how the new Finnish resolution legislation would affect the Issuer, the Group and the Notes. The Notes may be subject to the bail-in powers and could be written down or converted into equity as part of a resolution process. The exercise of any power under the Resolution Act, BRRD or SRM Regulation or any suggestion of such exercise could materially adversely affect the rights of Holders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the Resolution Act, BRRD and SRM Regulation.

#### ***Minimum requirement for own funds and eligible liabilities under the BRRD***

To ensure that institutions always have sufficient loss-absorbing capacity, the BRRD requires institutions to maintain at all times a sufficient aggregate amount of own funds (as defined in Article 4(1)(118) of the CRD IV Regulation) and "eligible liabilities" (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that may be bailed-in using the bail-in tool). This is known as the minimum requirement for eligible liabilities ("**MREL**"). In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities.

Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. In April 2021, the SRB imposed an MREL requirement in respect of the Group. The requirement amounts to 10.25 per cent. of the Group's total risk exposure amount and 3.00 per cent. of the Group's leverage ratio exposure. The MREL requirement is based on a simplified resolution strategy applying to the Group in accordance with the SRB's decision. In the event the SRB revisits its decision to apply a simplified resolution strategy in respect of the Group, the extent of the MREL requirements may be revised as well. It is then possible that the Issuer or the Group may have to issue a significant amount of additional eligible liabilities in order to meet such revised requirements within the required timeframes. If the Group was to experience difficulties in raising eligible liabilities, it may have to reduce its lending or investments in other operations which may have a material adverse effect on its business, financial condition and results of operations.

#### ***The Group may be adversely affected by other changes in regulation***

In addition to the risks highlighted above in relation to regulatory capital, the Group may be adversely affected by other changes in regulation. As a financial institution, the Group is subject to extensive laws and regulations, administrative actions and policies that are subject to change and may from time to time require significant costs to comply with. For instance, the Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (the "**DORA**") will introduce requirements to financial institutions such as the Issuer on how such institutions are to manage risks arising out of information and communication technology. The DORA also applies to certain third parties that provide services related to information and communication technology to financial institutions. The requirements set out in DORA in respect of such third parties may have an effect on the terms at which such third parties are prepared to provide services to financial institutions. These and other future regulatory changes could have a material adverse effect on the Group's business, financial condition and results of operations.

#### ***The value of the Group's liquidity portfolio may decline***

The Group manages a significant liquidity buffer to meet its future needs and seeks to maintain liquidity for at least twelve months of undisturbed operation. In addition to this survival horizon metric, the Group

plans its liquidity position so that its required LCR threshold is met on a daily basis. Because the Group front-loads much of its funding needs, the Group has significant amounts of fixed income and money market assets in its liquidity portfolio. The low credit risk of the investments and the stability of its valuations are two of the most important criteria when the Group manages its liquidity portfolio. The Group's investment operations objective is to manage the investment assets by investing them securely with sufficient return to ensure that the Group's liquidity enables it to secure lending operations under all market conditions. As a result, the Group maintains a high proportion of liquid funds. As at 31 December 2023, the Group had Euro 3,570 million (2022: Euro 3,330 million) of debt securities in its long term liquidity portfolio. In addition to this, the Group had Euro 8,063 million in other investments (2022: Euro 8,176 million), of which Euro 7,989 million was in central bank deposits (2022: Euro 8,144 million) and Euro 74 million in money market deposits in credit institutions (2022: Euro 32 million). The Group monitors the liquidity of markets and products on a continuous basis. In addition, established market standards are observed when derivative contracts are made. The market values of almost all debt securities valued at fair value are calculated based on quotations received from the market. For the remaining debt securities, the market value is calculated using other market information. However, should there be a decline in the market value of any debt security due to a material adverse event on the issuer, or in the market of the issuer, for which such securities are held, the Group may be unable to recover its original investment in such security. This could lead to losses which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's IT and other systems may fail and the Group may be exposed to cyber-attacks***

The Group's operations are dependent on its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex. The Group relies on the proper functioning of its systems, which may fail as a result of hardware or software failure or power or telecommunications failure. These IT and communications systems and facilities may suffer performance degradation or failure for any number of reasons, including unauthorized access to data and other forms of cybercrime. The occurrence of such a failure may not be adequately covered by the Group's business continuity and disaster recovery planning. Any significant degradation, failure or lack of the Group's information systems or any other systems could therefore cause slower response times, delays or failure to complete transactions on a timely basis, failed settlement and trades, incomplete or inaccurate accounting and recording or processing of trades or unauthorized access to confidential information. Any such failure could give rise to adverse regulatory and reputational consequences for the Group's business. Any of the foregoing could have an adverse effect on the Group's business, financial condition and results of operations.

The complex nature of the financial markets, and the speed with which they develop, require highly complex system solutions and competent personnel to operate, monitor and maintain them. Failure to update and expand its systems and networks adequately or to adapt its systems and technology to evolving customer demands or emerging industry standards would have a material impact on the Group. Despite the Group's expenditure on its IT systems, there can be no assurance that such expenditure will be sufficient or that its IT systems will function as planned.

The Group relies on third-party service providers for maintaining its IT systems. Any interruption in the services of its current, or any future, third party service provider or failure of such third party to deliver the agreed services to the Group could have material adverse effects on the Group's business operations. Furthermore, if the contracts with one or more of its third-party service providers are terminated, the Group may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to the new services provider. The occurrence of any of these events could adversely affect the Group's business, financial condition and results of operations.

***Failure to manage operational risks could harm the Group's business and reputation***

The Group's business is dependent on processing complex transactions across diverse products, and is subject to a number of different legal and regulatory regimes. The operational risks that the Group faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, including inadequate compliance with internal and external laws, errors resulting from faulty computer or telecommunications systems, employee misconduct and associated integrity risk, and external events such as fraud. These events could result in financial loss and harm the Group's reputation. Although the Group has devoted substantial resources to developing its operational risk management policies and procedures, and expects to continue to do so in the future, there can be no assurance that these will be adequate or effective. Any material deficiency in the Group's operational risk management or other

internal control policies or procedures may expose the Group to significant risks, including credit, liquidity, or market risks. The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may become unable to recruit, retain and motivate personnel***

The Group's performance is dependent on the expertise and continued efforts of its senior management and other key personnel, some of whom may have been employed by the Group for a substantial period of time. The Group has experienced continued growth, with the number of employees rising mainly because the banking regulation has led to a continuous need to develop the Group's risk management, administration and processes as well due to major development investments. The Group's ability to further develop its business depends on its ability to recruit, retain and motivate personnel, particularly in light of the rapid pace of technological advances and the increasing complexity of financial markets and their regulatory landscape. The failure to attract or retain a sufficient number of appropriate personnel could significantly impede the Group's financial plans, growth and other objectives and have an adverse effect on its business, financial position and results of operations.

***Realization of any risk could harm the Group's reputation***

The Group is the only financial institution in Finland specialized in the financing of the municipal sector, wellbeing services counties and non-profit housing sector. To its customers, the Group is a long-term partner whose work is manifested throughout the Finnish society. The Group's funding originates from international capital markets where the Group cooperates with a worldwide network of institutional partners and financial organizations and has a good reputation. Reputational risks may arise as a result of the realization of any risk concerning the Group and its operations (including negative publicity or rumors). This may lead to damage to the Group's brand, loss of confidence in the Group on the part of its customers, increased funding costs, and which in turn, would adversely affect its business, financial position, results of operations.

**Risks that may affect the ability of the Guarantor to fulfil its obligations under the Guarantee**

***The Guarantor may not be able to fund its guarantee on a timely basis***

The expenses of the Municipal Guarantee Board are mostly covered by income from guarantee commissions. As at 31 December 2023, MGB had Euro 36.7 million in total assets. In addition, at the date of this Offering Circular, the Municipal Guarantee Board has a liquidity back-up facility from an independent third party of an amount equal to Euro 200 million to secure its liquidity. As a result, the total amount of Notes, together with other indebtedness guaranteed by MGB, is greater than the assets and back-up facilities of the Guarantor. However, any expenses or obligations that cannot be otherwise covered are the responsibility of member municipalities in Finland in proportion to their population at the preceding year-end, as specified in the Population Information System. In addition, the Guarantor has the ability to seek funding in excess of the proportional requirement from the municipalities on a short term basis. The Guarantor can collect guarantee premiums on the guarantees granted by the Guarantor and the required contributions of member municipalities without a court decision using an execution decree in the form required in the Act on the Collection of Taxes and Charges (706/2007 as amended) (In Finnish: *laki verojen ja maksujen täytäntöönpanosta*). However, no assurance can be made that the Guarantor would be able to receive any necessary additional funds from the participating municipalities in a timely manner, or prior to a default.

***Global economic conditions***

Holders of Notes should be aware that global credit market conditions could have a material adverse effect on the results of operations and financial condition of the Issuer or the Guarantor. In particular, adverse changes in the global credit markets may adversely affect the borrowing capacity and the cost of borrowing of the Issuer and the Guarantor.

**Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

***Under the terms of the Notes, investors will agree to be bound by and consent to the exercise of any Finnish bail-in power by the Resolution Authority***

By acquiring Notes, each Holder and each beneficial owner acknowledges, accepts, consents and agrees to be bound by: (a) the effect of the exercise of any Finnish bail-in power by the Resolution Authority that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes; (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and (iv) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority. The exercise of any such powers or any suggestion of, or perception of there being an increased likelihood of, such exercise could materially adversely affect the rights of Holders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes, and could lead to Holders losing some or all of the value of their investment in such Notes. See Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*) in the Conditions. Please see "*Risks that may affect the ability of the Issuer to fulfil its obligations under the Notes – Effect of resolution powers under the Resolution Act, BRRD and SRM Regulation*" and "*Minimum requirement for own funds and eligible liabilities under the BRRD*" above.

***The Notes may be redeemed prior to maturity***

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Subject to compliance with certain regulatory conditions and the prior permission of the Resolution Authority, the Issuer may be entitled to redeem in whole (but not in part) Eligible Notes if an MREL Disqualification Event occurs, which may include a situation where the Notes will cease to count towards the Issuer's eligible liabilities and/or loss absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations) (as such terms are defined in the Conditions).

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

***The Issuer's ability to redeem or repurchase the Eligible Notes may be limited***

The CRR prescribes certain conditions for the granting of permission by the Resolution Authority, as applicable, to a request by the Issuer to redeem or repurchase the Eligible Notes prior to their stated maturity date. The Issuer may redeem or repurchase the Eligible Notes prior to their stated maturity date only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from the Resolution Authority and any other requirements of the Applicable Banking Regulations and/or the Resolution Authority applicable to such redemptions or repurchases at the

time have been complied with by the Issuer. The rules under CRR may be modified from time to time after the Issue Date of the Notes.

There can be no assurance that the Resolution Authority will permit any such redemption or purchase, and failure to provide such approval will not constitute a default under the Eligible Notes for any purpose.

Furthermore, even if the Issuer would be granted the prior permission of the Resolution Authority, any decision by the Issuer as to whether it will early redeem the Eligible Notes will be made at the sole discretion of the Issuer with regard to external factors such as the economic and market impact of exercising an early redemption right, regulatory requirements and prevailing market conditions.

Potential investors should not invest in the Eligible Notes in the expectation that any early redemption right will be exercised by the Issuer.

***The Issuer could, in certain circumstances, substitute or vary the terms of Eligible Notes***

If the relevant Final Terms specify Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) as being applicable to the relevant Series of Eligible Notes, if an MREL Disqualification Event has occurred and is continuing, or in order to ensure the effectiveness of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), the Issuer may, in accordance with Applicable Banking Regulations and without the consent or approval of the Holders, substitute or vary the terms of such Notes to ensure that they continue to qualify as eligible liabilities and/or loss absorbing capacity in accordance with the Conditions, or in order to ensure the effectiveness of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

The Issuer cannot make changes to the terms of such Notes that, in its reasonable opinion, are materially less favourable to a Holder of such Eligible Notes unless such prejudice is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

There can be no assurance as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

***The qualification of the Eligible Notes as "eligible liabilities" is subject to uncertainty***

The Eligible Notes are intended to be "eligible liabilities" (or any equivalent or successor term) ("**MREL Eligible Liabilities**") which are available to count towards the Issuer's eligible liabilities and/or loss absorbing capacity for the purposes of the Applicable Banking Regulations. However, there is uncertainty regarding how the MREL requirements in the Applicable Banking Regulations are to be interpreted and applied in relation to the Issuer and the Issuer cannot provide any assurance that such Notes will be (or thereafter remain) MREL Eligible Liabilities. (Please see "*Risk Factors – Risks related to the structure of a particular issue of Notes – The Notes may be redeemed prior to maturity*" above).

***Remedies in case of default in respect of Eligible Notes are severely limited***

The remedies under the Eligible Notes are more limited than those typically available to the Issuer's other unsecured creditors. The Eligible Notes will only be capable of being accelerated if an order is made or an effective resolution is passed for the winding-up, liquidation or bankruptcy of the Issuer in the Republic of Finland.

The exercise of the Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Issuer and/or the Notes shall not give rise to any acceleration rights under the Notes.

Eligible Notes will contain limited enforcement events relating to:

- (i) non-payment by the Issuer of any amounts due under Notes. In such circumstances, as described in more detail in Condition 8 (*Events of Default*), a Holder may institute proceedings for the Issuer to be declared bankrupt or its winding-up or liquidation and prove or claim in the bankruptcy or liquidation of the Issuer; and

- (ii) the bankruptcy or the winding-up or liquidation of the Issuer in the Republic of Finland. In such circumstances, as described in more detail in Condition 8 (*Events of Default*), a Holder may declare its Notes to be due and payable at their outstanding principal amount and prove or claim in the bankruptcy or liquidation of the Issuer.

Under Finnish law a creditor may not institute proceedings for the winding-up, liquidation or bankruptcy of the debtor, except under limited circumstances. Such circumstances are prescribed in mandatory provisions of Finnish law. A creditor may also need to observe statutory procedural requirements in order to institute such proceedings. Therefore, unless these circumstances are met, and applicable procedural requirements are observed, Holders may not be able to exercise the limited remedies contained in Condition 8 (*Events of Default*).

For the avoidance of doubt, Eligible Notes that are also Green Bonds or Social Bonds will still be subject to the limited remedies as described above.

***Redemption at the option of Holders is limited in respect of Eligible Notes***

Holders of Eligible Notes will not have the right to call for the early redemption of their Notes. Therefore, prospective investors should not invest in Eligible Notes in the expectation that they have an early redemption right. Furthermore, Holders of Eligible Notes should be aware that they may be required to bear the financial risks of an investment in such Notes until their final maturity.

***The Issuer's gross-up obligation under the Eligible Notes is limited***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of any Series of Eligible Notes applies only to payments of interest due and paid under such Notes and not to payments of principal (which term, for these purposes, includes any premium, final redemption amount, early redemption amount, optional redemption amount and any other amount (other than interest) which may from time to time be payable in respect of such Notes).

As such, the Issuer would not be required to pay any additional amounts under the terms of any Series of Eligible Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Series of Eligible Notes, Holders of such Notes would, upon repayment or redemption of such Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, Holders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

***There may be no rights of set-off or counterclaim in respect of Eligible Notes***

Eligible Notes will not be subject to any set-off or netting arrangements that would undermine their capacity to absorb losses in resolution. Consequently, Holders of such Notes shall not be entitled to exercise any right of set-off or netting against moneys owed by the Issuer in respect of such Notes. Holders of such Notes will not be entitled (subject to applicable law) to set-off or apply netting in respect of the Issuer's obligations under such Notes against obligations owed by them to the Issuer. Holders may therefore be required to initiate separate proceedings to recover amounts in respect of any counterclaim and may receive a lower recovery in the event of a winding-up of the Issuer than if set-off or netting were permitted.

***The Negative Pledge does not apply to Eligible Notes***

Eligible Notes will not have the benefit of the Negative Pledge provided in respect of Senior Notes in Condition 5 (*Negative Pledge*). Consequently, amounts payable to Holders of Eligible Notes will not be secured at any time.

***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as SOFR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Risks relating to Notes which are linked to "benchmarks"***

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. As an example of such benchmark reforms, the FCA announced on 27 July 2017 that it would no longer persuade or compel banks to submit rates for the calculation of the London Interbank Offered Rate ("**LIBOR**") benchmark after 2021 and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. The group recommended on 13 September 2018 that the euro short-term rate (€STR) be used as the risk-free rate for the euro area and is now focused on supporting the market with transitioning. €STR was first published on 2 October 2019. In addition, on 21 January 2019, the euro risk free rate working group published a set of guiding principles for fallback provisions in the new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system. Although EURIBOR has been reformed in order to comply with the terms of the Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"), it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 6E (*Benchmark Replacement*)), or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to any benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The "*Terms and Conditions of the Notes*" set out below provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a reference bond rate, a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in



the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Any such consequences could have a material adverse effect on the value of and return on any such Notes or notes that the Group had issued both prior to and following the implementation of the fallback arrangements provided for in the *"Terms and Conditions of the Notes"*. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

***The market continues to develop in relation to Notes that reference SONIA and SOFR***

Investors should be aware that the market continues to develop in relation to Sterling Overnight Index Average ("**SONIA**") and the Secured Overnight Financing Rate ("**SOFR**") as reference rates in the capital markets and their adoption as an alternative to Sterling or U.S. Dollar LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA and SOFR, including term SONIA and SOFR reference rates (which seek to measure the market's forward expectation of an average SONIA and SOFR rate over a designated term). The continued development of SONIA and SOFR rates as interest reference rates for the Eurobond markets, as well as continued development of SONIA and SOFR based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of SONIA and SOFR as a reference rate for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA and SOFR. In particular, investors should be aware that several different SOFR methodologies have been used in SOFR linked notes issued to date and no assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing SONIA or SOFR that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SONIA or SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives or SOFR and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA or SOFR.

***SONIA and SOFR differ from LIBOR in a number of material respects and have a limited history***

SONIA and SOFR differ from LIBOR in a number of material respects, including that SONIA and SOFR are backwards-looking, compounded, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA or SOFR may behave materially differently as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to LIBOR which is an unsecured rate. For example, since publication of SOFR began on 2 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SONIA and SOFR in their current form began in April 2018 and they therefore have a limited history. The future performance of SONIA and SOFR may therefore be difficult to predict based on the limited historical performance. The level of SONIA and SOFR during the term of the Notes may bear little or no relation to the historical level of SONIA or SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA and SOFR such as correlations, may change in the future.

Furthermore, the rate of interest is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based Notes, if the Notes become due and payable as a result of an Event of Default under Condition 8 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final rate of interest payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

***The administrator of SONIA or SOFR may make changes that could change the value of SONIA or SOFR or discontinue SONIA or SOFR***

The Bank of England or The New York Federal Reserve (or a successor), as administrator of SONIA or SOFR, respectively, may make methodological or other changes that could change the value of SONIA or SOFR, including changes related to the method by which SONIA or SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or SOFR, or timing related to the publication of SONIA or SOFR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA or SOFR.

***The market continues to develop in relation to Notes that reference €STR***

The Programme provides for the issuance of Notes with interest determined on the basis of the reference rate €STR.

The €STR is published by the European Central Bank and is intended to reflect the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The European Central Bank reports that the €STR is published on each TARGET business day based on transactions conducted and settled on the previous TARGET business day (the reporting date "T") with a maturity date of T+1 which are deemed to have been executed at arm's length and thus reflect market rates in an unbiased way.

The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Terms and Conditions of the Notes and used in relation to Notes that reference a risk free rate issued under this Programme. The Issuer may in future also issue Notes referencing €STR that differ materially in terms of interest determination when compared with any previous Compounded Daily €STR- referenced Notes issued by it under the Programme. The development of €STR as an interest reference rate for the Eurobond markets, as well as continued development of €STR-based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any €STR-referenced Notes issued under the Programme from time to time.

Furthermore, interest on Notes which reference Compounded Daily €STR is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date (or other date on which accrued interest may become due on the Notes). It may be difficult for investors in Notes which reference Compounded Daily €STR to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to, for example, EURIBOR-based Notes, if Notes referencing Compounded Daily €STR become due and payable as a result of an event of default under Condition 8 (*Events of Default*), or are otherwise redeemed early on a date other than an Interest Payment Date, the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date on which the Notes become due and payable.

In addition, the manner of adoption or application of €STR reference rates in the Eurobond markets may differ materially compared with the application and adoption of €STR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of €STR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing €STR.

Since €STR is a relatively new market index, Notes which reference €STR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to €STR such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if €STR does not prove to be widely used in securities like Notes which reference Compounded Daily €STR, the trading price of such Notes which reference Compounded Daily €STR may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that €STR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes which reference Compounded Daily €STR. If the manner in which Compounded Daily €STR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes. Accordingly, an investment in Floating Rate Notes using €STR as a reference rate may entail significant risks not associated with similar investments in conventional debt securities.

***Notes issued as Green Bonds or Social Bonds with a specific use of proceeds, may not meet investor expectations or requirements***

The Final Terms relating to any specific Tranche of Notes may provide that it is the Issuer's intention to apply an amount, which at the Issue Date of the relevant Notes, is equal to the net proceeds from an offer of the issue of such Notes for projects that promote, in respect to Green Bonds, climate-friendly, environmental and/or sustainability goals, or, in respect to Social Bonds, social goals, in accordance with the Issuer's respective Green Bond Framework or Social Bonds Framework or to finance or refinance, in whole or in part, whether directly or indirectly, Eligible Projects (each as defined under "*Use of Proceeds*").

Each prospective investor should have regard to the factors described in the Issuer's Green Bond Framework or the Social Bonds Framework and the relevant information contained in this Offering Circular and/or in the relevant Final Terms and determine for itself the relevance of such information for the purpose of an investment in such Notes together with any other investigation it deems necessary, in light of its investment criteria, guidelines, requirements or expectations (including seeking advice from its independent financial adviser or other professional advisers regarding its purchase of the Notes) before deciding to invest. The Issuer's Green Bond Framework or the Social Bonds Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular. Any such amendment, update, supplementing, replacing and/or withdrawal after the issue date of any Notes issued as Green Bonds or Social Bonds may be applied in respect of such Notes already in issue, which may affect the value of Notes issued as Green Bonds or Social Bonds and/or may have consequences for certain investors with portfolio mandates to invest in sustainable assets.

No assurance is given by the Issuer that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Green Bond Framework or the Social Bonds Framework (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom).

The Issuer cannot assure investors that any information that it or any other person may provide in connection with any offering of Notes now or in the future will be sufficient to enable any potential investor to satisfy any disclosure or reporting requirements imposed on such investor from time to time either as a result of its own objectives or those of its clients as set out in its by-laws or other governing rules and/or investment portfolio mandates.

No assurance or representation can be given that Eligible Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the EU Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. Any Green Bonds issued under the Programme will not be compliant with the EU Green Bond Regulation and are only intended to comply with the requirements and processes in the Issuer's Green Bond Framework. It is not clear if the

establishment of the EuGB label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the EU Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the EuGB label or the optional disclosures regime, such as the Green Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Green Bonds issued under this Programme that do not comply with those standards proposed under the EU Green Bond Regulation.

No assurance is or can be given to investors that the use of such proceeds for any Eligible Projects will satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments is or are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses the subject of, or related to, the relevant Eligible Projects.

While it is the intention of the Issuer to allocate an amount equal to the net proceeds of any Notes issued as Green Bonds or Social Bonds to Eligible Projects, there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in, or substantially in, the manner and timeframe anticipated and, accordingly, that the Issuer will be able to use an amount equal to the net proceeds of the issue of such Green Bond or Social Bond for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated.

Investors in Notes issued as Green Bonds or Social Bonds should note that none of:

- the occurrence of any or all of the factors described above in this risk factor;
- a failure by the Issuer (either totally or partially) to apply or reapply an amount equal to the proceeds of the issuance of any Notes issued as Green Bonds or Social Bonds as described in the relevant Final Terms, "*Use of Proceeds*" and the Green Bond Framework or the Social Bonds Framework;
- a failure of the Issuer (either totally or partially) to evaluate, select and report on Eligible Projects, or to manage the proceeds from each Green Bond or Social Bond, or procure any external review and verification;
- a failure of a third party to provide (or the withdrawal by a third party of, or amendment of) any opinion or certification in connection with the Green Bond Framework or the Social Bonds Framework or any Notes issued as Green Bonds or Social Bonds (whether or not solicited by the Issuer), and/or any such third party opinion or certification stating that the Issuer is not complying or fulfilling relevant criteria, in whole or in part, with respect to any matters for which such opinion or certification is opining or certifying, and/or the amendment of any criteria on which such opinion or certification was given;
- a failure of the Issuer to obtain or publish any report, assessment, opinion, certification and/or label relating to the Green Bonds or Social Bonds;
- the failure of any Notes issued as Green Bonds or Social Bonds to meet investors' expectations or requirements regarding any environmental, social, and governance ("**ESG**") or similar label(s) or characteristic(s);
- any change in the performance of any Green Bonds or Social Bonds (including the loss of any "green", "sustainable", "social" or equivalent characteristics); or
- a failure of any Notes issued as Green Bonds or Social Bonds to be or continue to be listed or admitted to trading on any dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market as aforesaid,

will (i) constitute an Event of Default under the Notes, or (ii) be a breach of contract with respect to any of the Notes issued as Green Bonds or Social Bonds, or (iii) give rise to any other claim or right (including, for the avoidance of doubt, any early redemption option or right to accelerate the Notes) of a Holder of such Green Bonds or Social Bonds against the Issuer, or (iv) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, or (v) affect the regulatory treatment of such Notes as MREL eligible liabilities.

The occurrence of any of the above factors may cause damage to the Issuer's reputation and may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose (which consequences may include the need to sell such Notes as a result of such Notes not falling within the investor's investment criteria or mandate).

The Issuer does not undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds or Social Bonds in full.

An amount equal to the net proceeds of the issue of any Green Bonds or Social Bonds which, from time to time, are not allocated as funding for Eligible Projects is intended by the Issuer to be placed in liquidity reserves.

Each prospective investor should have regard to the factors described in the Issuer's Green Bond Framework and Social Bonds Framework and the relevant information contained in this Offering Circular and seek advice from its independent financial adviser or other professional advisers regarding its purchase of any Green Bonds or Social Bonds before deciding to invest. The Issuer's Green Bond Framework and Social Bonds Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular. The Issuer's Green Bond Framework and Social Bonds Framework do not form part of, nor are they incorporated by reference, in this Offering Circular.

***No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Green/Social Bonds***

The Second Party Opinions (as defined in "Use of Proceeds") provide an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinions or any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds or Social Bonds. The Second Party Opinions and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Notes. The Second Party Opinions and any other opinion or certification is not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was issued.

The criteria and/or considerations that formed the basis of the Second Party Opinions and any other such opinion or certification may change at any time and the Second Party Opinions may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of the Second Party Opinion or any other opinion or certification may have a material adverse effect on the value of any Green Bonds or Social Bonds in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As at the date of this Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

***No assurance that Green/Social Bonds will be admitted to trading on any dedicated "green", "sustainable", "social" (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained***

In the event that any such Notes are listed or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given that such listing or admission satisfies any present or future investment criteria or

guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by that any such listing or admission to trading will be obtained in respect of any such Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

If any of the above risks outlined in this Green/Social Bonds risk factor materialise this may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in Eligible Projects (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

***Green/Social Bonds are not linked to the performance of the Eligible Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes***

The performance of the Green Bonds or Social Bonds is not linked to the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Bonds or Social Bonds and the Eligible Projects. Consequently, neither payments of principal and/or interest on the Green Bonds or Social Bonds nor any rights of Holders shall depend on the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Bonds or Social Bonds shall have no preferential rights or priority against the assets of any Eligible Project nor benefit from any arrangements to enhance the performance of the Notes.

For the avoidance of doubt, (i) there is no direct or contractual link between Notes issued with a specific use of proceeds, such as a Green Bond or a Social Bond, and Eligible Projects, and consequently neither payments of principal and interest on, nor an investor's right to accelerate repayment of such Notes shall depend on the performance of the relevant Eligible Projects or the use of proceeds, (ii) such Notes will be fully subject to the application of CRR eligibility criteria and BRRD requirements for eligible liabilities instruments (as applicable) and, as such, the bail-in tool and to write down and conversion powers, and in general to the powers that may be exercised by the relevant resolution authority to the same extent and with the same ranking as any other Note, (iii) such Notes and the proceeds of such Notes will be fully available to cover any and all losses arising on the balance sheet of the Issuer (in the same way as other Notes which are not Green Bonds or Social Bonds) regardless of their "green", "social" or other similar label, and (iv) a specific use of proceeds will not affect the regulatory treatment of such Notes (in the case of Eligible Notes, as MREL Eligible Liabilities) and will not have any impact on their status as indicated in Condition 3 (*Status*) of the Terms and Conditions of the Notes.

#### **Risk relating to the Notes**

Set out below is a brief description of certain risks relating to the Notes generally:

##### ***Modification and waivers***

The conditions of the Notes contain provisions for calling meetings of Holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Notes including Holders of the Notes who did not attend and vote at the relevant meeting and Holders of the Notes who voted in a manner contrary to the majority.

No consent or approval of Holders of Notes is required for a variation or amendment of the Conditions applicable to such Notes in order to effect Benchmark Replacement Adjustments or Benchmark Replacement Conforming Changes. Please see Condition 6E (*Benchmark Replacement*).

##### ***Change of law***

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular except for VPS Notes, which are governed by Norwegian law. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law (in the case of VPS Notes) or administrative practice or the applications thereof after the date of this Offering Circular.

In addition, any change in law or regulation that triggers an MREL Disqualification Event or an obligation on the Issuer or Guarantor to pay additional amounts, as the case may be, would entitle the Issuer, at its

option (subject to certain conditions), to redeem, (and in the case of Eligible Notes and an MREL Disqualification Event, substitute or vary the Notes), in whole but not in part, as provided in Conditions 8 (*Events of Default*) and 10 (*Substitution or Variation*).

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

#### ***Trading in the clearing systems***

The terms and conditions of the Notes may provide that Notes will be issued with a minimum denomination and integral multiples of an amount in excess thereof which are smaller than the minimum denomination. Where Notes are traded in a clearing system, it is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the minimum denominations specified in the relevant Final Terms or Drawdown Offering Circular related to an issue of Notes.

If definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the terms of the relevant Global Notes, a holder who does not have a principal amount of Notes at least equal to the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes at least equal to the minimum denomination.

#### ***Conflicts of interest may arise when a Dealer is appointed as Calculation Agent***

The Issuer may appoint a Dealer as Calculation Agent in respect of an issue of Notes, in which case the Calculation Agent is likely to be a member of an international financial group involved in a wide range of credit institution activities. In the ordinary course of its business activities, the Calculation Agent may be engaged in transactions involving an index or related derivatives, which may affect amounts receivable by investors during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes. Whilst the Calculation Agent may have information barriers and procedures in place to manage conflicts of interest, those activities may result in conflicts of interest and may have negative or positive impact to the investors. The Calculation Agent is not under any obligation to the Issuer or the investors to consider the impact of any such activities on the price or value of the Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, and/or DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg or with or on behalf of DTC. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and/or DTC will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or DTC.

While the Notes are represented by one or more Global Notes the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to or to the order of the common depositary or common safekeeper (as applicable) for Euroclear and Clearstream, Luxembourg or to DTC or a nominee thereof for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or DTC to receive payments under the relevant Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg and/or DTC to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

### ***Enforcement of U.S. civil judgments***

None of the Issuer, the Guarantor nor any of their respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any suit brought by an investor in the Notes or named an agent for service of process within the United States upon the Issuer, the Guarantor or such persons or to enforce, in United States courts, judgments against the Issuer, the Guarantor or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. As a result, it may not be possible to effect service of process within the United States upon the Issuer, the Guarantor or such persons and will not be possible to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

The United States and the Republic of Finland do not currently have a convention or treaty providing for the reciprocal recognition and enforcement of judgements rendered in connection with civil and commercial disputes. As a result, a final judgment for the payment of damages based on civil liability rendered by a U.S. court, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in the Republic of Finland. If the party in whose favour the final judgment is rendered brings a new suit in a competent Finnish court, the party may submit to the Finnish court the final judgement that has been rendered by the U.S. court. Such judgement will only be regarded by a Finnish court as evidence of the outcome of the dispute to which the judgement relates, and a Finnish court may choose to rehear the dispute *ab initio*.

### ***Judgments entered against the Issuer or the Guarantor in the courts of a state which is not subject to the Brussels Regulations or the Lugano Convention may not be recognised or enforceable in Finland***

A judgment entered against an entity incorporated in Finland (such as the Issuer and the Guarantor) in the courts of a state which is not, under the terms of (i) Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters) (the "**2012 Brussels Regulation**"), (ii) Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**2000 Brussels Regulation**") or (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters made at Lugano on 30 October 2007 (the "**Lugano Convention**"), a Member State (as defined in the 2012 Brussels Regulation and the 2000 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention), would not be recognised or enforceable in Finland as a matter of law without a retrial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of Finland).

As a result of Brexit, the 2012 Brussels Regulation has ceased to apply to the United Kingdom (and to English court judgments) and, further, the United Kingdom is no longer a party to the Lugano Convention and its application to accede to the Lugano Convention has been blocked by the European Commission. A judgment obtained in the courts of England against a Finnish entity would be recognised and enforceable in Finland in accordance with and subject to the procedural steps and on the material conditions imposed by the 2005 Hague Convention on Choice of Court Agreements (the "**Hague Convention**"). In circumstances where the Hague Convention is not applicable, it is possible that a judgment entered against the Issuer or the Guarantor in a United Kingdom court would not be recognised or enforceable in Finland as a matter of law without a re-trial on its merits (but would be as circumstantial evidence before the courts of law, arbitral tribunals or executive or other public authorities in Finland). Hence, unless the United Kingdom accedes to the Lugano Convention or an agreement is reached between the United Kingdom and the EU Member States, a judgment entered against the Issuer or the Guarantor in an English court in respect of the Notes may not be recognised or enforceable in Finland as a matter of law without a re-trial on its merits.

On 12 January 2024, the United Kingdom signed the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters ("**Hague 2019**"), which will come into force 12 months after ratification by the United Kingdom. Hague 2019 provides for the mutual enforcement of judgments between the United Kingdom and the other contracting states, including EU member states, in proceedings started after Hague 2019 comes into force in the United Kingdom. Asymmetric and non-exclusive jurisdiction clauses will be covered by Hague 2019, and will apply to



judgments given in proceedings initiated after Hague 2019 comes into effect, regardless of when the agreement was made.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although application may be made for the Notes issued under the Programme to be admitted to listing and to trading on the Market or to any other listing authority, stock exchange and/or quotation system, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. The ability of the Dealers to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the currency specified in the applicable Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease:

- (1) the Investor's Currency equivalent yield on the Notes,
- (2) the Investor's Currency equivalent value of the principal payable on the Notes and
- (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### ***Interest rate risks***

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies are expected to assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes, the Issuer or

the Guarantor could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

***The market price of the Notes may be volatile***

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for notes issued by or on behalf of the Republic of Finland as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's results of operations or financial condition.

***United States securities laws may restrict the transfer of Notes***

The Issuer is offering the Notes in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws. See "*Subscription and Sale*" and "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*" for further information.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- 1) the Report of the Board of Directors Note 1 (set out on pages 72 to 79 and 86 to 94, respectively, of the 31 December 2022 and 31 December 2023 annual reports of the Issuer);
- 2) the audited consolidated IFRS and standalone Finnish GAAP financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the years ended 31 December 2022 and 31 December 2023 (set out on pages 95 to 256 (and the auditors' report on pages 375 to 379) and 110 to 277 (and the auditors' report on pages 400 to 404), respectively, of the 31 December 2022 and 31 December 2023 annual reports of the Issuer) (collectively the "**Consolidated Financial Statements**");
- 3) the audited financial statements (including the auditors' report thereon and notes thereto) of the Guarantor in respect of the years ended 31 December 2022 and 31 December 2023 (set out on pages 16 to 22 (and the auditors' report on pages 25 to 26) and pages 16 to 23 (and the auditors' report on pages 26 to 27), respectively, of the 31 December 2022 and 31 December 2023 annual reports of the Guarantor) (collectively, the "**MGB Financial Statements**");
- 4) terms and conditions of the Notes set out in pages 49 to 94 of the offering circular dated 9 May 2023;
- 5) terms and conditions of the Notes set out on pages 42 to 80 of the offering circular dated 4 May 2022 relating to the Programme;
- 6) terms and conditions of the Notes set out on pages 43 to 80 of the offering circular dated 5 May 2021 relating to the Programme;
- 7) terms and conditions of the Notes set out on pages 38 to 72 of the offering circular dated 13 May 2020 relating to the Programme;
- 8) terms and conditions of the Notes set out on pages 37 to 67 of the offering circular dated 13 May 2019 relating to the Programme;
- 9) terms and conditions of the Notes set out on pages 35 to 60 of the offering circular dated 11 May 2018 relating to the Programme;
- 10) terms and conditions of the Notes set out on pages 34 to 57 of the offering circular dated 11 May 2017 relating to the Programme;
- 11) terms and conditions of the Notes set out on pages 34 to 57 of the offering circular dated 11 May 2016 relating to the Programme;
- 12) terms and conditions of the Notes set out on pages 34 to 57 of the offering circular dated 6 May 2015 relating to the Programme;
- 13) terms and conditions of the Notes set out on pages 29 to 52 of the offering circular dated 6 May 2014 relating to the Programme;
- 14) terms and conditions of the Notes set out on pages 27 to 47 of the offering circular dated 3 June 2013 relating to the Programme;
- 15) terms and conditions of the Notes set out on pages 28 to 48 of the offering circular dated 1 June 2012 relating to the Programme;
- 16) terms and conditions of the Notes set out on pages 26 to 45 of the base prospectus dated 1 June 2011 relating to the Programme;
- 17) terms and conditions of the Notes set out on pages 26 to 45 of the base prospectus dated 1 June 2010 relating to the Programme;
- 18) terms and conditions of the Notes set out on pages 21 to 40 of the base prospectus dated 1 June 2009 relating to the Programme;

- 19) terms and conditions of the Notes set out on pages 20 to 39 of the base prospectus dated 2 June 2008 relating to the Programme;
- 20) terms and conditions of the Notes set out on pages 18 to 36 of the base prospectus dated 1 June 2007 relating to the Programme; and
- 21) terms and conditions of the Notes set out on pages 17 to 35 of the base prospectus dated 1 June 2006 relating to the Programme.

Copies of the documents specified above as containing information incorporated by reference herein have been filed with the operator of the regulated market and the FIN-FSA through the national central storage for regulated information (officially appointed mechanism, or OAM), and also may be inspected, free of charge, at the registered office of the Issuer. Copies of the Issuer's audited financial statements (including the auditors' report thereon and notes thereto) in respect of the years ended 31 December 2022 and 31 December 2023 (which are included in the Issuer's annual reports for 2022 and 2023 respectively) of the annual reports are available through Finland OAM and can be accessed at:

- <https://attachment.news.eu.nasdaq.com/aa1ab395ed90b91af6cfa5c3840cf599>; and
- <https://attachment.news.eu.nasdaq.com/a52fbf60b2778e5e8316580745f1c15ef>.

Copies are also available on the Issuer's website ([www.munifin.fi](http://www.munifin.fi)). Copies of the Guarantor's audited financial statements in respect of the years ended 31 December 2022 and 31 December 2023 are available on the Guarantor's website ([www.mgb.fi](http://www.mgb.fi)). Any information contained in any of the documents specified above which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular. The contents of the websites referenced above do not form part of this Offering Circular.

If the documents incorporated by reference into this Offering Circular themselves incorporate by reference any information or other documents therein such information or other documents will not form part of this Offering Circular except where such information or other documents are themselves specifically incorporated by reference into the Offering Circular.

## FINAL TERMS AND DRAWDOWN OFFERING CIRCULARS

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer and the Guarantor have endeavoured to include in this Offering Circular all of the necessary information except for information relating to the Notes which is not known at the date of this Offering Circular and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Offering Circular. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Offering Circular in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in an Offering Circular.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Offering Circular will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Offering Circular. In the case of a Tranche of Notes which is the subject of a Drawdown Offering Circular, each reference in this Offering Circular to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Offering Circular unless the context requires otherwise.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg, however, always so that Notes denominated in NOK and offered or sold in Norway, must satisfy the requirements in the Norwegian Registration of Financial Instruments Act of 15 March 2019 no. 6 (as amended or replaced from time to time, the "**CSD Act**") (Nw. *verdipapirsentralloven*), including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with regulation (EU) no. 909/2014 (as amended from time to time, the "**CSDR**") regardless of the Notes being traded on a trading venue and only permit physical documents evidencing the Notes in accordance with the CSD Act and the CSDR.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will indicate whether such Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" and the provisions of the relevant Final Terms which are applicable in conjunction with those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*" below.

***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

### **VPS Notes**

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. A VPS account manager will be appointed by the Issuer prior to the issue of any VPS Notes (the "**VPS Account Manager**") in accordance with a VPS account manager agreement (the "**VPS Account Manager Agreement**"). In addition, the Issuer may appoint a VPS Trustee (the "**VPS Trustee**") in connection with the issue of VPS Notes who will act for the benefit of the Holders for the time being of the VPS Notes in accordance with the provisions of a VPS trustee agreement (the "**VPS Trustee Agreement**") and the terms and conditions set out under "*Terms and Conditions of the Notes*". On the issue of such VPS Notes, the Issuer will send a letter to a VPS Trustee with a copy to the VPS Account Manager, or if a VPS Trustee has not been appointed, to the VPS Account Manager alone, which will set out the terms of the relevant issue of VPS Notes in the form of a final terms supplement attached thereto (the "**VPS Letter**"). On delivery of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Account Manager acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place three Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

Prior to the issue of any VPS Notes, the Issuer is required to have registered with the VPS and complied with any related registration requirements (including the provision of legal opinions), if applicable.

### **Registered Notes**

Each Tranche of Registered Notes will be represented by either:

- (i) individual Notes in registered form ("**Definitive Registered Notes**"); or
- (ii) one or more unrestricted global notes ("**Regulation S Global Note(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S Notes**") and/or one or more restricted global notes ("**Restricted Global Note(s)**") in the case of Registered Notes sold to QIBs that are also QPs in reliance on Rule 144A ("**Restricted Notes**"),

in each case as specified in the relevant Final Terms, and references in this Offering Circular to "**Registered Global Notes**" shall be construed as a reference to Regulation S Global Notes and/or Restricted Global Notes, and always so that Notes denominated in NOK and offered or sold in Norway, must satisfy the requirements in the CSD Act, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with the CSDR regardless of the Notes being traded on a trading venue and only permit physical documents evidencing the Notes in accordance with the CSD Act and the CSDR.

Each Registered Global Note which is not to be held under the new safekeeping structure (applicable to registered form global securities and which is required for such securities to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations) ("**New Safekeeping Structure**" or "**NSS**"), will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and each relevant Registered Global Note will be deposited on or about the issue date with either (i) the custodian for DTC (the "**DTC Custodian**"), or (ii) a depository or common depository for Euroclear and/or Clearstream, Luxembourg, and each Registered Global Note to be held under the New Safekeeping Structure, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Registered Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.



If the relevant Final Terms specifies the form of Notes as being "Definitive Registered Notes", then the Notes will at all times be represented by Definitive Registered Notes issued to each Holder of Notes in respect of their respective holdings.

***Registered Global Note exchangeable for Definitive Registered Notes***

If (i) the relevant Final Terms specifies the form of Notes as being "Regulation S Global Notes exchangeable for Definitive Registered Notes" or "Restricted Global Note exchangeable for Definitive Registered Notes", (ii) the Notes are not governed by Norwegian law and (iii) the Notes are not denominated in NOK and offered in Norway, then the Notes will initially be represented by one or more Registered Global Notes each of which will be exchangeable in whole, but not in part, for Definitive Registered Notes:

- (i) unless otherwise provided in the applicable Final Terms, if a written request for one or more Definitive Registered Notes is made by a holder of a beneficial interest in a Registered Global Note **provided that** such written notice or request, as the case may be, is submitted to the Registrar by the beneficial owner not less than 60 days (or such other period as may be indicated in the applicable Final Terms) prior to the requested date of such exchange; or
- (ii) if the relevant Final Terms specifies "in the limited circumstances described in the Regulation S Global Note/Restricted Global Note", then if any of the following events occurs:
  - (a) an Event of Default (as defined in Condition 8 (*Events of Default*)) has occurred and is continuing and the Issuer has not cured or otherwise made good such Event of Default; or
  - (b) at the option of the Issuer, if the Issuer or any Paying Agent, by reason of any change in, amendment to, or change in the interpretation of the laws of England and Wales or change in practice of any relevant authority is or will be required to make any deduction or withholding from any payment under such Registered Global Note which would not be required if the Notes represented by such Registered Global Note were in definitive form; or
  - (c) Euroclear or Clearstream, Luxembourg or any other clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, and an alternative clearing system satisfactory to the Issuer is not available; or
  - (d) in the case of any Registered Global Note held by or on behalf of DTC, if:
    - (A) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Registered Global Note and a successor depositary satisfactory to the Issuer and the relevant Dealer is not available; or
    - (B) DTC ceases to be a clearing agency registered under the Exchange Act.

Whenever a Registered Global Note is to be exchanged for Definitive Registered Notes, each person having an interest in a Registered Global Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Definitive Registered Notes (including the name and address of each person in which the Notes represented by the Definitive Registered Notes are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Note is to be exchanged for Definitive Registered Notes, each person having an interest in the Restricted Global Note must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB that is also a QP and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Definitive Registered Notes issued in exchange for interests in the Restricted Global Note will bear the legends and be subject to the transfer restrictions set out under "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

Whenever a Registered Global Note is to be exchanged for Definitive Registered Notes, the Issuer shall procure that Definitive Registered Notes will be issued in an aggregate principal amount equal to the

principal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered holder of the Registered Global Note to the Registrar of such information as is required to complete and deliver such Definitive Registered Notes against the surrender of the Registered Global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Fiscal Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Registered Note will be endorsed on that Definitive Registered Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Registered Global Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*".

#### **Summary of Provisions relating to the Notes while in Global Form**

##### ***Rights under Deed of Covenant***

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the holders of Definitive Notes or Definitive Registered Notes, as applicable, in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system.

##### ***Clearing System Accountholders***

In relation to any Tranche of Notes represented by a Global Note, references in the Conditions of the Notes to "Holders" of the Notes are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Registered Global Note, references in the Conditions of the Notes to "Holders" of the Notes are references to the person in whose name the relevant Registered Global Note is for the time being registered in the Register which (a) in the case of a Registered Global Note held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC or a common safekeeper; and (b) in the case of any Registered Global Note which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Registered Global Note (each an "**Accountholder**") must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the holder of such Global Note or Registered Global Note and in relation to all other rights arising under such Global Note or Registered Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Registered Global Note will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Registered Global Note, Accountholders shall have no claim directly against the Issuer

or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of such Global Note or Registered Global Note.

***Transfers of Interests in Global Notes and Registered Global Notes***

Transfers of interests in Global Notes and Registered Global Notes within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Guarantor, the Registrar, the Dealers or the Fiscal Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Registered Global Note or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Registered Global Note to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Registered Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of a Definitive Registered Note representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Fiscal Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Note will be effected through the Fiscal Agent, the DTC Custodian, the Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Registered Global Note resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

Upon the issue of a Registered Global Note to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the account of DTC participants. Ownership of beneficial interests in such Registered Global Note will be held through participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuer and the Guarantor that it will take any action permitted to be taken by a holder of Registered Notes represented by a Registered Global Note held by or on behalf of

DTC (including, without limitation, the presentation of such Registered Global Note for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Registered Global Note are credited, and only in respect of such portion of the aggregate nominal amount of such Registered Global Note as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Registered Global Note for Definitive Registered Notes (which will bear the relevant legends set out in "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Registered Global Note among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Registrar, the Dealers or the Paying Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Registered Global Note is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Definitive Registered Notes for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

#### ***Conditions applicable to Global Notes***

Each Global Note and Registered Global Note will contain provisions which modify the Conditions of the Notes as they apply to the Global Note or Registered Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Registered Global Note which, according to the Conditions of the Notes, require presentation and/or surrender of a Note or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Registered Global Note to or to the order of any Fiscal Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Calculation of interest:* the calculation of any interest amount in respect of any Note which is represented by a Global Note or Registered Global Note will be calculated on the aggregate outstanding principal amount of the Notes represented by such Global Note or Registered Global Note, as the case may be, and not by reference to the Calculation Amount.

*Payment Record Date:* Each payment in respect of a Registered Global Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means a day on which each clearing system for which the Registered Global Note is being held is open for business.

*Exercise of put option:* In order to exercise the option contained in Condition 7.06 (*Optional Early Redemption (Put)*) the bearer of a Permanent Global Note or the holder of a Registered Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent or Registrar (as applicable) specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 7.03 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note or Registered Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices*: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Registered Global Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Registered Global Note is, registered in the name of DTC's nominee or deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to "Holders" of the Notes may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the "Holders" of the Notes in accordance with Condition 16 (*Notices*) on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which, in conjunction with the relevant Final Terms, will be applicable to each Series of Notes:

The Notes are issued in accordance with an amended and restated fiscal agency agreement dated 8 May 2024 (the "**Fiscal Agency Agreement**"), (which expression shall include any further amendments or supplements thereto) and made between Municipality Finance Plc (Kuntarahoitus Oyj) (the "**Issuer**"), the Municipal Guarantee Board (Kuntien takauskeskus) (the "**Guarantor**"), Citibank, N.A. London Branch, in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank, N.A., London Branch, in its capacity as such) and exchange agent (the "**Exchange Agent**", which expression shall include any successor or other person appointed as such) as well as in its other capacities as set out in the Fiscal Agency Agreement, Citibank Europe plc, in its capacity as registrar (the "**Registrar**", which expression shall include any successor to Citibank Europe plc, in its capacity as such), Citibank Europe plc in its capacity as transfer agent (a "**Transfer Agent**", which expression shall include any successor or addition to Citibank Europe plc in its capacity as such) and certain other financial institutions named therein in their capacities as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any successor or additional paying agents appointed in accordance with the Fiscal Agency Agreement). The Guarantor has, for the benefit of the Holders of the Notes from time to time, executed and delivered a deed of guarantee (the "**Guarantee**"), dated 8 May 2024 under which it has unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due by the Issuer under the Notes as and when the same shall become due and payable. Copies of the Fiscal Agency Agreement and the Guarantee are available for inspection at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and to be bound by, all of the provisions of the Fiscal Agency Agreement, the Deed of Covenant (as defined in Condition 1.04 (*Form of Bearer Notes*)) and the Guarantee insofar as they relate to the relevant Notes.

The Notes are issued in series (each a "**Series**"), and each Series will be the subject of the applicable final terms (the "**Final Terms**"), a copy of which will be available for inspection at the specified office of the Fiscal Agent or, as the case may be, the Registrar.

References in these Terms and Conditions to Notes are to Notes of the relevant Series and references to any Final Terms are to the Final Terms relating to the Notes of such Series. References in these Terms and Conditions to Coupons are to Coupons relating to Notes of the relevant Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions in conjunction with the relevant Final Terms.

Notes issued through the Norwegian Central Securities Depository Verdipapirsentralen ASA (Euronext Securities Oslo) ("**VPS**") are in dematerialised form. An entity ("**Nordic Trustee AS**") may be appointed as VPS trustee (the "**VPS Trustee**"), and will in such case act for the benefit of the Holders for the time being of the VPS Notes in accordance with the provisions of a VPS trustee agreement (the "**VPS Trustee Agreement**") and these terms and conditions. A VPS Agent will act as an agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes (the "**VPS Agent**").

Any references in these terms and conditions to Receipts, Coupons, and Talons shall not apply to VPS Notes and no global or definitive Notes will be issued in respect thereof. These terms and conditions shall be construed accordingly.

Any reference in these Terms and Conditions to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

### 1. **Form and Denomination**

1.01 Notes will be issued in bearer form, in registered form or in uncertificated book entry form (in the case of VPS Notes), as specified in the Final Terms.

Notes in registered form may not be exchanged for Notes in bearer form or VPS Notes, Notes in bearer form may not be exchanged for Notes in registered form or VPS Notes and VPS Notes may not be exchanged for notes in bearer form or notes in registered form.

### ***Form of Bearer Notes***

- 1.02 Notes issued in bearer form ("**Bearer Notes**") will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. On or after the date (the "**Exchange Date**") which is forty days after the original issue date of the Notes and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form as set out in the Temporary Global Note or in such other form as is customarily used in such circumstances by the relevant clearing system) has been received, interests in the Temporary Global Note may be exchanged for:
- (i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes and in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement; or
  - (ii) if so specified in the relevant Final Terms, definitive Notes ("**Definitive Notes**") in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement.
- 1.03 If any date on which a payment of interest is due on the Notes occurs whilst any of the Notes are represented by the Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form as set out in the Temporary Global Note or in such other form as is customarily used in such circumstances by the relevant clearing system) has been received by Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system without any requirement for certification.
- 1.04 Interests in a Permanent Global Note will, if so specified in the Final Terms, be exchangeable in whole (but not in part only), at the option of the Holder (as defined in Condition 2 (*Title*)) of such Permanent Global Note, for Definitive Notes. This option will be disappplied to the extent that the multiple trading amount is not an integral multiple of the specified denomination of the Note. In order to exercise such option the Holder must, not less than forty-five days before the date on which delivery of Definitive Notes is required, deposit the relevant Permanent Global Note with the Fiscal Agent with the form of exchange notice endorsed thereon duly completed. Interests in a Permanent Global Note will, in any event, be exchangeable for Definitive Notes if any Note becomes due and payable in accordance with Condition 8.01(b) (*Events of Default*) and/or Condition 8.02(b) (*Events of Default*) or if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system should be closed for business for a continuous period of fourteen days (other than by reason of public holidays) or should announce an intention permanently to cease business. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (London time) on the thirtieth day after the day on which the relevant notice period expires or such Permanent Global Note becomes so exchangeable, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the Account Holders (as defined in the Deed of Covenant) with Euroclear and Clearstream, Luxembourg in relation thereto under a deed of covenant (the "**Deed of Covenant**") dated 8 May 2024 executed and delivered by the Issuer in relation to the Notes.
- 1.05 Interest-bearing Definitive Notes will, if so specified in the Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below.

### ***Form of Registered Notes***

- 1.06 Notes issued in registered form ("**Registered Notes**") will be substantially in the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. Notes purchased in a private placement in the United States will only be in the form of Registered Notes.

- 1.07 Unless otherwise provided with respect to a particular Series of Registered Notes, Registered Notes of each Tranche sold outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933 (the "**Securities Act**") will, unless otherwise specified in the applicable Final Terms, be represented by a permanent global Registered Note, without Receipts, Coupons or Talons (each a "**Regulation S Global Note**"). Notes in definitive registered form issued in exchange for Regulation S Global Notes or otherwise sold or transferred in reliance on Regulation S under the Securities Act (each a "**Regulation S Definitive Note**"), together with the Regulation S Global Notes, are referred to herein as "**Regulation S Notes**". With respect to all offers or sales of an unsold allotment or subscription and in any case prior to expiry of the period that ends 40 days after the later of the relevant issue date and completion of the distribution of each Tranche of Notes, (the "**Distribution Compliance Period**"), beneficial interests in a Regulation S Global Note may be offered or sold only in accordance with Rule 903 of Regulation S of the Securities Act (save as otherwise provided in Condition 2 (*Title*)) and may be held only through Euroclear or Clearstream, Luxembourg. After expiry of such Distribution Compliance Period, beneficial interests in a Regulation S Note may be held through the Depository Trust Company ("**DTC**") directly by a participant in DTC or indirectly through a participant in DTC.
- 1.08 Registered Notes of each Tranche sold in private transactions in reliance upon Rule 144A under the Securities Act to qualified institutional buyers ("**QIBs**") within the meaning of Rule 144A under the Securities Act that are also qualified purchasers ("**QPs**") as defined in Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended, will, unless otherwise specified in the applicable Final Terms, be represented by a permanent global Registered Note, without Receipts, Coupons or Talons (each a "**Restricted Global Note**" and, together with any Regulation S Global Note, the "**Registered Global Notes**"). Notes in definitive form issued in exchange for Restricted Global Notes (each a "**Restricted Definitive Note**" and, together with any Regulation S Definitive Note, the "**Definitive Registered Notes**") or otherwise sold or transferred in accordance with the requirements of Rule 144A under the Securities Act, together with the Restricted Global Notes, are referred to herein as "**Restricted Notes**".
- 1.09 Restricted Notes shall bear a legend specifying certain restrictions on transfer (each a "**Legend**"), such Notes being referred to herein as "**Legended Notes**". Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of a Legend, the Registrar shall (save as provided in Condition 2 (*Title*)) deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.
- 1.10 Subject as otherwise provided in Condition 2 (*Title*), Definitive Registered Notes may be exchanged or transferred in whole or in part in the specified denominations for one or more Definitive Registered Notes of like aggregate nominal amount.
- 1.11 Each Definitive Registered Note will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar.

#### ***Form of VPS Notes***

- 1.12 Each Tranche of notes issued through VPS ("**VPS Notes**") will be created and held in uncertificated book entry form in accounts with the VPS. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS.

Prior to the issue of any VPS Notes, the Issuer is required to have registered with the VPS and complied with any related registration requirements (including the provision of legal opinions), if applicable.

#### ***Denomination of Bearer Notes***

- 1.13 Bearer Notes will be in the denomination or denominations (each of which denominations must be integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of



one denomination will not be exchangeable after their initial delivery for Bearer Notes of any other denomination.

***Denomination of Registered Notes***

- 1.14 Registered Notes will be in the minimum denomination specified in the Final Terms which, in the case of Registered Notes sold other than pursuant to Regulation S, shall be the Authorised Denomination (as defined below) and, in the case of Notes having a maturity of 183 days or less, the specified denomination shall be at least U.S.\$250,000 (or the equivalent in any other currency or currencies).

***Denomination of VPS Notes***

- 1.15 VPS Notes will be in the minimum denomination specified in the Final Terms or integral multiples thereof.
- 1.16 "**Authorised Denomination**" means, in the case of a Restricted Note, U.S.\$250,000 (or its equivalent rounded upwards as specified in the relevant Final Terms) and higher integral multiples of U.S.\$1,000, or the higher denomination or denominations specified in the applicable Final Terms.
- 1.17 Any minimum authorised denomination required by any law or directive or regulatory authority in respect of the currency of issue of any Note shall be such as applied on or prior to the date of issue of such Note.

***Currency of Notes***

- 1.18 Notes may be denominated in any currency (including, without limitation, Australian Dollars, Canadian Dollars, Euro, Japanese Yen, British Pounds Sterling, Swedish Kronor, Norwegian Kroner and United States Dollars), subject to compliance with all applicable legal and/or regulatory requirements.
- 1.19 In these Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes, Definitive Notes or, as the case may be, Registered Notes of the relevant Series.

***The Depository Trust Company***

- 1.20 Registered Notes will, if so specified in the Final Terms, be the subject of an application by the Issuer to DTC for the acceptance of such Registered Notes into DTC's book-entry settlement system. If such application is accepted, one or more Registered Notes (each a "**DTC Note**") in denominations equivalent in aggregate to the aggregate principal amount of the relevant Registered Notes which are to be held in such system will be issued to DTC and registered in the name of Cede & Co., or such other person as may be nominated by DTC for the purpose, as nominee for DTC **provided that** no DTC Note may have a denomination of more than U.S.\$500,000 (or its equivalent in other currencies) and that, subject to such restriction, DTC Notes will always be issued in the largest possible denomination. Thereafter, such registered nominee will be the holder of record and entitled to rights in respect of each DTC Note.
- 1.21 Accordingly, each person having a beneficial interest in a DTC Note must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. So long as Registered Notes are traded through DTC's book-entry settlement system, ownership of beneficial interest in the relevant DTC Note will (unless otherwise required by applicable law and/or regulatory requirement) be shown on, and transfers of such beneficial interest may be effected only through, records maintained by (i) DTC or its registered nominee (as to participant-interests) or (ii) institutions having accounts with DTC.

2. **Title**

- 2.01 Title to Bearer Notes passes by delivery. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or of such Coupons.

- 2.02 Title to Registered Notes passes by registration in the register which is kept by the Registrar, as specified in the Final Terms. References herein to the "**Holders**" of Registered Notes are to the persons in whose names such Notes are so registered.
- 2.03 Title to the VPS Notes passes by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a VPS Letter to the VPS Trustee (if applicable), with a copy sent to the VPS Account Manager, or alternatively directly to the VPS Account Manager, as further described above. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a Holder of VPS Notes. Transfers of interest in the relevant VPS Notes will take place between the direct or indirect account holders in the VPS in accordance with the rules and procedures for the time being of the VPS. References herein to the "**Holders**" of VPS Notes are to the persons in whose names such VPS Notes have been entered in the records of VPS. Where a nominee is so evidenced it shall be treated by the Issuer as the Holder of the relevant VPS Note.
- 2.04 The Holder of any Note or Coupon will (except as otherwise required by applicable law and/or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

***Exchange and Transfer of Registered Notes***

- 2.05 Interests in any Registered Global Note will be exchangeable in whole (not in part) for Definitive Registered Notes of the same type, at the request of the Holder if (i) Euroclear or Clearstream, Luxembourg or any other clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, and an alternative clearing system satisfactory to the Issuer is not available, or (ii) in the case of any Registered Global Note held by or on behalf of DTC, if DTC notifies the Issuer that it is unwilling or unable to continue as depository for such Registered Global Note and a successor depository satisfactory to the Issuer and the relevant Dealer is not available, or (iii) in the case of any Registered Global Note held by or on behalf of DTC, if DTC ceases to be a clearing agency for the purposes of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or, (iv) an Event of Default (as defined in Condition 8 (*Events of Default*)) has occurred and is continuing and the Issuer has not cured or otherwise made good such Event of Default, or (v) unless otherwise provided in the applicable Final Terms, if a written request for one or more Definitive Registered Notes is made by a Holder of a beneficial interest in a Registered Global Note or (vi) at the option of the Issuer, if the Issuer or any Paying Agent, by reason of any change in, amendment to, or change in the interpretation of the laws of England and Wales or change in practice of any relevant authority is or will be required to make any deduction or withholding from any payment under such Registered Global Note which would not be required if the Notes represented by such Registered Global Note were in definitive form; **provided that** in the case of (v) above such written notice or request, as the case may be, is submitted to the Registrar by the beneficial owner not less than 60 days (or such other period as may be indicated in the applicable Final Terms) prior to the requested date of such exchange. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause the appropriate Definitive Registered Notes to be delivered, **provided that**, notwithstanding the above (except upon the occurrence of an event described in (vi) above), no Definitive Registered Notes will be issued until expiry of the applicable Distribution Compliance Period.
- 2.06 Transfers of any Registered Global Note held by DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to a nominee of DTC or to a successor DTC or such successor's nominee.
- 2.07 Prior to expiry of the applicable Distribution Compliance Period, transfers by the Holder of, or of a beneficial interest in, a Regulation S Note to a transferee in the United States or to a U.S. person (as defined in Regulation S) will only be made:
- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Fiscal Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or of any Transfer Agent,

from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person is either (A) a QIB who is also a QP; (B) it is not a broker-dealer who own and invest on a discretionary basis less than US\$25 million in securities of unaffiliated issuers; (C) it is not a participant-directed employee plan, such as a 401(k) plan; (D) it is acting for its own account, or the account of one or more QIBs each of which is a QP; (E) it is not formed for the purpose of investing in the Notes or the Issuer; (F) it will, and each account for which it is purchasing will hold and transfer at least US\$ 200,000 in principal amount of Notes at any time; (G) it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) it will provide notice of the transfer restrictions set forth in the Offering Circular to any subsequent transferees; or

- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

In each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

2.08 In the case of Condition 2.07(i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of Condition 2.07(ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (a) beneficial interests in Regulation S Notes may be held through DTC directly by an independent participant in DTC or indirectly through an independent participant in DTC and (b) such certification requirements will no longer apply to such transfers.

2.09 Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Note, upon receipt by the Registrar of a duly completed transfer certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person is (A) a QIB who is also a QP; (B) it is not a broker-dealer who own and invest on a discretionary basis less than US\$25 million in securities of unaffiliated issuers; (C) it is not a participant-directed employee plan, such as a 401(k) plan; (D) it is acting for its own account, or the account of one or more QIBs each of which is a QP; (E) it is not formed for the purpose of investing in the Notes or the Issuer; (F) it will, and each account for which it is purchasing will hold and transfer at least US\$ 200,000 in principal amount of Notes at any time; (G) it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) it will provide notice of the transfer restrictions set forth in the Offering Circular to any subsequent transferees; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

2.10 Holders of Definitive Registered Notes may exchange such Definitive Registered Notes in whole (not in part) for interests in a Registered Global Note of the same type at any time.

2.11 Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by participants and, if appropriate,

indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will be transferable and exchangeable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be.

- 2.12 Under the terms and subject to the conditions set forth in the Fiscal Agency Agreement, a Definitive Registered Note may be transferred in whole (in the authorised denominations set out in the applicable Final Terms) by the Holder or Holders surrendering the Definitive Registered Note for registration of the transfer of the Definitive Registered Note at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the Holder or Holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar, or as the case may be, the relevant Transfer Agent may prescribe, including any restrictions imposed by the Issuer on transfers of Definitive Registered Notes originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note transferred. If the Definitive Registered Note is listed, admitted to trading and/or quotation on a listing authority, stock exchange and/or quotation system, the Issuer shall maintain a Transfer Agent in the location of such listing authority, stock exchange and/or quotation system if required to do so by the Rules of such listing authority, stock exchange and/or quotation system.
- 2.13 Exchanges or transfers by a Holder of a Definitive Registered Note for an interest in, or to a person who takes delivery of such Note through, a Registered Global Note of the same type will be made no later than 45 days after the receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the Definitive Registered Note to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.
- 2.14 In the event of a partial redemption of Notes under Condition 7.05 (*Partial Redemption*), the Issuer shall not be required:
- (i) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the 15<sup>th</sup> day before the date of the partial redemption and ending on the date fixed for such partial redemption (both inclusive); or
  - (ii) to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.
- 2.15 No Holder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest or payment on that Note.
- 2.16 Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax, duty or other governmental charges which may be imposed in relation to it.

### 3. **Status**

#### 3.01 ***Status – Senior Notes***

This Condition 3.01 (*Status – Senior Notes*) is applicable in relation to Notes specified in the relevant Final Terms as being Senior Notes ("**Senior Notes**"). The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among

themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer (including any Eligible Notes), present and future, but (in the event of insolvency) only to the extent permitted by Finnish law relating to creditors' rights.

The rights of Holders of Notes shall be subject to any present or future Finnish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Finland which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.

3.02 **Status – Eligible Notes**

This Condition 3.02 (*Status – Eligible Notes*) is applicable in relation to Notes specified in the relevant Final Terms as being Eligible Notes ("**Eligible Notes**").

The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer (including Senior Notes), present and future, but (in the event of insolvency) only to the extent permitted by Finnish law relating to creditors' rights.

The rights of Holders of Notes shall be subject to any present or future Finnish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Finland which are or will be applicable to the Eligible Notes only as a result of the operation of such laws or regulations.

3.03 **No set-off**

No Holder of Eligible Notes or related Coupon shall be entitled to exercise any right of set-off or netting against moneys owed by the Issuer in respect of such Eligible Notes or Coupons. If, notwithstanding the preceding sentence, any Holder of Eligible Notes receives or recovers any sum or the benefit of any sum in respect of any Eligible Note or related Coupon by virtue of any such set-off or netting, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

4. **Status of the Guarantee**

The obligations of the Guarantor under the Guarantee constitute direct and unsecured obligations of the Guarantor and rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, present and future, but (in the event of insolvency) only to the extent permitted by Finnish law relating to creditors' rights.

5. **Negative Pledge**

This Condition 5 (*Negative Pledge*) is applicable to Senior Notes only. As long as any of the Notes remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will procure that no Indebtedness (as defined below) of the Issuer and no guarantee by it of any Indebtedness of any third party will be secured by any Charge (as defined below) upon any of its present or future property, assets or revenues unless the Issuer shall simultaneously with, or prior to, the creation of such Charge take any and all action necessary to procure that all amounts payable by it under the Notes are secured equally and rateably by such Charge, **provided, however, that** any security provided by the Issuer to the Guarantor as collateral for the amounts payable by the Issuer to the Guarantor in respect of guarantees issued by the Guarantor on behalf of the Issuer shall not be regarded as a Charge securing Indebtedness for the purposes of this Condition 5 (*Negative Pledge*).

For the purposes of this Condition 5 (*Negative Pledge*):

"**Charge**" means any mortgage, charge, lien (other than any lien arising by operation of law), pledge or other security interest; and

"**Indebtedness**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures or other like notes (whether or not initially distributed by means of a private placing) which is, or is intended to be, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other established securities market (for which purpose

any such indebtedness shall be deemed not to be capable of being quoted, listed or ordinarily dealt in as aforesaid if the terms of its issue expressly so provide).

6. **Interest**

Notes may be interest-bearing or non-interest-bearing, as specified in the Final Terms. The Final Terms in relation to each Series of interest-bearing Notes shall specify which one (and one only) of Conditions 6A (*Interest – Fixed Rate*), 6B (*Interest – Floating Rate*), 6C (*Interest – Swap-Related (ISDA Determination)*) or 6D (*Interest – Other Rates*) shall be applicable **provided that** Conditions 6E (*Benchmark Replacement*) and 6F (*Interest – Supplemental Provision*) will be applicable as specified therein and save to the extent inconsistent with the Final Terms.

6A. ***Interest – Fixed Rate***

6A.01 Notes in relation to which this Condition 6A (*Interest – Fixed Rate*) is specified in the Final Terms as being applicable shall bear interest from their date of issue (as specified in the Final Terms) at the rate or rates per annum specified in the Final Terms.

6A.02 The Notes shall bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the redemption amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Interest*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the day which is five days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

6A.03 In these Conditions:

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

- (b) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Interest Commencement Date**" means the issue date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Reference Rate**" means the reference rate as specified in the relevant Final Terms;



**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms.

**6B. Interest – Floating Rate**

6B.01 Notes in relation to which this Condition 6B (*Interest – Floating Rate*) is specified in the Final Terms as being applicable shall bear interest at the rates per annum determined in accordance with this Condition 6B (*Interest – Floating Rate*).

6B.02 The Final Terms in relation to each Series of Notes in relation to which this Condition 6B (*Interest – Floating Rate*) is specified as being applicable shall specify which page (the **"Relevant Screen Page"**) on the Reuters Screen or any other information vending service shall be applicable. For these purposes, **"Reuters Screen"** means the display page so designated on the Reuter Monitor Money Rates Service and in respect of the Reuters Screen or any other specified information vending service shall include such other service as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto.

6B.03 The Rate of Interest applicable to such Notes (other than those which reference SONIA, SOFR or €STR) for each Interest Period (as defined in Condition 6F.02 (*Interest Payment Date Conventions*)) shall (subject to Condition 6E (*Benchmark Replacement*)) be determined by the Rate-Setting Agent (as defined in Condition 6F.05 (*Notification of Items Determined by the Rate Setting Agent*)) on the following basis:

- (i) the Rate-Setting Agent will determine the Reference Rate in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time) (or, in the case of Notes denominated in Euro, 11.00 a.m. Brussels time) on the second London Banking Day (or, in the case of Notes denominated in Euro, on the second TARGET Business Day) before (or, in the case of Notes denominated in Pounds Sterling, on) the first day of the relevant Interest Period (the **"Interest Determination Date"**);
- (ii) if no such Reference Rate so appears (or, as the case may require, if fewer than two such Reference Rates so appear), the Issuer or agent appointed by it will request appropriate quotations, the Issuer or an agent appointed by it shall notify the Rate-Setting Agent of all quotations received by it and the Rate Setting Agent will determine the arithmetic mean of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (or, in the case of Notes denominated in Euro, by four major banks in the Euro-zone interbank market), selected by the Issuer or an agent appointed by it, at approximately 11.00 a.m. (London time) (or, in the case of Notes denominated in Euro, 11.00 a.m. Brussels time) on the Interest Determination Date to prime banks in the London interbank market (or, in the case of Notes denominated in Euro, the Euro-zone interbank market) for a period of the duration of the relevant Interest Period and in an

amount that is representative for a single transaction in the relevant market at the relevant time; and

- (iii) if fewer than two rates are so quoted, the Rate-Setting Agent will determine the arithmetic mean of the rates quoted by four major banks in the Business Centre (or, in the case of Notes denominated in Euro, by four major banks in the Euro-zone interbank market) (as defined in Condition 11D.04 (*Payments – General Provisions*)), selected by the Issuer or an agent appointed by, at approximately 11.00 a.m. (Business Centre time) (or, in the case of Notes denominated in Euro, 11.00 a.m. Brussels time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

The Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean) so determined **provided that**, if the Rate-Setting Agent is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the sum of the Margin and the rate (or, as the case may be, the arithmetic mean) last determined in relation to such Notes in respect of a preceding Interest Period.

- 6B.04 The Rate-Setting Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Calculation Amount for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction.
- 6B.05 If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
  - (i) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (ii) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

**provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner, determines appropriate.

6B.06

- (a) *Non-Index Determination*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the relevant Final Terms is SONIA, the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 6E (*Benchmark Replacement*) and subject as provided below) be Compounded Daily SONIA (Lookback) or Compounded Daily SONIA (Observation Shift) plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Rate-Setting Agent.

For the purposes of this Condition 6B.06(a) (*Non-Index Determination*):

"**Applicable Period**" means where Compounded SONIA (Lookback) is specified as applicable in the Final Terms, the relevant Interest Period, and where Compounded SONIA (Observation Shift) is specified as applicable in the Final Terms, the Observation Period;

"**Compounded Daily SONIA**" with respect to an Interest Period, will be calculated by the Rate-Setting Agent on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" means, for the Applicable Period, the number of calendar days in such Applicable Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 365);

"**d<sub>o</sub>**" means, for the Applicable Period, the number of London Banking Days in such Applicable Period;

"**i**" means, for the relevant Applicable Period, a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Applicable Period;

"**Interest Determination Date(s)**" means the date specified as such in the relevant Final Terms;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**" means, for any London Banking Day "**i**", the number of calendar days from, and including, such London Banking Day "**i**" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of the relevant Interest Period, the period from, and including, the date falling "**p**" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "**p**" London Banking Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling "**p**" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period, the number of London Banking Days by which the corresponding Observation Period precedes such Interest Period, as specified in the relevant Final Terms (or, if no such number is specified, five London Banking Days);

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA<sub>i</sub>**" means, in respect of any London Banking Day "**i**" in the Applicable Period, (a) where "**Lookback**" is specified as applicable in the Final Terms, the SONIA Reference Rate for the London Banking Day falling "**p**" London Banking Days prior to such London Banking Day "**i**"; or (b) where "**Observation Shift**" is specified as applicable in the Final Terms, the SONIA Reference Rate for such London Banking Day "**i**".

If, subject to Condition 6E (*Benchmark Replacement*), in respect of any London Banking Day in the relevant Applicable Period, the Rate-Setting Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:

(i) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier close of business) on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one

highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

(ii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Rate-Setting Agent, subject to Condition 6E (*Benchmark Replacement*), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

(b) *Index Determination*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the

$$\left( \frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{start}}} - 1 \right) \times \frac{365}{d}$$

Rate of Interest is to be determined and the Reference Rate specified in the relevant Final Terms is SONIA Index, the Rate of Interest applicable to the relevant Notes for the relevant Interest Period will, subject as provided below, be the rate computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place):

plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**d**" is the number of calendar days from (and including) the day on which the SONIA Compounded Index<sub>Start</sub> is determined to (but excluding) the day on which the SONIA Compounded Index<sub>End</sub> is determined;

"**End**" means the day falling the "p" London Banking Days (as defined in Condition 6B.06(a)) prior to the Interest Payment Date for such Interest Period, or such other date on which the payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Relevant Decimal Place**" shall be the fifth decimal place, rounded up or down if necessary (with 0.000005 being rounded upwards);

"**SONIA Compounded Index**" means the Compounded SONIA Index value as published at 12.30 p.m. (London time) by the administrator of SONIA via authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors); and

"**Start**" means the day falling the "p" London Banking Days (as defined in Condition 6B.06(a) (*Non-Index Determination*)) prior to the first day of the Interest Period.

Subject to Condition 6E (*Benchmark Replacement*), if, with respect to any Interest Period, the rate is not published for the SONIA Compounded Index either on the Start or End date, then the Interest Rate applicable to the relevant Notes for the relevant Interest Period will, for such period as the SONIA Compounded Index is not available, be calculated by the Calculation Agent on the relevant

Interest Determination Date as if SONIA Index was not specified as the Reference Rate in the relevant Final Terms and as if Compounded Daily SONIA was specified instead as the Reference Rate in the relevant Final Terms and the applicable Interest Rate will be determined in accordance with Condition 6B.06(a) (*Non-Index Determination*).

6B.07

- (a) If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the relevant Final Terms is SOFR, the Rate of Interest applicable to the Notes for each Interest Period will be Compounded SOFR (Lookback), Compounded SOFR (Observation Shift), Weighted Average SOFR or Compounded SOFR Index plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Rate-Setting Agent. For the purposes of this Condition 6B.07:

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.00005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"**d**" is the number of calendar days in the relevant Observation Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 360);

"**d<sub>0</sub>**" for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

"**Interest Determination Date**" means the date falling "p" U.S. Government Securities Business Days before each Interest Payment Date, as specified in the relevant Final Terms;

"**Interest Period**" means each period from, and including, an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to, but excluding, the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects or becomes obliged to redeem the Notes on any earlier redemption date, the relevant redemption date);

"**n<sub>i</sub>**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("i+1");

"**Observation Period**": means

- (i) in respect of Weighted Average SOFR or Compounded SOFR (Lookback): the Interest Period; or
- (ii) in respect of Compounded SOFR (Observation Shift): in respect of each Interest Period, the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

"**p**" has the value ascribed to it in the relevant Final Terms;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or
- (ii) if the rate specified in paragraph (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to:

- (i) in respect of Compounded SOFR (Lookback): SOFR in respect of the U.S. Government Securities Business Day falling "p" U.S. Government Business Days prior to that day "i";
- (ii) in respect of Compounded SOFR (Observation Shift): SOFR in respect of that day "i"; or
- (iii) in respect of Weighted Average SOFR:
  - (1) if such U.S. Government Securities Business Day is a SOFR Reset Date, SOFR in relation to the U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and
  - (2) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Cut-Off Period), SOFR in relation to the U.S. Government Securities Business Day immediately preceding the last SOFR Reset Date in such Interest Period;

"**SOFR Reset Date**" means each U.S. Government Securities Business Day during the relevant Interest Period, other than any U.S. Government Securities Business Day in the period from (and including) the day following the Interest Determination Date which, where this definition applies, shall be no less than 5 U.S. Government Securities Business Day prior to the end of the relevant Interest Period to (but excluding) the corresponding Interest Payment Date (such Period, the "**Cut-Off Period**");

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"**Weighted Average SOFR**" means the arithmetic mean of the SOFR in effect for each SOFR Reset Date during the relevant Interest Period (each such U.S. Government Securities Business Day, "i"), calculated by multiplying the relevant SOFR by the number of SOFR Reset Dates such SOFR is in effect, determining the sum of such products and dividing such sum by the number of SOFR Reset Dates in the relevant Interest Period, provided however that the last four SOFR Reset Dates of such Interest Period shall be a "Suspension Period". During a Suspension Period, the SOFR for each day during that Suspension Period will be the value for the SOFR Reset Date immediately prior to the first day of such Suspension Period.

- (b) *Provisions relating to Floating Rate Notes which reference Compounded SOFR Index:* This Condition 6B.07(b) is applicable to Notes only if "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being Compounded SOFR Index, the

Rate of Interest for each Interest Period will, subject as provided below, be Compounded SOFR Index plus or minus (as indicated in the applicable Final Terms) the Margin.

"**Compounded SOFR Index**" means, in respect of an Interest Period, the rate calculated by the Calculation Agent, on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place of a percentage point, with 0.000005 being rounded upwards:

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left( \frac{360}{d_c} \right)$$

where:

"**d<sub>c</sub>**" means the number of calendar days from (and including) SOFR Index<sub>Start</sub> to (but excluding) SOFR Index<sub>End</sub>;

"**p**" means the whole number specified in the applicable Final Terms, such number representing a number of U.S. Government Securities Business Days;

The "**SOFR Index**" in relation to any U.S. Government Securities Business Day shall be the value showing under the heading "SOFR Index" as published by the SOFR Administrator on the SOFR Administrator's Website at 3:00 p.m. (New York Time) on such U.S. Government Securities Business Day ("**SOFR Determination Time**"). Currently, the SOFR Administrator publishes the SOFR Index on its website <https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind>. In the event the value originally published by the SOFR Administrator on or about 3:00 p.m. (New York time) on any U.S. Government Securities Business Day is subsequently corrected and such corrected value is published by the SOFR Administrator on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index in relation to such U.S. Government Securities Business Day;

"**SOFR Index Date**" means a SOFR Index Determination Start Date or a SOFR Index Determination End Date, as the case may be;

"**SOFR Index<sub>End</sub>**" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (a "**SOFR Index Determination End Date**"); and

"**SOFR Index<sub>Start</sub>**" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period (an "**SOFR Index Determination Start Date**").

Subject as set out in Condition 6B.07(c) and 6B.07(d), if the SOFR Index is not published on any relevant SOFR Index Date, and a Benchmark Transition Event and related Benchmark Replacement Date have not occurred, "**Compounded SOFR Index**" means, for an Interest Determination Date with respect to an Interest Period, USD-SOFR-COMPOUND, i.e., the daily compound interest investment (it being understood that the reference rate for the calculation of such interest is the Secured Overnight Financing Rate (SOFR)), calculated in accordance with only the formula and definitions required for such formula set forth in USD-SOFR-COMPOUND of Supplement number 57 (for the avoidance of doubt, without applying all fallbacks included therein) to the 2006 ISDA Definitions (and for the purposes of such provisions, references to "**Calculation Period**" shall mean, the period from and including the date which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period to, but excluding, the date which is "p" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (or if the Notes become due and payable in accordance with Condition 8 (*Events of Default*), the date on which the Notes become due and payable (or, if such date is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such date)) and references to "SOFR Index Cessation Event" shall mean Benchmark Transition Event (as defined below)).

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred during such Interest Period, the provisions below under Condition 6B.07(c) and 6B.07(d) shall apply to such Interest Period and any future Interest Periods (subject to the occurrence of any future Benchmark Transition Event).

- (c) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of Holders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

**"Benchmark"** means, initially, Compounded SOFR or Weighted Average SOFR as applicable, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR or Weighted Average SOFR as applicable (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement;

**"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by the Issuer on the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark; and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate; and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time; and (B) the Benchmark Replacement Adjustment;

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer on the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the



replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of paragraph (i) or (ii) of the definition of "Benchmark Transition Event," the later of: (a) the date of the public statement or publication of information referenced therein; and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of paragraph (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**"ISDA Fallback Adjustment"** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the relevant Benchmark;

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means: (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time; and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (d) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 6B.07 will be notified promptly (and in any event not less than 10 Business Days prior to such changes taking effect) by the Issuer to the Fiscal Agent the Calculation Agent, the Paying Agents and, in accordance with Condition 16 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate duly signed on behalf of the Issuer:

- (A) confirming: (x) that a Benchmark Transition Event has occurred; (y) the relevant Benchmark Replacement; and (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 6B.07; and
- (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

- 6B.08 If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the relevant Final Terms is Compounded Daily €STR, the rate of interest will be the aggregate of Compounded Daily €STR and the above-mentioned Margin (if any) above or below Compounded Daily €STR. Interest shall be payable on the principal amount of the Notes in respect of each successive Interest Period from the Interest Commencement Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days.

For the purposes of this Condition 6B.08:

**"Compounded Daily €STR"** means the rate of return of a daily compound interest investment (with the daily euro short-term rate as the reference rate for the calculation of interest) calculated in accordance with the formula below and the resulting percentage being rounded, if necessary, to the nearest ten-thousandth of a percentage point, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_{i-p\text{TBD}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**"€STR Interest Determination Date"** means the date falling "p" TARGET Business Days prior to the end of each Interest Period;

"**€STR<sub>i-pTBD</sub>**" means, in respect of any TARGET Business Day "i" falling in the relevant Interest Period, the €STR Reference Rate for the TARGET Business Day falling "p" TARGET Business Days prior to the relevant TARGET Business Day, "i";

"**€STR Reference Rate**" means, in respect of any TARGET Business Day, a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Business Day as provided by the €STR Administrator on the €STR Administrator's Website (in each case, on or before 11:00a.m., Central European Time, on the TARGET Business Day immediately following such TARGET Business Day);

"**€STR Administrator**" means the European Central Bank (or any successor administrator of €STR);

"**€STR Administrator's Website**" means as the website of the European Central Bank or any successor source;

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" means the number of TARGET Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Days in chronological order from and including the first TARGET Business Day in the relevant Interest Period;

"**n<sub>i</sub>**" for any TARGET Business Day "i" means the number of calendar days from, and including, such TARGET Business Day "i" up to, but excluding, the following TARGET Business Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date which is "p" TARGET Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means the whole number specified in the Final Terms as the Observation Look-back Period, such number not to be less than five TARGET Business Days without the prior agreement of the Calculation Agent;

"**TARGET Business Day**" means any day on which T2 is open for the settlement of payments in euro; and

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

If the €STR Reference Rate does not appear on a TARGET Business Day as specified above, unless both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the €STR Reference Rate shall be a rate equal to €STR in respect of the last TARGET Business Day for which such rate was published on the €STR Administrator's Website.

If the €STR Reference Rate is not published on a TARGET Business Day as specified above, and both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each TARGET Business Day in the relevant Observation Period occurring on or after such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the ECB (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by the ECB (or any successor administrator of €STR) for the purpose of recommending a replacement for €STR (which rate may be produced by the ECB or another administrator) (the "**ECB Recommended Rate**"), provided that, if no such rate has been recommended before the end of the first TARGET Business Day following the date on which the €STR Index Cessation Event occurs, then the rate for each TARGET Business Day in the relevant Observation Period occurring on or after such €STR Index Cessation Effective Date will be determined as if, references to "€STR" were references to the Eurosystem Deposit Facility Rate,

the rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem, as published on the €STR Administrator's Website (the "**EDFR**") on such TARGET Business Day plus the arithmetic mean of the daily difference between the €STR Reference Rate and the EDFR for each of the 30 TARGET Business Days immediately preceding the date on which the €STR Index Cessation Event occurs (the "**EDFR Spread**").

Provided further that, if both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently occur, then the rate for each TARGET Business Day in the relevant Observation Period occurring on or after that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such TARGET Business Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the 30 TARGET Business Days immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurs.

In the event that the Interest Rate cannot be determined in accordance with the foregoing provisions (i) the Interest Rate shall be that determined at the last preceding €STR Interest Determination Date or (ii) if there is no such preceding €STR Interest Determination Date, the Interest Rate shall be determined as if references to €STR for each TARGET Business Day in the relevant Observation Period occurring on or after the €STR Index Cessation Effective Date were references to the latest published ECB Recommended Rate or, if EDFR is published on a later date than the latest published ECB Recommended Rate, the latest published EDFR plus the EDFR Spread.

In these Conditions:

**"€STR Index Cessation Effective Date"** means, in respect of an €STR Index Cessation Event, the first date on which €STR is no longer provided by the ECB (or any successor administrator of €STR);

**"€STR Index Cessation Event"** means the occurrence of one or more of the following events:

- (a) a public statement or publication of information by or on behalf of the ECB (or any successor administrator of €STR) announcing that it has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide €STR; or
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide €STR;

**"ECB Recommended Rate Index Cessation Effective Date"** means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate is no longer provided; and

**"ECB Recommended Rate Index Cessation Event"** means the occurrence of one or more of the following events:

- (a) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or the publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; or
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the

administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the ECB Recommended Rate,

or if the Notes become due and payable in accordance with Condition 8 (*Events of Default*), the final €STR Interest Determination Date shall be deemed to be the date on which the Notes became due and payable and the rate of interest on the Notes shall, for so long as the Notes remain outstanding, be that determined on such date.

6B.09 Unless otherwise specified in the applicable Final Terms, in no event shall the Rate of Interest or Interest Amount be less than zero.

6C. ***Interest – Swap-Related (ISDA Determination)***

6C.01 Notes in relation to which this Condition 6C (*Interest – Swap-Related (ISDA Determination)*) is specified in the Final Terms as being applicable shall bear interest at the rates per annum determined in accordance with this Condition 6C (*Interest – Swap-Related (ISDA Determination)*).

6C.02 If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions **provided that** in any circumstances where under the ISDA Definitions, Citibank, N.A. London Branch in its capacity as the Fiscal Agent or the Calculation Agent would be required to exercise any discretion, including but not limited to, determinations of alternative or substitute benchmarks, successor reference rates, screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes or the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require Citibank, N.A. London Branch in its capacity as the Paying Agent or Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee, and under which:

- (i) if the Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
  - (A) the Floating Rate Option is as specified in the relevant Final Terms;
  - (B) the Designated Maturity, if applicable, is a period specified in the relevant Final Terms;
  - (C) the relevant Reset Date, unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions;
  - (D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner, determines appropriate;

- (E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Final Terms and:
  - (1) if Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;
  - (2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or
  - (3) if Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Final Terms and:
  - (1) if Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;
  - (2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or
  - (3) if Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (b) Observation Period

Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms;

- (ii) references in the ISDA Definitions to:
  - (A) "**Confirmation**" shall be references to the relevant Final Terms;
  - (B) "**Calculation Period**" shall be references to the relevant Interest Period;
  - (C) "**Termination Date**" shall be references to the Maturity Date;
  - (D) "**Effective Date**" shall be references to the Interest Commencement Date; and
- (iii) if the Final Terms specify "**2021 ISDA Definitions**" as being applicable:
  - (A) "**Administrator/Benchmark Event**" shall be disapplied; and
  - (B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".
- (iv) Unless otherwise defined capitalised terms used in this Condition 6C.02 shall have the meaning ascribed to them in the ISDA Definitions.

6C.03 Unless otherwise specified in the applicable Final Terms, in no event shall the Rate of Interest or Interest Amount be less than zero.

6C.04 As used in this Condition 6C and the Terms and Conditions of the Notes:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at [www.isda.org](http://www.isda.org));

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website ([www.isda.org](http://www.isda.org));

"**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor); and

"**ISDA Definitions**" has the meaning given in the relevant Final Terms.

6D. **Interest – Other Rates**

Notes in relation to which this Condition 6D (*Interest – Other Rates*) is specified in the Final Terms as being applicable shall bear interest at the rates per annum and be payable in the amounts and in the manner determined in accordance with the Final Terms.

6E. **Benchmark Replacement**

6E.01 In addition, notwithstanding the provisions above in this Condition 6 (*Interest*) but subject, where the Reference Rate specified in the relevant Final Terms is (i) SOFR or (ii) €STR, to the operation of the fallback provisions specified in the definition of (i) SOFR in Condition 6B.07 or (ii) €STR in Condition 6B.08, if the Issuer determines that a Benchmark Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate (the "**Original Reference Rate**"), then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 business days prior to the relevant Interest

Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6E (*Benchmark Replacement*)); **provided, however, that** if sub-paragraph (ii) above applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6E (*Benchmark Replacement*);
- (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Issuer and the Fiscal Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 6E (*Benchmark Replacement*). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Issuer or the Fiscal Agent (if required); and
- (v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Fiscal Agent and the Holders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions.



6E.02 **Benchmark Replacement – Additional Provisions**

Notwithstanding any other provision of this Condition 6 (*Interest*) in respect of Eligible Notes only:

- (a) no successor rate, alternative rate and/or adjustment spread (each as determined in accordance with this Condition 6E (*Benchmark Replacement*)) will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect any Benchmark Replacement, Benchmark Replacement Adjustment or Benchmark Replacement Conforming Changes (as applicable) if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Notes as "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's eligible liabilities and/or loss absorbing capacity; and
- (b) no successor rate, alternative rate and/or adjustment spread (each as determined in accordance with this Condition 6E (*Benchmark Replacement*)) will be adopted, and no other amendments to the terms and conditions of the Notes will be made pursuant to this Condition 6E (*Benchmark Replacement*), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Resolution Authority treating an Interest Payment Date as the effective maturity date of the Notes.

Additionally, in connection with any variation or amendment in accordance with this Condition 6 (*Interest*), the Issuer shall comply with the rules of any stock exchange on which the relevant Notes are for the time being listed or admitted to trading.

6E.03 For the purposes of this Condition 6E (*Benchmark Replacement*) and the Terms and Conditions of the Notes:

**"Adjustment Spread"** means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**"Alternative Reference Rate"** means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means:

- (i) the Reference Rate ceasing to be published for a period of at least 10 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Reference Rate that it has ceased or that it will cease to publish the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has become unlawful for any Agent, the Issuer or the Guarantor or other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**"Relevant Nominating Body"** means, in respect of a reference rate:

- (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

6F. ***Interest – Supplemental Provision***

6F.01 Conditions 6F.02 (*Interest Payment Date Conventions*), 6F.03 (*Notification of Items Determined by the Rate Setting Agent*), 6F.04 (*Notification of Items Determined by the Rate Setting Agent*) and 6F.05 (*Notification of Items Determined by the Rate Setting Agent*) shall be applicable in relation to all Notes.

***Interest Payment Date Conventions***

6F.02 The Final Terms may specify which of the following conventions shall be applicable, namely:

- (i) the **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** in which case interest shall be payable in arrear on each date (each an **"Interest Payment Date"**) which numerically corresponds to their date of issue or such other date as may be specified in the Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the Final Terms after

the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred **provided that**:

- (a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day in that calendar month;
  - (b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;
- (ii) the "**Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the Final Terms **provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;
  - (iii) the "**Modified Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the Final Terms **provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Business Day;
  - (iv) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
  - (v) such other convention as may be specified in the Final Terms.

Each period beginning on (and including) such date of issue or such other date as aforesaid and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

***Notification of Items Determined by the Rate Setting Agent***

- 6F.03 The Rate-Setting Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a Calculation Period, Interest Amount, floating amount or other item, as the case may be, determined by it to be notified to the Fiscal Agent who will cause all such determinations to be notified to the other Paying Agents and, in the case of Registered Notes, the Registrar (from whose respective specified offices such information will be available) as soon as practicable after such determination but in any event not later than the fourth London Banking Day thereafter and, in the case of Notes admitted to the official list maintained by the UK Financial Conduct Authority (the "**FCA**") (the "**Official List**"), cause each such Rate of Interest, floating rate, Interest Payment Date, final day of a Calculation Period, Interest Amount, floating amount or other item, as the case may be, determined by it to be notified to the FCA. In these Conditions, "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.
- 6F.04 The Rate-Setting Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or last day of a Calculation Period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or Calculation Period. If the Calculation Amount is less than the minimum Specified

Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- 6F.05 The determination by the Rate-Setting Agent of all rates of interest and amounts of interest for the purposes of this Condition 6 (*Interest*) shall, in the absence of manifest error, be final and binding on all parties. As used herein, the "**Rate-Setting Agent**" means the Fiscal Agent or such other agent as may be specified in the Final Terms.
- 6F.06 In the case of partly-paid Notes (other than partly-paid Notes which are non-interest-bearing) interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as indicated in the applicable Final Terms.

## 7. **Redemption and Purchase**

### *Redemption at Maturity*

- 7.01 Unless previously redeemed, or purchased and cancelled, Notes shall be redeemed at their principal amount (or at such other redemption amount as may be specified in the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

### *Early Redemption or Substitution for Taxation Reasons*

- 7.02 If, in relation to any Series of Notes, but subject in the case of Eligible Notes to Condition 7.10, (*Restrictions on Early Redemption or Purchase of Eligible Notes*) (i) as a result of any change in the laws of the Republic of Finland or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes on the occasion of the next payment due in respect of such Notes the Issuer would be required to pay additional amounts as provided in Condition 9 (*Taxation*) and (ii) such circumstances are evidenced by the delivery by the Issuer to the Fiscal Agent and in the case of VPS Notes, to the VPS and the VPS Account Manager, of a certificate duly signed by an authorised signatory of the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Issuer may, at its option, having given no less than thirty nor more than sixty days' notice (or such other notice period as may be specified in the relevant Final Terms) (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 15 (*Meetings of Holders*) (which notice shall be irrevocable):
- (A) redeem all (but not some only) of the Notes comprising the relevant Series at their principal amount (or at such other redemption amount as may be specified in the Final Terms), together with accrued interest (if any) thereon provided, however (and except in the case of Notes which bear interest at a floating rate), that no such notice of redemption may be given earlier than ninety days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due; or
  - (B) substitute, without the consent of any Holders of Notes **provided that** no payment in respect of any such Series is overdue, an Affiliate to assume liability for the due and punctual payment of all payments on all Notes then outstanding and the performance of all the Issuer's other obligations under all the Notes then outstanding and the Fiscal Agency Agreement and the Deed of Covenant.

Upon any such assumption, the assuming company shall succeed to the rights and obligations of the Issuer (or any previous assuming company) under the Notes, the Fiscal Agency Agreement and the Deed of Covenant and the Issuer or any previous assuming company shall be released from its liability on the Notes, the Fiscal Agency Agreement and the Deed of Covenant. Such assumptions shall be permitted only if the assuming company, the Issuer and the Guarantor enter into a deed poll (the "**Deed Poll**") whereby (i) the assuming company assumes the obligations of the Issuer under the Notes, the Fiscal Agency Agreement and the Deed of Covenant, (ii) the assuming

company and the Guarantor agree to indemnify each Holder and each Account Holder against (a) any tax, duty, fee or governmental charge which is imposed on such Holder or Account Holder with respect to such Note or Deed of Covenant, as the case may be, and which would not have been so imposed had such assumption not been made, (b) any tax, duty, fee or governmental charge imposed on or relating to the act of assumption and (c) any costs or expenses of the act of assumption, (iii) the Guarantor unconditionally guarantees (irrespective of the validity, regularity or enforceability against the assuming company of any Note, the Deed of Covenant, the Fiscal Agency Agreement or the Deed Poll or of any action to enforce the same and substantially to the effect scheduled to the Fiscal Agency Agreement) all payments in respect of the Notes, the Fiscal Agency Agreement, the Deed of Covenant and the Deed Poll and (iv) the assuming company and the Guarantor warrant that all necessary governmental approvals and consents for the assumption by the assuming company of its obligations and the giving and implementation of the Guarantor's guarantee have been obtained and are in full force and the obligations of the assuming company under the Notes, the Deed of Covenant, the Fiscal Agency Agreement and the Deed Poll and of the Guarantor under its guarantee to guarantee payments in respect of the Notes, the Deed of Covenant, the Fiscal Agency Agreement and the Deed Poll are legal, valid, binding and enforceable in accordance with their terms **provided that** no substitution shall take place pursuant to Condition 7.02(B) (A) unless the assuming company and the Guarantor have obtained legal opinions containing no material qualifications from independent legal advisers of recognised standing in the country of incorporation of the assuming company, Finland and in England that the obligations of the assuming company and of the Guarantor are legal, valid and binding and that all consents and approvals as aforesaid have been obtained and (B) in the case of Eligible Notes, if doing so would prejudice the qualification of the Eligible Notes as "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's eligible liabilities and/or loss absorbing capacity.

As used herein, "**Affiliate**" means any entity controlled, directly or indirectly, by the Guarantor, any entity that controls the Issuer, directly or indirectly, or any entity under common control with the Issuer. For this purpose, "**control**" of the Issuer or any entity means ownership of a majority of the voting power of the Issuer or such entity.

Not less than thirty nor more than ninety days prior to the effective date of the assumption by the assuming company, the Issuer shall procure the notification to the Holders, in accordance with Condition 15 (*Meetings of Holders*), of the assumption and stating that copies, or pending execution thereof final drafts, of the Deed Poll and other relevant documents and of the legal opinions are available for inspection by Holders at the specified offices of the Fiscal Agent and the Registrar. The originals of the Deed Poll and other documents will be delivered to the Fiscal Agent to hold until there are no claims outstanding in respect of the Notes, the Deed of Covenant, the Fiscal Agency Agreement or the Deed Poll. The assuming company, the Issuer and the Guarantor shall in the Deed Poll acknowledge the right of every Holder of any Note or, as the case may be, every Account Holder to the production of such documents.

Upon the assumption becoming effective, references in these Conditions to the "**Republic of Finland**", shall be deemed to be replaced by references to the country of incorporation and, if different, the country of tax residence of the assuming company.

#### ***Optional Early Redemption (Call)***

- 7.03 If this Condition 7.03 (*Optional Early Redemption (Call)*) is specified in the Final Terms as being applicable, subject in the case of Eligible Notes to Condition 7.10 (*Restrictions on Early Redemption or Purchase of Eligible Notes*), the Issuer may, upon the expiry of the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent specified otherwise in the relevant Final Terms, some only) of the Notes at their principal amount (or such other redemption amount as may be specified in the Final Terms) together with accrued interest (if any) thereon.
- 7.04 The appropriate notice referred to in Condition 7.03 (*Optional Early Redemption (Call)*) is a notice given by the Issuer to the Fiscal Agent, the Registrar (in the case of Registered Notes) and the Holders of the Notes, which notice shall be duly signed by the Issuer and shall specify:
- (i) the Series of Notes subject to redemption;

- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) in the case of Eligible Notes, that the pre-conditions in Condition 7.10 (*Restrictions on Early Redemption or Purchase of Eligible Notes*) have been met; and
- (iv) the due date for such redemption, which shall be not less than thirty days (or such lesser period as may be specified in the Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

***Partial Redemption***

7.05 If some only of the Notes of a Series are to be redeemed on any date in accordance with Condition 7.03 (*Optional Early Redemption (Call)*):

- (i) in the case of Bearer Notes the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed, traded and/or quoted (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount at their discretion);
- (ii) in the case of Registered Notes, the Notes shall be redeemed *pro rata* to their principal amounts, subject always as aforesaid; and
- (iii) in the case of VPS Notes, Notes to be redeemed shall be selected in accordance with the rules of the VPS.

***Optional Early Redemption (Put)***

7.06 This Condition 7.06 (*Optional Early Redemption (Put)*) is applicable in relation to Senior Notes only. If this Condition 7.06 (*Optional Early Redemption (Put)*) is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note, redeem such Note on the date or the next of the dates specified in the Final Terms at its principal amount (or such other redemption amount as may be specified in the Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date specified (or such other period as may be specified in the Final Terms), deposit the relevant Note (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar.

In the case of VPS Notes, the Holders must, within the notice period, give notice to the relevant VPS Account Manager of such exercise in accordance with the standard procedures of the VPS from time to time.

***Early Redemption of Eligible Notes as a result of an MREL Disqualification Event***

7.07 Subject to Condition 7.10 (*Restrictions on Early Redemption or Purchase of Eligible Notes*), if this Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) is specified in the applicable Final Terms as being applicable to an issue of Eligible Notes, then if an MREL Disqualification Event occurs the Issuer may, at its option, elect to redeem the Eligible Notes in whole (but not in part) at any time at their principal amount together with accrued and unpaid interest (if any) thereon up to (but excluding) the date fixed for redemption, by giving appropriate notice to the Holders in accordance with Condition 16 (*Notices*).

The appropriate notice referred to in this Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) is a notice given by the Issuer to the Fiscal Agent, the Registrar (in the case of Registered Notes) and the Holders of the Notes, which notice shall be duly signed by the Issuer and shall specify:

- (i) the Series of Notes subject to redemption;
- (ii) that the pre-conditions in Condition 7.10 (*Restrictions on Early Redemption or Purchase of Eligible Notes*) have been met; and
- (iii) the due date for such redemption, which shall be not less than thirty days nor more than sixty days (or such other period as may be specified in the Final Terms) after the date on which such notice is validly given.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Any refusal by the Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

In these Conditions, "**MREL Disqualification Event**" means, in respect of a Series of Eligible Notes, the determination by the Issuer that, as a result of any amendment to, or change in, or replacement of, the relevant Applicable Banking Regulations, in any such case becoming effective on or after the issue date of the first Tranche of such Series of Eligible Notes, the whole or any part of the outstanding aggregate principal amount of such Series at any time is not included in, ceases or (in the opinion of the Issuer) will cease to count towards, the Issuer's eligible liabilities and/or loss absorbing capacity in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations and **provided that** such change was not reasonably foreseeable by the Issuer as at the issue date of the last Tranche of such Series of the Eligible Notes and **provided further that** an MREL Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the relevant Series of Eligible Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards, such eligible liabilities and/or loss absorbing capacity due to: (a) the remaining maturity of such Eligible Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations; or (b) any applicable limits on the amount of "eligible liabilities" or senior preferred "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL requirements applicable to the Issuer being exceeded.

#### ***Purchase of Notes***

- 7.08 The Issuer may at any time purchase Notes in the open market or otherwise and at any price **provided that**, in the case of interest-bearing Definitive Notes, all unmatured Coupons appertaining thereto are purchased therewith and **provided further that** any purchase of Eligible Notes and any unmatured Coupons appertaining thereto will be made in accordance with the Applicable Banking Regulations and subject to the prior approval of or permission from the Resolution Authority.

Any refusal by the Resolution Authority to grant its approval or permission as described above will not constitute an event of default under the relevant Eligible Notes.

#### ***Cancellation of Redeemed and Purchased Notes***

- 7.09 All unmatured Notes redeemed or purchased in accordance with this Condition 7 (*Redemption and Purchase*) and, in the case of interest-bearing Definitive Notes, any unmatured Coupons attached thereto or surrendered or purchased therewith may be cancelled reissued or resold, (save for VPS Notes, which will be deleted from the records of VPS and cannot thereafter be reissued or resold).

#### ***Restrictions on Early Redemption or Purchase of Eligible Notes***

- 7.10 The Issuer may redeem any Eligible Notes in accordance with the terms of Conditions 7.02 (*Early Redemption or Substitution for Taxation Reasons*), 7.03 (*Optional Early Redemption (Call)*) or 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) (and give

notice thereof to the Holders) or purchase any Eligible Notes in accordance with Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) only if such redemption or purchase is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from the Resolution Authority and:

- (a) before or at the same time as such redemption or repurchase of any Eligible Notes, the Issuer replaces such Eligible Notes with own funds instruments or eligible liabilities instruments of an equal or higher quality at terms that are sustainable for its income capacity; or
- (b) the Issuer has demonstrated to the satisfaction of the Resolution Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under CRR and BRRD by a margin that the Resolution Authority, in agreement with the Competent Authority, considers necessary; or
- (c) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR for continuing authorisation,

**provided that** if, at the time of such redemption or purchase, the Applicable Banking Regulations permit the redemption or purchase after the compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (a) to (c) above, the Issuer having complied with such other pre-conditions in addition to or in lieu of the above pre-conditions.

Any refusal by the Resolution Authority to grant its approval or permission as described above will not constitute an event of default under the relevant Eligible Notes.

In these Conditions:

**"Applicable Banking Regulations"** means at any time the laws, regulations, requirements, guidelines and policies relating to eligible liabilities, loss absorbing capacity and/or resolution then in effect in the Republic of Finland including, without limitation to the generality of the foregoing, the SRM Regulation, BRRD (and national laws and regulations implementing BRRD), CRR and those regulations, requirements, guidelines and policies relating to eligible liabilities, loss absorbing capacity and/or resolution adopted by the EU Commission or the Resolution Authority from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

**"BRRD"** means the Bank Recovery and Resolution Directive 2014/59/EU as amended or replaced from time to time.

**"Competent Authority"** means any authority having primary responsibility for the prudential oversight and supervision of the Issuer at the relevant time.

**"CRR"** means Regulation (EU) No. 575/2013, as amended or replaced from time to time.

**"Resolution Authority"** means the SRB, or any successor to or replacement for the SRB and/or any resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer or with primary responsibility for the oversight and supervision of the Issuer's eligible liabilities and/or loss absorbing capacity from time to time.

**"SRM Regulation"** means Regulation (EU) No. 806/2014, as amended or replaced from time to time.

## 8. **Events of Default**

### 8.01 *Senior Notes*

- (a) This Condition 8.01 is applicable in relation to Senior Notes, only. Unless otherwise specified in the Final Terms, the following events or circumstances (each an **"Event of Default"**) shall be events of default in relation to Senior Notes of any Series, namely:



- (i) the Issuer fails to pay any amount payable in respect of any Note for a period of more than ten days from the due date to make payment thereof; or
  - (ii) default is made by the Issuer or the Guarantor in the performance or observance of any other obligation, condition or provision binding on it under or in respect of any of such Notes and such default continues for ninety days after written notice of such failure, requiring the Issuer or, as the case may be, the Guarantor to remedy the same, shall first have been given to the Fiscal Agent by the Holder of any such Note at the time outstanding; or
  - (iii) any indebtedness for or in respect of borrowed money of the Issuer or the Guarantor becomes due and repayable prematurely by reason of an event of default (howsoever called) or the Issuer or the Guarantor fails to make any payment in respect of any indebtedness for or in respect of borrowed money on the due date for payment as extended by any applicable grace period or any security given by the Issuer or the Guarantor for any indebtedness for borrowed money becomes enforceable or if default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other person in an aggregate amount of at least €50,000,000 (or its equivalent in any other currency or currencies); or
  - (iv) the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent, or suspends payments, any order or action is made or taken by any competent court or administrative agency, or any resolution is passed by the Issuer or the Guarantor, to apply for judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or the Guarantor or a substantial part of their assets, or the Issuer or the Guarantor is wound up or dissolved; or
  - (v) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.
- (b) If any Event of Default shall occur in relation to any Series of Notes, any Holder of a Note of the relevant Series may by written notice to the Issuer declare such Note and (if the Note is interest-bearing) all interest then accrued on such Note to be forthwith due and payable, whereupon the same shall become immediately due and payable at its principal amount (or at such other amount as may be specified in the Final Terms) without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding unless prior to the time when the Issuer receives such notice all Events of Default in respect of all the Notes shall have been cured.

8.02 ***Eligible Notes***

- (a) This Condition 8.02 is applicable in relation to Eligible Notes only. The following events or circumstances (each an "**Event of Default**") shall be events of default in relation to Eligible Notes of any relevant Series, namely:
  - (i) the Issuer fails to pay any amount payable in respect of any Note for a period of more than ten days from the due date to make payment thereof; or
  - (ii) an order is made or an effective resolution is passed for the winding-up or liquidation or bankruptcy of the Issuer in the Republic of Finland.
- (b) If any Event of Default shall occur in relation to any Series of Notes:
  - (i) in the case of an Event of Default described at Condition 8.02(a)(i), any Holder of any Note of the relevant Series may, subject as provided below, at its discretion institute proceedings in the Republic of Finland for the winding-up or bankruptcy of the Issuer (**provided that** such steps are available for a creditor under applicable law) and prove or claim in the bankruptcy or liquidation of the Issuer

but subject to such Holder only being able to claim payment in respect of the Notes in the winding-up or liquidation, as the case may be, of the Issuer; or

- (ii) in the case of an Event of Default described at Condition 8.02(a)(ii), any Holder of any Note of the relevant Series may, subject as provided below, at its discretion give written notice to the Issuer that such Note is, and it shall accordingly thereby immediately become, due and repayable at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms) together with accrued interest (if any) thereon but subject to such Note only becoming due and payable, and to each Holder only being able to claim payment in respect of the Notes in the winding-up or liquidation, as the case may be, of the Issuer.

The Holder of any Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to paragraph (i) above, any obligation for the payment of any principal or interest in respect of the Notes) **provided that** the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the Resolution Authority. Any refusal by the Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

- (c) No remedy against the Issuer, other than as provided in paragraph (b) above shall be available to the Holders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

*For the avoidance of doubt, any exercise of any Bail-in and Loss Absorption Powers, resolution action or moratorium by the Resolution Authority will not constitute an Event of Default, default or a breach of the Issuer's obligations in respect of the Notes, or a failure to perform any of the Issuer's obligations or duties in respect of such Notes in any manner whatsoever, and shall not, of itself, entitle Holders to petition for the winding-up, liquidation or bankruptcy of the Issuer.*

## 9. **Taxation**

9.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Finland or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event the Issuer or (as the case may be) the Guarantor will pay such additional amounts (in the case of Eligible Notes, in respect of any payment of interest only, but not in respect of payments of principal or other redemption amounts) as may be necessary in order that the net amounts receivable by the Holders (in the case of Eligible Notes, in respect of any payment of interest only) after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deduction (in the case of Eligible Notes, in respect of any payment of interest only); except that no such additional amounts shall be payable in respect of payment on any Note or Coupon:

- (i) presented for payment by or on behalf of a Holder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic of Finland other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days.

9.02 The Issuer or (as the case may be) the Guarantor is permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing

legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**") as a result of a Holder, a beneficial owner or an intermediary that is not an agent of the Issuer or (as the case may be) the Guarantor not being entitled to receive payments free of FATCA withholding. The Issuer or (as the case may be) the Guarantor will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer or the Guarantor, or either of their agents or any other party.

- 9.03 In these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Notes in accordance with Condition 16 (*Notices*).
- 9.04 Any reference in these Conditions to interest in respect of the Notes and to principal and/or redemption amount in respect of the Senior Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking given in addition thereto or in substitution therefor.
- 9.05 The Final Terms may set forth certain additional tax consequences to Holders of Notes of a particular Series.

10. **Substitution or Variation**

This Condition is applicable in relation to Eligible Notes only. If the relevant Final Terms specify Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) as being applicable, then if an MREL Disqualification Event has occurred and is continuing, or to ensure the effectiveness or enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), the Issuer may, upon the expiry of the appropriate notice and subject to the other provisions of this Condition 10 (*Substitution or Variation*) (without any requirement for the consent or approval of the Holders of the Eligible Notes) either substitute all (but not some only) of the Eligible Notes for, or vary the terms of the Eligible Notes so that they remain or, as appropriate, become, Compliant Instruments, **provided that**:

- (i) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities;
- (ii) such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings solicited by the Issuer of the Eligible Notes as assigned to such Eligible Notes by any Rating Agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and
- (iii) in the reasonable opinion of the Issuer, such variation or substitution is not materially less favourable to Holders of the relevant Eligible Notes (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

For the avoidance of doubt, any such substitution or variation shall not be deemed to be a modification or amendment for the purposes of Condition 15 (*Meetings of Holders*).

Any substitution or variation pursuant to this Condition 10 (*Substitution or Variation*) is to be made in accordance with the Applicable Banking Regulations (including the Issuer obtaining prior permission of the Resolution Authority as required pursuant to the Applicable Banking Regulations) and complying with the rules of any competent authority, stock exchange and/or quotation system by or on which the Eligible Notes are, for the time being, listed, traded and/or quoted.

Any refusal by the Resolution Authority to grant its permission will not constitute an event of default under the relevant Eligible Notes.

The appropriate notice referred to in this Condition 10 (*Substitution or Variation*) is a notice given by the Issuer to the Fiscal Agent, the Registrar (in the case of Registered Notes) and the Holders of the Notes, which notice shall be duly signed by the Issuer and shall specify:

- (i) the Series of Notes subject to substitution or variation;
- (ii) that a MREL Disqualification Event has occurred and is continuing or (as the case may be) the substitution or variation is, in the opinion of the Issuer, considered necessary to ensure the effectiveness or enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*);
- (iii) that the pre-conditions in this Condition 10 (*Substitution or Variation*) have been met; and
- (iv) the due date for such substitution or variation, which shall be not less than thirty days nor more than sixty days (or such other period as may be specified in the Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the substitution or variation therein specified.

In these Conditions:

**"Compliant Instruments"** means Eligible Notes issued directly by the Issuer that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Eligible Notes, as reasonably determined by the Issuer, **provided that** such Eligible Notes:
  - (i) contain terms which comply with the then current requirements in relation to the Issuer's eligible liabilities and/or loss absorbing capacity;
  - (ii) include terms which provide for the same Rate of Interest, Interest Payment Dates from time to time, Maturity Date and redemption rights applying to the Eligible Notes;
  - (iii) rank *pari passu* with the Eligible Notes;
  - (iv) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied;
  - (v) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest; and
  - (vi) do not contain terms providing for loss absorption through principal write-down or conversion (but without prejudice to any acknowledgement of statutory write down or conversion powers substantially similar to that in Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*));
- (b) where the Eligible Notes have been listed, are listed on the Market or such other internationally recognised stock exchange as selected by the Issuer; and
- (c) where the Eligible Notes which have been substituted or varied had a published solicited rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Eligible Notes (unless any downgrade of the rating is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

**"Rating Agency"** means S&P Global Ratings Europe Limited, Moody's Investors Service España, S.A., their respective successors or any other internationally recognised rating agency rating the Eligible Notes, at the invitation of the Issuer, immediately prior to their substitution or variation.

11. **Payments**

11A. ***Payments Bearer Notes***

11A.01 This Condition 11A (*Payments Bearer Notes*) is applicable in relation to Notes specified in the Final Terms as being in bearer form.

11A.02 Payment of amounts (including accrued interest) due on the redemption of Bearer Notes will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

11A.03 Payment of amounts due in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of the initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside the United States.

11A.04 If the due date for payment of any amount due (whether in respect of principal, interest or otherwise) in respect of any Bearer Note is not a Business Day, then the Holder thereof will not be entitled to payment in such a place of the amount due until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

11A.05 Each Definitive Note initially delivered with Coupons attached thereto should be surrendered for final redemption together with all unmatured Coupons appertaining thereto, failing which:

- (i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time prior to the tenth anniversary of the due date of such final redemption or, if later, the fifth anniversary of the date of maturity of such Coupon; and
- (ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

11B. ***Payments Registered Notes***

11B.01 This Condition 11B (*Payments Registered Notes*) is applicable in relation to Notes specified in the Final Terms as being in registered form.

11B.02 Payment of amounts (including accrued interest) due on the final redemption of Registered Notes will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the final redemption amount of Registered Notes is not a Business Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

11B.03 Payment of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption of Registered Notes) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at:

- (i) in the case of Registered Notes which are not in global note form, opening of business (Dublin time) on the fifteenth Dublin Banking Day before the due date for such payment where "**Dublin Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Dublin; or
- (ii) in the case of Registered Notes which are in global note form, close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means a day on which each clearing system for which the Registered Note is being held is open for business,

(the "**Record Date**").

11B.04 Notwithstanding the provisions of Condition 11D.02, payments of interest due (other than in respect of the final redemption of Registered Notes) in respect of Registered Notes will be made by cheque and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Business Day immediately preceding the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account (in the case aforesaid, a non-resident account with an authorised foreign exchange bank).

11C. ***Payments VPS Notes***

Payments of principal and interest will be made to the Holder of VPS Notes shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time regulating the VPS.

11D. ***Payments – General Provisions***

11D.01 Save as otherwise specified herein, this Condition 11D (*Payments – General Provisions*) is applicable in relation to Notes whether in bearer or in registered form.

11D.02 Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Notes will be made by cheque, or by transfer to, a bank account maintained by the payee accepting payments in the Specified Currency. Payments will, without prejudice to the provisions of Condition 9 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations.

11D.03

- (i) Payments of principal and interest in respect of Notes held through DTC and represented by a global Registered Note which are denominated in a Specified Currency other than U.S. dollars will be made in U.S. dollars, unless the Holder of such Notes elects to receive payments in respect of all or part of its Notes in the relevant Specified Currency in accordance with the procedures set out under Condition 11D.03(ii) below. To the extent that Holders of such Notes shall not have made such election in respect of any payment of principal or interest, the aggregate amount designated for all such Holders of Notes in respect of such payment (the "**Conversion Amount**") will be converted by the Exchange Agent into U.S. dollars and paid by wire transfer of same-day funds to, or to the order of, the registered Holder for payment through DTC's settlement system to the relevant DTC participants. All costs of any such conversion will be deducted from such payments. Any such conversion will be based on the foreign exchange conversation rate (including, for the avoidance of doubt, any third party indices forming the basis for such conversation rate) for settlement offered to the Exchange Agent by one of its affiliates (the "**Universal Applicable Exchange Rate**") on the second business day preceding the relevant payment date, for the purchase by the Exchange Agent of the Conversion Amount with U.S. dollars for settlement on such payment date. Payment of the Conversion Amount will be made in the Specified Currency to the account or accounts specified by DTC to the Exchange Agent. Until such account or accounts are

so specified, the funds still held by the Exchange Agent will bear interest at the rate of interest quoted by the Exchange Agent for deposits with it on an overnight basis, to the extent that the Exchange Agent is reasonably able to reinvest such funds.

- (ii) Any Holder of Notes held through DTC and represented by a global Registered Note which are denominated in a Specified Currency other than U.S. dollars may elect to receive payment of principal and interest with respect to all or part of its Notes in the Specified Currency by causing DTC, through the relevant DTC participant, to notify the Exchange Agent of (i) such Holder of the Note's election to receive all or a portion of such payment in the Specified Currency and (ii) wire transfer instructions to an account in the Specified Currency. Such election in respect of any payment may be made by the Holder of the Notes at the time and in the manner required by the DTC procedures applicable from time to time and will, in accordance with such procedures, be irrevocable. DTC's notification of such election, wire transfer instructions and the amount payable in the Specified Currency pursuant to this paragraph (ii) must be received by the Exchange Agent prior to 5.00 p.m. New York City time, on the fifteenth calendar day prior to the due date for payment thereof (the "DTC Record Date"). Any such payment in the Specified Currency will be made in accordance with the Fiscal Agency Agreement by wire transfer of same-day funds to accounts denominated in the Specified Currency designated to the Exchange Agent by DTC.

11D.04 In these Conditions:

**"Business Centre"** has the meaning specified in the relevant Final Terms;

**"Business Day"** means (unless varied or restated in the Final Terms) a day:

- (a) in relation to Notes payable in Euro, which is a TARGET Business Day and in each (if any) Business Centre; and
- (b) in relation to Notes payable in any other currency, which is a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Business Centre(s);

**"Euro"** means the currency introduced at the start of the third state of European economic and monetary union, and as defined in Article 2 of Council Regulations (EC) No 974/98 of 3 May 1998 on the introduction of the euro as amended;

**"Euro-zone"** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty;

**"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"TARGET Business Day"** means any day on which T2 is open for the settlement of payments in euro;

**"Treaty"** means the Treaty establishing the European Union, as amended; and

**"T2"** means the real time gross settlement system operated by the Eurosystem, or any successor system.

## 12. Prescription

- 12.01 Bearer Notes and Coupons will become void unless presented for payment within ten years (or, in the case of Coupons and save as provided in Condition 10A.05, five years) after the due date for payment.
- 12.02 Claims against the Issuer in respect of Registered Notes will be prescribed unless made within ten years (or, in the case of claims in respect of interest, five years) after the due date for payment.

13. **The Paying Agents and the Registrars**

13.01 The initial Paying Agents and the Registrar and their respective initial specified offices are specified below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar and to appoint additional or other Paying Agents or another Registrar **provided that** it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Paying Agent with a specified office in continental Europe (but outside the United Kingdom), and (iv), so long as any Notes are listed on the Official List, a Paying Agent with a specified office in London. The Paying Agents and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Registrar will be notified promptly to the Holders.

14. **Replacement of Notes**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes), subject to all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes are listed and/or traded, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Fiscal Agent or, as the case may be, the Registrar may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered.

15. **Meetings of Holders**

The Fiscal Agency Agreement contains provisions, which are binding on the Issuer, the Guarantor and the Holders of Notes (other than VPS Notes) or Coupons, for convening meetings of the Holders of Notes (other than VPS Notes) of any Series to consider matters affecting their interests, including the modification or waiver of the Terms and Conditions applicable to any Series of Notes (other than VPS Notes). Any modification of the Terms and Conditions in respect of a Series of Eligible Notes is subject to the Issuer notifying, obtaining prior consent and/or non-objection of the Resolution Authority pursuant to the Applicable Banking Regulations.

The VPS Trustee Agreement might contain provisions for convening meetings of the Holders of VPS Notes to consider any matter affecting their interests, including sanctioning by a majority of two-thirds of votes (as more fully set out in the VPS Trustee Agreement) of a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement or the VPS Account Manager Agreement. Such a meeting may be convened by the Issuer, the VPS Trustee, or by Holders of VPS Notes holding not less than 10 per cent. of the Voting VPS Notes (as defined in the VPS Trustee Agreement). The quorum at any such meeting for passing a resolution requiring a two-thirds voting majority is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing Holders of VPS Notes whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes, the VPS Trustee Agreement or the VPS Account Manager Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the VPS Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the VPS Notes for the time being outstanding. A resolution passed at any meeting of the Holders of VPS Notes shall be binding on all the Holders of VPS Notes, whether or not they are present at such meeting.

16. **Notices**

***To Holders of Bearer Notes***

16.01 Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified in the Final Terms, be deemed to be validly given if published in a leading daily



newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication is not practicable, if published in a leading English-language newspaper having general circulation in Europe or, in the case of a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system, as the case may be, for communication by them to the persons shown in their respective records as having interests therein **provided that**, in the case of Notes admitted to the Official List, the requirements of the Financial Conduct Authority have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or such delivery. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition 16.01 (*To Holders of Bearer Notes*).

16.02 ***To Holders of VPS Notes***

In the case of VPS Notes, notices shall be given in accordance with the procedures of the VPS as amended from time to time.

***To Holders of Registered Notes***

- 16.03 Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail to them (or, in the case of joint Holders, the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

***To the Issuer or the Guarantor***

- 16.04 Notices to the Issuer or the Guarantor, as the case may be, will be deemed to be validly given if, in the case of the Issuer, delivered at P.O. Box 744 Jaakonkatu 3A, 5<sup>th</sup> floor FI-00101, Helsinki, Finland and, in the case of the Guarantor, if delivered at Yrjönkatu 11 A 1, FI-00120, Helsinki, Finland and clearly marked on their exterior in the case of notices to the Issuer "Urgent – Attention: Managing Director/Deputy Managing Director" and in the case of notices to the Guarantor "Urgent – Attention: Managing Director" (or at such other address and for such other attention as may have been notified to the Holders of the Notes in accordance with this Condition 16 (*Notices*)) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's or Guarantor's, as the case may be, principal office is open for business.

17. **Further Issues**

The Issuer may from time to time without the consent of the Holders of any Notes of any Series but with the consent of the Guarantor create and issue further Notes having terms and conditions the same as those of the Notes of such Series or the same except for the amount of the first payment of interest (if any) and having the benefit of the Guarantee, which may be consolidated and form a single Series with the outstanding Notes of such Series.

18. **Law and Jurisdiction**

- 18.01 The Notes, the Fiscal Agency Agreement, the Guarantee and the Deed of Covenant and all non contractual obligations arising out of or in connection with any of them are governed by English law except VPS Notes that will be governed by Norwegian law. Further, the VPS Trustee Agreement and the VPS Account Manager Agreement will be governed by and shall be construed in accordance with Norwegian law.
- 18.02 The Issuer agrees for the benefit of the Holders of the Notes that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes (including any non-contractual obligations arising out of or in connection with the Notes). However, the Issuer agrees, for the exclusive benefit of the VPS Trustee and the Holders of VPS Notes that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement, the VPS Notes and the VPS Account Manager Agreement.

- 18.03 The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.
- 18.04 Condition 18.02 is for the benefit of the Holders of the Notes only. As a result, nothing in this Condition 18 (*Law and Jurisdiction*) prevents any Holder of a Note from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders of the Notes may take concurrent Proceedings in any number of jurisdictions.
- 18.05 The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Vistra Trust Company Limited at 7<sup>th</sup> Floor, 50 Broadway, London, SW1H 0DB or at any other address of the Issuer in Great Britain at which service of process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Holder of a Note addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Holder of a Note shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this Condition 18.05 (*Law and Jurisdiction*) shall affect the right of any Holder of a Note to serve process in any other manner permitted by law. This Condition 18.05 (*Law and Jurisdiction*) applies to proceedings in England and to Proceedings elsewhere.
- 18.06 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- 18.07 To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

19. **Provision of Information**

For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any Holder of, or beneficial owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser being designated but such Holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act.

20. **Third Party Rights**

Except as set forth in Condition 19 (*Provision of Information*), no person shall have any right to enforce any of these Conditions under the Contracts (Rights of Third Parties) Act 1999.

21. **Acknowledgment of Bail-in and Loss Absorption Powers**

- 21.01 Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
    - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
    - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
    - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
    - (iv) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
  - (b) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.
- 21.02 No repayment or payment of the Relevant Amounts in relation to the Notes, will become due and payable or be paid after the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority if and to the extent such amounts have been reduced, converted, written-down, cancelled, amended or altered as a result of such exercise.
- 21.03 None of (i) a reduction or cancellation, in part or in full, of the Relevant Amounts in relation to the Notes, (ii) the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Issuer, and (iii) the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Notes will constitute an Event of Default or default for any purpose or give rise to any acceleration rights in respect of the Notes.
- 21.04 Upon the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority with respect to any Notes, the Issuer shall as soon as reasonably practicable notify the Holders of Notes of such exercise in accordance with Condition 16 (*Notices*). Any delay or failure by the Issuer in delivering any notice referred to in this Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*) shall not affect the validity and enforceability of any Bail-in and Loss Absorption Powers by the Resolution Authority.
- 21.05 In these Conditions:

**"Bail-in and Loss Absorption Powers"** means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or resolution related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Finland, relating to (i) the transposition of the BRRD or the application of the SRM Regulation and (ii) the instruments, rules and standards created under the BRRD or the SRM Regulation, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

**"Relevant Amounts"** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

## PRO FORMA FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

### **OPTION - EU MiFID II and UK MiFIR Target Market Legend for professional investors and ECPs (consider if any of the Issuer/Guarantor/Managers are "EU MiFID II entities" and are "manufacturers" for the purposes of EU MiFID II or UK MiFIR manufacturers)**

**[EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "EU MiFID II")][EU MiFID II]; and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the [Notes] (a "**distributor**") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the [Notes] (a "**distributor**") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels.]

### **END OF OPTION**

### **OPTION – EU MiFID II and UK MiFIR Target Market Legend for Retail investors, professional investors and ECPs (consider if any of the Issuer/Guarantor/Managers are "EU MiFID II entities" and are "manufacturers" for the purposes of EU MiFID II or UK MiFIR manufacturers)**

**[EU MiFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties, professional clients and retail clients each as defined in [Directive 2014/65/EU (as amended, "EU MiFID II")][EU MiFID II]; ***EITHER*** [and (ii) all channels for distribution of the [Notes] are appropriate[, including investment advice, portfolio management, non-advised sales **and** pure execution services]] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the [Notes] to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor's suitability and appropriateness obligations under EU MiFID II, as applicable]. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under EU MiFID II, as applicable.]

**[UK MiFIR product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment

in **respect** of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); **EITHER** [and (ii) all channels for distribution of the [Notes] are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the [Notes] to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]. [Consider *any negative target market*.] Any person subsequently offering, selling or recommending the [Notes] (a "**distributor**") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.]

#### **END OF OPTION**

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes [are]/[are not] "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018)]

Final Terms dated [•]

#### **MUNICIPALITY FINANCE PLC (Kuntarahoitus Oyj)**

Issue of [•] Guaranteed Notes due [•]

Guaranteed by

**THE MUNICIPAL GUARANTEE BOARD (Kuntien takauskeskus)**

**under the €50,000,000,000**

**Programme for the Issuance of Debt Instruments**

#### **PART A – CONTRACTUAL TERMS**

##### ***OPTION 1 (NORMAL ISSUANCE UNDER THE PROGRAMME ON THE BASIS OF THE TERMS AND CONDITIONS SET OUT IN THE CURRENT OFFERING CIRCULAR)***

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 8 May 2024 (the "**Offering Circular**") [and the supplement[s] to the Offering Circular dated [date]]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular [as so supplemented] in order to obtain all the relevant information.

The Offering Circular [and the supplement[s] thereto] [has/have] been published on the Issuer's website ([www.munifin.fi](http://www.munifin.fi)).

##### ***OPTION 2 (ISSUANCE ON THE BASIS OF TERMS AND CONDITIONS FROM AN EARLIER OFFERING CIRCULAR)***

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein and, save in respect of the Conditions, must be read in conjunction with the Offering Circular dated 8 May 2024 [and the supplement to such Offering Circular dated [date]] in order to obtain all the relevant information.

The Offering Circular[,the supplement[s] thereto] and the Conditions have been published on the Issuer's website ([www.munifin.fi](http://www.munifin.fi)).

## **END OF OPTIONS**

In accordance with Regulation (EU) 2017/1129 [*Alternative option in the case of Notes to be listed on the London Stock Exchange rather than on a listing venue in the EEA, cite instead: Part VI of the Financial Services and Markets Act 2000 (as amended) and Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018*], no prospectus is required in connection with the issuance of the Notes described herein.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms. If the first tranche of an issue which is being increased was issued under an offering circular with an earlier date, it may be appropriate to include items or options from the earlier pro forma final terms which match the Conditions applicable to the Series of Notes.*]

- |    |        |   |  |
|----|--------|---|--|
| 1. | (i)    | Issuer:   | Municipality Finance Plc (Kuntarahoitus Oyj)   |
|    | (ii)   | Guarantor:  | The Municipal Guarantee Board (Kuntien takauskeskus)   |
| 2. | [(i)]  | Series Number:  | [ ]  |
|    | [(ii)] | Tranche Number:   | [ ]  |
|    |        | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> | [ ]  |
| 3. |        | Specified Currency or Currencies:   | [ ]  |
| 4. |        | Aggregate Nominal Amount:   |  |
|    | [(i)]  | Series:   | [ ]  |
|    | [(ii)] | Tranche:  | [ ]  |
| 5. | (i)    | Issue Price:  | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] ( <i>in the case of fungible issues only, if applicable</i> )   |
| 6. | (i)    | Specified Denominations:  | [ ]  |
|    | (ii)   | Calculation Amount:   | [ ]  |
|    |        |   | <i>The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower principal amount (for example EUR 1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).</i> |
| 7. | [(i)]  | Issue Date:   | [ ]  |
|    | [(ii)] | Interest Commencement Date:   | [ ]  |

8. Maturity Date: [ ]  
*[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*  
*[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
*[specify reference rate] +/- [ ] per cent. Floating Rate]*  
 [Zero Coupon]  
 [Index-Linked Interest]  
 [Other (specify)]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index-Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (specify)]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption / payment basis]*
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
*[(further particulars specified below)]*
13. (i) Status of the Notes: [Senior Notes]  
 [Eligible Notes]
- (ii) Status of the Guarantee: Senior
- (iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] and [ ], respectively]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]

(ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/]not adjusted.]

(iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount

(iv) Broken Amount(s): [ ]

*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

(v) Day Count Fraction: [30/360]/[Actual/Actual ([ICMA]/ ISDA)/(other)]

(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

*(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)*

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph.)*

(i) Interest Period: [ ]

*(Interest Period and Specified Interest Payment Dates are alternatives. An Interest Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*

(ii) Specified Interest Payment Dates: [ ]

*(Interest Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*

(iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day



- Convention/ Preceding Business Day Convention/  
other (give details)]
- (iv) Business Centre(s): [ ]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) Interest and Interest Amount(s) (if not the Fiscal Agent): [*Name*] shall be the Calculation of Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (vii) Screen Rate Determination:
- Reference Rate: [ ] [*For example, [•] month EURIBOR / Compounded SOFR (Lookback) / Compounded SOFR (Observation Shift) / Weighted Average SOFR / Compounded SOFR Index / Compounded Daily SONIA (Lookback Method) / Compounded Daily SONIA (Observation Shift) / SONIA Index / Compounded Daily €STR*]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ] [*For example, EURIBOR 01/SOFR / Compounded SOFR Index / SONIA*]
  - 'p': [ ]/[Not Applicable]
  - 'D': [ ]/[365]/[Not Applicable]
  - Observation Look-back Period: [ ] TARGET Business Days
- (viii) ISDA Determination: [Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
  - Floating Rate Option: [ ]  
*(The Floating Rate Option should be selected from one of: CHF-SARON / EUR-EURIBOR-Reuters (if 2006 ISDA Definitions apply) / EUR-EURIBOR (if 2021 ISDA Definitions apply) / EUR-EuroSTR / EUR-EuroSTR Compounded Index / GBP SONIA / GBP SONIA Compounded Index / HKD-HONIA / JPY-TONA / USD-SOFR / USD-SOFR Compounded Index (each as defined in the ISDA Definitions).)*
  - Designated Maturity: [ ]<sup>1</sup>  
*(Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate)*

<sup>1</sup> This should be specified as being "Not Applicable" in the case of GBP-SONIA, USD-SOFR, EUR-EuroSTR, CHF-SARON, HK-HONIA, JPY-TONA, GBP-SONIA Compounded Index, USD-SOFR Compounded Index and EUR-EuroSTR Compounded Index.

- Reset Date: [ ]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [16(iii)] above and as specified in the ISDA Definitions]
- Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Compounding Method: [Compounding with Lookback  
Lookback: [ ] Applicable Business Days  
[Compounding with Observation Period Shift  
Observation Period Shift: [ ] Observation Period Shift Business Days  
Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]  
[Compounding with Lockout  
Lockout: [ ] Lockout Period Business Days  
Lockout Period Business Days: [ ]/[Applicable Business Days]]
- Averaging [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- [Averaging Method: [Averaging with Lookback  
Lookback: [ ] Applicable Business Days  
[Averaging with Observation Period Shift  
Observation Period Shift: [ ] Observation Period Shift Business days  
Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]  
[Averaging with Lockout  
Lockout: [ ] Lockout Period Business Days  
Lockout Period Business Days: [ ]/[Applicable Business Days]]
- Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Index Method: Compounded Index Method with Observation Period Shift  
Observation Period Shift: [ ] Observation Period Shift Business days

		Observation Period Shift Additional Business Days: [ ] / [Not Applicable]
(ix)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
(x)	Margin(s):	[+/-][ ] per cent. per annum
(xi)	Minimum Rate of Interest:	[The Minimum Rate of Interest shall not be less than zero] / The Minimum Rate of Interest shall not be less than [ ] per cent. per annum]
(xii)	Maximum Rate of Interest:	[ ] per cent. per annum
(xiii)	Day Count Fraction:	[ ]
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	[Amortisation/Accrual] Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Any other formula/basis of determining amount payable:	[ ] [ <i>Consider whether it is necessary to specify a Day Count Fraction</i> ]
18.	<b>Index-Linked Interest Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Index/Formula:	[Give or annex details]
(ii)	Calculation Agent responsible for calculating the interest due:	[ ]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]  <i>(Need to include a description of market disruption or settlement disruption events and adjustment provisions)</i>
(iv)	Interest Period(s)/Specified Interest Payment Dates:	[ ]  <i>(Interest Periods and Specified Interest Payment Dates are alternatives. An Interest Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN</i>

*Convention, Floating Rate Convention or Eurodollar Convention.)*

- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (vi) Business Centre(s): [ ]
- (vii) Minimum Rate/Amount of Interest: [ ] per cent. per annum
- (viii) Maximum Rate/Amount of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible: [ ]
- (Need to include a description of market: disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

20. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount

- (iv) Notice period: [Not less than 30 days, in line with Condition 7.04(iv) (*Optional Early Redemption (Call)*) / other]
21. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: [Not less than 45 days, in line with Condition 7.06 (*Optional Early Redemption (Put)*) / other]
22. **Final Redemption Amount of each Note** [[ ] per Calculation Amount other/see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Date for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount: [ ] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [ ] per Calculation Amount
23. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same:

[Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes) / *specify the Early Redemption Amount (Tax) and/or the Early Termination Amount* / Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) applies / [ ] per Calculation Amount / *other*]

**24. Early Redemption Options**

Notice period on redemption for tax reasons:

[Not less than 30 nor more than 60 days, in line with Condition 7.02 (*Early Redemption or Substitution for Taxation Reasons*) / Not less than [•] nor more than [•] days / *other*]

Early redemption following an MREL Disqualification Event (*Eligible Notes only*):

[Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Notice period on MREL Disqualification Event redemption (*Eligible Notes only*):

[Not Applicable / Not less than 30 nor more than 60 days, in line with Condition 7.07 (*Early Redemption of Eligible Notes as a result of an MREL Disqualification Event*) / Not less than [•] nor more than [•] days / *other*]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**25. Form of Notes:**

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note, save for Notes denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the Norwegian Registration of Financial Instruments Act of 15 March 2019 no. 6 (as amended or replaced from time to time, the "CSD Act") (Nw. *verdipapirsentralloven*), including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with regulation (EU) no. 909/2014 (as amended from time to time, the "CSDR") regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CSDR]\*

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice, save for Notes denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the CSD Act, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in

\* If the minimum denomination is EUR 100,000 + EUR 1,000 (or equivalent in another currency) or other multiples of less than EUR 100,000, the Holder's option to request Bearer Notes in definitive form on a specified number of days' notice/at any time should be disappplied.

accordance CSDR regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CSDR.]

[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note, save for Notes denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the CSD Act, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance CSDR regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CSDR].\*

**VPS Notes:**

VPS Notes issued in uncertificated book entry form

**Registered Notes:**

[Regulation S Global Note exchangeable for Definitive Registered Notes on [•] days' notice/in the limited circumstances described in Regulation S Global Note, save for Notes denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the Norwegian Registration of Financial Instruments Act of 15 March 2019 no. 6 (as amended or replaced from time to time, the "**CSD Act**") (Nw. *verdipapirsentralloven*), including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with regulation (EU) no. 909/2014 (as amended from time to time, the "**CSDR**") regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CSDR]

[Restricted Global Note exchangeable for Definitive Registered Notes on [•] days' notice/in the limited circumstances described in the Restricted Global Note, save for Notes denominated in NOK and offered or sold in Norway, which must satisfy the requirements in the CSD Act, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance CSDR regardless of the Notes being traded on a trading venue and only permit physical notes or documents evidencing the Notes in accordance with the CSD Act and the CSDR]

---

\* If the minimum denomination is EUR 100,000 + EUR 1,000 (or equivalent in another currency) or other multiples of less than EUR 100,000, the Holder's option to request Bearer Notes in definitive form on specified number of days' notice/at any time should be disappplied.

- [Regulation S Global Note registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [Restricted Global Note registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
26. New Global Note: [Yes][No][Not Applicable]
27. New Safekeeping Structure: [Yes][No][Not Applicable]
28. Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. *Note that this item relates to the date and place of payment, and not interest period end dates, to which item 15(ii), 16(iii) and 18(v) relates*]
29. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
30. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
31. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
32. Substitution or variation following an MREL Disqualification Event (*for Eligible Notes only*): [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Notice period on substitution or variation following an MREL Disqualification Event redemption): [Not less than 30 nor more than 60 days, in line with Condition 10 (*Substitution or Variation*) / Not less than [•] nor more than [•] days / *other*]
33. Other terms or special conditions: [Not Applicable/give details]

*[Optional Provision for VPS Notes*

**Calculation of interest in respect of VPS Notes:**

The calculation of any interest amount in respect of the VPS Notes will be calculated on the aggregate outstanding principal amount of the VPS Notes, and not by reference to the Calculation Amount.]

**DISTRIBUTION**



34. (i) If syndicated, names of Managers and underwriting commitments: [Not Applicable/give names and underwriting commitments]
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
35. If non-syndicated, name of Dealer: [Not Applicable/give name]
36. U.S. Selling Restrictions: [Reg S Compliance Category 2]
- [(In the case of Bearer Notes) – TEFRA C/TEFRA D/TEFRA not applicable]
- [(In the case of Registered Notes) – [Not] Rule 144A Eligible]
37. Additional selling restrictions: [Not Applicable/Rule 144A/3(c)(7) give details]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue and admission to trading on the [Helsinki Stock Exchange maintained by Nasdaq Helsinki]/[Regulated Market of the London Stock Exchange plc] of the Notes described herein pursuant to the €50,000,000,000 Programme for the Issuance of Debt Instruments of Municipality Finance Plc (Kuntarahoitus Oyj) guaranteed by The Municipal Guarantee Board (Kuntien takauskeskus).]\*

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

**SIGNED** on behalf of the Issuer:

By:..... By:.....

**SIGNED** on behalf of the Guarantor:

By: .....

---

\* Relevant only in relation to Notes that are listed.

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Nasdaq Helsinki /London/Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [Helsinki Stock Exchange maintained by Nasdaq Helsinki] / [*specify relevant regulated market*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [ ].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original security is already admitted to trading.)*

### 2. RATINGS

The Notes to be issued [have been/are expected to be] rated:

[Moody's Investors Service España, S.A. ("**Moody's**")]: [ ]

[S&P Global Ratings Europe Limited, Stockholm Branch ("**S&P**")]: [ ]

[*Insert legal name of any other particular credit rating agency*]: [ ]

[Moody's and S&P are established in the EEA and registered under Regulation (EC) No 1060/2009, as amended. Ratings they issues are endorsed by Moody's Investors Service Ltd and S&P Global Ratings UK Limited respectively, which are both established in the United Kingdom and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended. Ratings it issues are endorsed by [*Insert legal name of particular credit rating agency entity endorsing rating*], which is established in the United Kingdom and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.]

### 3. OPERATIONAL INFORMATION

[Trade Date [ ]]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][*include this text for registered notes held under the NSS structure*] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the

Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable]

ISIN Code: [ ]

Common Code: [ ]

[FISN: [[ ]], as updated as set out on the website of the Association of National Number Agencies (ANNA)/Not Applicable]

[CFI code: [[ ]], as updated as set out on the website of the Association of National Number Agencies (ANNA)/Not Applicable]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*

[CUSIP No:] [ ] [Not Applicable]

*[Select "Not Applicable" if no Restricted Registered Notes will be issued]*

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s):

*[Not Applicable/give name(s) and number(s)]*

[Verdipapirsentralen ASA (Euronext Securities Oslo), Norway. VPS identification number: [•] The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the issue of VPS Notes.]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ]

## USE OF PROCEEDS

The proceeds of the issue of each Series of Notes will be used by the Issuer only in accordance with the Municipal Guarantee Board Act, as amended. If, in respect of any particular issue, there is a particular identified use of proceeds (including if the Notes are issued as Green Bonds or Social Bonds), this will be stated in the applicable Final Terms.

### **Green Bonds and Social Bonds**

In respect of any Notes which are issued as Green Bonds or Social Bonds an amount equal to the proceeds of the issue of the Notes is intended to be used to finance Eligible Projects in accordance with the Issuer's Green Bond Framework or Social Bonds Framework.

The categories of eligible projects that may be financed with Green Bonds are divided into the following broad categories: (i) buildings; (ii) transportation; (iii) renewable energy and (iv) water and waste water management and the categories of eligible projects that may be financed with Social Bonds are divided into the following broad categories: (i) social housing projects; (ii) welfare projects and (iii) education projects ("**Eligible Projects**"). The detailed eligibility criteria and related documentation requirements are set out in the Green Bond Framework and Social Bonds Framework.

The Issuer's Green Bond Framework dated August 2022 (the "**Green Bond Framework**") and the opinion provided by CICERO Shades of Green dated 15 August 2022 (the "**Green Second Party Opinion**") will be available on the Issuer's website at: <https://www.munifin.fi/sustainable-bonds/green-bonds/>, as the same may be updated, amended and/or replaced from time to time.

The Issuer's Social Bonds Framework dated 12 February 2020 (the "**Social Bonds Framework**") and the opinion provided by ISS Corporate Solutions, Inc dated 3 March 2020 (together with the Green Second Party Opinion, the "**Second Party Opinions**") will be available on the Issuer's website at: <https://www.munifin.fi/sustainable-bonds/social-bonds/>, as the same may be updated, amended and/or replaced from time to time.

The Green Bond Framework and Social Bonds Framework and the Second Party Opinions and any other documentation relevant to Notes issued as Green Bonds or Social Bonds are subject to review and change. Potential investors in Notes issued as Green Bonds or Social Bonds should access the latest version of the relevant document on the Issuer's website.

For the avoidance of doubt, none of the Green Bond Framework, the Social Bonds Framework, the Second Party Opinions, or any other certification, report or opinion relating to the Green Bond Framework, the Social Bonds Framework or Notes issued as Green Bonds or Social Bonds, any document referred to in any of the foregoing, or the contents of any website referred to herein or therein are, or shall be deemed to be, incorporated in and/or form part of this Offering Circular.

The Green Bond Framework, the Social Bonds Framework, the Second Party Opinions and other documentation relating to the Issuer's Green Bonds or Social Bonds are subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from the description given in this Offering Circular. Potential investors in Notes issued as Green Bonds or Social Bonds should access the latest version of each relevant document on the Issuer's website. Any such amendment, update, supplementing, replacing and/or withdrawal after the issue date of any Notes which are Green Bonds or Social Bonds may be applied in respect of such Notes already in issue.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth consolidated cash and cash equivalents and capitalisation (including short-term debt, long-term debt and shareholders' equity) of the Group as at 31 December 2023.

The information in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Position and Results of Operations of the Group" and the Consolidated Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	<b>As at 31 December 2023</b> <i>(Euro '000)</i>
<b>Cash and balances with central banks</b> .....	<b>2</b>
<b>Indebtedness:</b>	
Liabilities to credit institutions.....	213,695
Liabilities to the public and public sector entities.....	2,588,275
Debt securities issued.....	40,601,646
<b>Total indebtedness</b> .....	<b>43,403,616</b>
 <b>Shareholders' equity</b>	
Share capital.....	42,583
Reserve fund.....	277
Fair value reserve of investments.....	2,052
Own credit revaluation reserve.....	60,238
Cost-of-hedging reserve.....	21,821
Reserve for invested non-restricted equity.....	40,366
Retained earnings.....	1,576,480
<b>Total equity attributable to parent company equity holders</b> .....	<b>1,743,817</b>
<b>Other equity instruments issued</b> .....	<b>-</b>
<b>Total equity</b> .....	<b>1,743,817</b>
<b>Total Capitalisation<sup>(1)</sup></b> .....	<b>45,147,433</b>

<sup>(1)</sup> Total capitalisation is the sum of total indebtedness and total equity.

## SELECTED FINANCIAL INFORMATION RELATING TO THE GROUP

The following tables set out, in summary form, selected consolidated financial information for the Group for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, as derived from the Consolidated Financial Statements which are prepared in accordance with EU IFRS. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations of the Group*" appearing elsewhere in this Offering Circular.

The Group regularly reviews its expected credit loss ("ECL") models in the context of actual loss experience and adjusts them when necessary. In 2021, the Group made changes to macro scenarios and loss given default parameters in ECL calculations, which increased ECL by Euro 96,000 relative to the previous period. There were no changes in ECL model. In 2022, the Group recorded an additional discretionary provision (management overlay) of Euro 430,000 to take into account further development of its ECL IT model. As a result, changes were made to the assessment criteria for significant increase in credit risk (SICR), and to the models of probability of default (PD) and loss given default (LGD). In addition, macro scenarios were updated to take into account forward-looking information. Since the IT and model developments were finished in the second half of 2022, the additional discretionary provision based on the group-specific assessment was removed. In 2023, the Group further updated the probability of defaults, and macro scenarios were again updated to take into account forward-looking information at the end of the financial year. At the same time, the recovery rates used in loss given default calculations were updated as well as loss given default for certain customer segments. The expected credit loss increased to Euro 573,000 due to these changes in 2023. The Group assessed the impact of the rapidly increased interest rate environment on its receivables from customer financing and on credit risk. By the end of 2023, based on the Group's assessment that some customers may face challenges in the sufficiency of cash flows in the first half of 2024, the Group had recorded an additional discretionary provision of Euro 625,000 in 2023. For more information on expected credit loss calculations and additional provision assessment, see in the accounting policies in Note 1 "*Summary of significant accounting policies*" to the Consolidated Financial Statement 2023.

IBOR reform is a global change aimed at replacing Interbank Offered Rates (IBORs) with alternative nearly risk-free rates (RFR). The impact of the IBOR reform on the Group and the transition project are discussed in detail in Note 1 "*Summary of significant accounting policies*" to the Consolidated Financial Statements 2023 in Section 23, "*IBOR reform*".

### INCOME STATEMENT DATA

	For the year ended 31 December		
	2023	2022	2021
		(Euro '000)	
Interest and similar income .....	2,717,519	711,740	503,536
Interest and similar expenses.....	(2,458,266)	(470,585)	(223,339)
<b>NET INTEREST INCOME</b> .....	<b>259,253</b>	<b>241,155</b>	<b>280,197</b>
Commission income.....	2,275	2,302	2,126
Commission expenses .....	(15,638)	(5,517)	(5,056)
Net income on financial instruments at fair value through profit or loss <sup>(1)</sup> .....	(39,461)	44,583	28,918
Net income on financial assets at fair value through other comprehensive income.....	(257)	(149)	-
Other operating income.....	139	90	95
Administrative expenses.....	(40,711)	(37,361)	(34,722)
Depreciation and impairment on tangible and intangible assets .....	(6,543)	(10,423)	(16,208)
Other operating expenses .....	(19,271)	(19,774)	(15,568)
Credit loss and impairments on financial assets .....	(1,203)	118	(104)
<b>NET OPERATING PROFIT</b> .....	<b>138,583</b>	<b>215,024</b>	<b>239,678</b>
Income tax expenses.....	(28,058)	(43,023)	(48,073)
<b>PROFIT FOR THE FINANCIAL YEAR</b> .....	<b>110,526</b>	<b>172,001</b>	<b>191,605</b>

<sup>(1)</sup> In 2023, the Finnish Financial Supervisory Authority's amendments to the Regulations and Guidelines 2/2016, changing the descriptions of certain line items, took effect. "Net income from securities and foreign exchange transactions" and "net income from hedge accounting" were reclassified together as "net income on financial instruments at fair value through profit or loss". "Net income on financial instruments at fair value through profit or loss" is not presented for 2021, but represents the sum of "Net income from securities and foreign exchange transactions" and "Net income from hedge accounting" for the same period. For 2021, this would amount to approximately 28,918 (Euro '000).

	For the year ended 31 December		
	2023	2022	2021
		(Euro '000)	
Profit for the financial year .....	110,526	172,001	191,605
Components of other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods (IFRS 9)			
Net fair value changes due to changes in own credit risk on financial liabilities designated at fair value through profit or loss .....	75,401	(184)	400
Net change in cost-of-hedging .....	25,417	(15,166)	(2,504)
Items to be reclassified to profit or loss in subsequent periods (IFRS 9)			
Net change in fair value on financial assets at fair value through other comprehensive income .....	7,851	(5,961)	(672)
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income.....	287	-	-
Net changes in expected credit loss of debt instruments at fair value through other comprehensive income .....	(2)	3	0
Taxes related to components of other comprehensive income.....	(21,791)	4,262	555
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR .....</b>	<b>197,689</b>	<b>154,955</b>	<b>189,383</b>

## FINANCIAL POSITION DATA

	As at 31 December		
	2023	2022	2021
		(Euro '000)	
<b>ASSETS</b>			
Cash and balances with central banks .....	2	2	8,399,045
Loans and advances to credit institutions .....	9,187,071	9,625,488	1,417,310
Loans and advances to the public and public sector entities .....	32,021,717	29,144,361	29,214,043
Debt securities.....	5,144,963	4,786,768	4,841,428
Derivative contracts .....	1,856,769	2,707,103	1,999,676
Intangible assets .....	6,311	8,831	12,296
Tangible assets .....	9,648	5,062	7,491
Other assets .....	1,073,885	1,234,810	256,117
Accrued income and prepayments.....	435,982	223,104	212,655
Deferred tax assets .....	9	763	-
<b>TOTAL ASSETS .....</b>	<b>49,736,359</b>	<b>47,736,293</b>	<b>46,360,060</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities to credit institutions .....	213,695	2,332,623	2,801,016
Liabilities to the public and public sector entities.....	2,588,275	2,529,585	3,324,685
Debt securities issued .....	40,601,646	35,592,065	35,327,525
Derivative contracts .....	3,372,514	4,616,111	2,224,294
Other liabilities.....	418,275	593,848	349,331
Accrued expenses and deferred income.....	474,620	166,635	181,732
Deferred tax liabilities.....	323,517	291,717	289,887
<b>TOTAL LIABILITIES .....</b>	<b>47,992,542</b>	<b>46,122,584</b>	<b>44,498,470</b>
<b>EQUITY</b>			
Share capital.....	42,583	42,583	42,583
Reserve fund .....	277	277	277
Fair value reserve of investments .....	2,052	(4,457)	309
Own credit revaluation reserve.....	60,238	(83)	64
Cost-of-hedging reserve .....	21,821	1,488	13,621
Reserve for invested non-restricted equity .....	40,366	40,366	40,366
Retained earnings.....	1,576,480	1,533,535	1,416,916
<b>Total equity attributable to parent company equity holders .....</b>	<b>1,743,817</b>	<b>1,613,709</b>	<b>1,514,136</b>
<b>Other equity instruments issued .....</b>	<b>-</b>	<b>-</b>	<b>347,454</b>
<b>TOTAL EQUITY .....</b>	<b>1,743,817</b>	<b>1,613,709</b>	<b>1,861,590</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>49,736,359</b>	<b>47,736,293</b>	<b>46,360,060</b>

## CASH FLOW DATA

	For the year ended 31 December		
	2023	2022	2021
		(Euro '000)	
Cash flow from operating activities.....	84,900	(7,975,442)	2,750,437

	For the year ended 31 December		
	2023	2022	2021
		(Euro '000)	
Cash flow from investing activities .....	(545)	(3,550)	(7,747)
Cash flow from financing activities.....	(69,765)	(407,887)	(37,866)
Change in cash and cash equivalents.....	14,590	(8,386,879)	2,704,824
Cash and cash equivalents at 1 January .....	48,624	8,435,504	5,730,680
Cash and cash equivalents at 31 December .....	63,214	48,624	8,435,504

## KEY PERFORMANCE INDICATORS

The following table sets out some of the key indicators of the results and performance of the Group and the Issuer used by management. These key indicators are not directly comparable with those related to other credit institutions. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Report of the Board of Directors Note 1 "Key Figures", the Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations of the Group" appearing elsewhere in this Offering Circular.

The key performance indicators that have not been defined by EU IFRS or the capital requirements regulation (CRD/CRR) are by Group's definition Alternative Performance Measures (the "APMs"). The APMs improve comparability between companies in the same sector and between reporting periods and provide valuable information to the readers of the financial reports. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing the Group's performance. They are also an important aspect of the way in which Group's management defines operating targets and monitors performance. The APMs are presented in Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The required definitions and reconciliations of the APMs are represented in the Report of the Board of Directors in Note 1 "Key Figures".

	As at and for the year ended 31 December		
	2023	2022	2021
Turnover <sup>(1)</sup> (mEUR) .....	2,680	759	535
Net interest income (mEUR)* .....	259	241	280
% of turnover .....	9.7	31.8	52.4
Net operating profit (mEUR)* .....	139	215	240
% of turnover .....	5.2	28.3	44.8
Unrealised fair-value changes (mEUR)* <sup>(2)</sup> .....	(37)	45	27
Net operating profit excluding unrealised fair value changes (mEUR)** <sup>(3)</sup> ..	176	170	213
Cost-to-income ratio* <sup>(4)</sup> .....	0.3	0.2	0.2
Cost-to-income ratio excluding unrealised fair value changes** <sup>(5)</sup> .....	0.3	0.3	0.2
Return on equity (%) (ROE)* <sup>(6)</sup> .....	6.6	9.9	10.7
Return on equity (%) (ROE) excluding unrealised fair-value changes** <sup>(7)</sup> ...	8.4	7.8	9.6
Return on assets (%) (ROA)* <sup>(8)</sup> .....	0.2	0.4	0.4
Return on assets (%) (ROA) excluding unrealised fair-value changes** <sup>(9)</sup> ....	0.3	0.3	0.4
Long-term customer financing (mEUR)* <sup>(10)</sup> .....	32,022	29,144	29,214
New long-term customer financing (mEUR)* <sup>(11)</sup> .....	4,370	4,375	3,671
Total funding (mEUR)* <sup>(12)</sup> .....	43,320	40,210	40,712
New long-term funding (mEUR)* <sup>(13)</sup> .....	10,087	8,827	9,395
Equity (mEUR) .....	1,744	1,614	1,862
Total balance sheet (mEUR) .....	49,736	47,736	46,360
Total liquidity (mEUR)* <sup>(14)</sup> .....	11,633	11,506	12,222
Liquidity Coverage Ratio (%) (LCR) <sup>(15)</sup> .....	409.1	256.7	334.9
Equity ratio (%)* <sup>(16)</sup> .....	3.5	3.4	4.0
CET1 capital (mEUR).....	1,550	1,482	1,408
Tier 1 capital (mEUR).....	1,550	1,482	1,756
Total own funds (mEUR).....	1,550	1,482	1,756
CET1 capital ratio (%) <sup>(17)</sup> .....	103.4	97.6	95.0
Tier 1 capital ratio (%) <sup>(18)</sup> .....	103.4	97.6	118.4
Total capital ratio (%) <sup>(19)</sup> .....	103.4	97.6	118.4
Leverage ratio (%) <sup>(20)</sup> .....	12.0	11.6	12.8
Personnel.....	185	175	164



\*Alternative performance measures.

\*\*Alternative performance measures, non-GAAP

The required definitions and reconciliations of the APMs are presented on pages 87 to 94 of the Issuer's annual report for 2023.

- (1) Turnover is calculated as the sum of interest and similar income (including leasing), commission income, net income from securities and foreign exchange transactions, net income on financial assets at fair value through other comprehensive income, net income from hedge accounting and other operating income.
- (2) Unrealised fair value changes is the sum of net income from securities (unrealised fair value changes) and net income from hedge accounting.
- (3) Net operating profit excluding unrealised fair value changes is calculated as net operating profit after adding back Unrealised fair value changes. It shows the Group's underlying earnings capacity. The below table sets out a reconciliation of net operating profit to net operating profit excluding unrealised fair value changes for the periods indicated.

	As at and for the year ended 31 December		
	2023	2022	2021
Net operating profit (mEUR).....	139	215	240
Unrealised fair-value changes (mEUR) .....	(37)	45	27
<b>Net operating profit excluding unrealised fair value changes.....</b>	<b>176</b>	<b>170</b>	<b>213</b>

- (4) Cost-to-income ratio is calculated as the sum of administrative expenses, depreciation and impairment on tangible and intangible assets, and other operating expenses divided by the sum of net interest income, net commission income, net income from securities and foreign exchange transactions, net income on financial assets at fair value through other comprehensive income, net income from hedge accounting and other operating income.
- (5) Cost-to-income ratio excluding unrealised changes in fair value is calculated as the sum of administrative expenses, depreciation and impairment on tangible and intangible assets, and other operating expenses (excluding commission expenses) divided by the sum of net interest income, net commission income, net income from securities and foreign exchange transactions, net income on financial assets at fair value through other comprehensive income, net income from hedge accounting and other operating income and excluding unrealised fair value changes.

	As at and for the year ended 31 December		
	2023	2022	2021
Costs (excluding Commission expenses) (mEUR).....	67	68	66
Divided by			
(Income (including Net commission income) (mEUR).....	205	283	306
- Unrealised fair-value changes (mEUR) .....	(37)	45	27
<b>Cost-to-income ratio excluding unrealised fair value changes.....</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>

- (6) Return on equity (per cent.) (ROE) is calculated as net operating profit less income taxes divided by average total equity and non-controlling interest (average of the beginning of the year and the end of the year).
- (7) Return on equity (ROE) excluding unrealised fair value changes (per cent.) is calculated as net operating profit excluding unrealised fair value changes less income taxes divided by average total equity and non-controlling interest (average of the beginning of the year and the end of the year).

	As at and for the year ended 31 December		
	2023	2022	2021
((Net operating profit excluding unrealised fair value changes (mEUR).....	176	170	213
- Taxes) (mEUR).....	35	34	43
Divided by			
Equity and non-controlling interest (average of values at the beginning and end of the period)) (mEUR).....	1,679	1,738	1,783
x 100			
<b>Return on Equity excluding unrealised fair value changes.....</b>	<b>8.4%</b>	<b>7.8%</b>	<b>9.6%</b>

- (8) Return on assets (per cent.) (ROA) is calculated as net operating profit less income taxes divided by average balance sheet total (average of the beginning of the year and the end of the year).
- (9) Return on assets (ROA) excluding unrealised fair value changes (per cent.) is calculated as net operating profit excluding unrealised fair value changes less income taxes divided by average balance sheet total (average of the beginning of the year and the end of the year).

	As at and for the year ended 31 December		
	2023	2022	2021
((Net operating profit excluding unrealised fair value changes (mEUR).....	176	170	213
- Taxes) (mEUR).....	35	34	43
Divided by			
Average balance sheet total (average of values at the beginning and end of the period)) (mEUR).....	48,736	47,048	45,201
x 100			
<b>Return on Assets excluding unrealised fair value changes.....</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.4%</b>

- (10) Long-term customer financing is calculated as loans and advances to the public and public sector entities.

- (11) New long-term customer financing is calculated as the amount of new loans excluding unrealised fair value changes and new leased assets excluding unrealised fair value changes.
- (12) Total funding is calculated as the sum of liabilities to credit institutions, liabilities to the public and public sector entities and debt securities issued less CSA collateral received.
- (13) New long-term funding is calculated as the amount of new funding (over 1 year) issued excluding unrealised fair value changes during the reporting period.
- (14) Total liquidity is calculated as the sum of the total of investments in securities (sum of debt securities and shares and participations less short-term customer finance) and the total of other investments (sum of cash and balances with central banks and other deposits).
- (15) Liquidity coverage ratio (LCR) (per cent.) is calculated as liquid assets divided by the difference between liquidity outflows and liquidity inflows in a stress situation. The LCR figures represent the percentage at the year end reference date.
- (16) Equity ratio (per cent.) is calculated as the sum of total equity and non-controlling interest divided by total assets.
- (17) CET1 capital ratio (per cent.) equals Common Equity Tier 1 (CET1) divided by risk exposure amount. Risk exposure amount is calculated as defined in CRR.
- (18) Tier 1 capital ratio (per cent.) equals Tier 1 capital divided by risk exposure amount.
- (19) Total capital ratio (per cent.) equals total own funds divided by risk exposure amount.
- (20) Leverage ratio (per cent.) equals total Tier 1 capital divided by Total Exposure. Total Exposure is calculated as the total of on-balance sheet exposures (excluding derivatives and intangible assets), derivative exposure and off-balance sheet exposure. The Group fulfils the CRR II definition of a public development credit institution and beginning in 2021 has deducted all credit receivables from municipalities and the central government.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GROUP

*The discussion below is based on the Consolidated Financial Statements.*

*The following discussion of the Group's results of operations, financial position and cash flows should be read in conjunction with the Consolidated Financial Statements and other financial information included in other sections of this Offering Circular, specifically jointly with the data presented in "Selected Financial Information Relating to the Group". This section includes forward-looking statements that reflect the current views of the Board of Directors and due to their nature involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of the factors discussed below and in other sections of this Offering Circular, particularly in "Risk Factors" (see also "Forward-Looking Statements"). Investors should read the whole of this Offering Circular and not base their decisions or opinions solely upon the information contained in this section.*

*The summary of critical accounting policies and estimates according to which the Consolidated Financial Statements were prepared is provided in this section. See "Critical Accounting Policies" below.*

### **Overview**

Municipality Finance Plc (Kuntarahoitus Oyj) (the "**Issuer**") was established on 1 May 2001, when the old Municipality Finance Plc (established in 1989) and Municipal Housing Finance Plc (established in 1993) were merged to form a new company, Municipality Finance Plc, a credit institution referred to in the (Finnish) Credit Institutions Act. On 26 April 2001, the Issuer was granted a credit institution licence by the Ministry of Finance.

The Issuer serves the Finnish municipal sector which consists of municipalities, joint municipal authorities and a range of organisations owned or controlled by municipalities. The Issuer's customers also include wellbeing services counties and joint county authorities for wellbeing services and corporations designated by state authorities engaging in housing on social grounds. The Issuer's core mandate is to ensure that its customers have access to affordable financing under all market conditions. The Issuer is the only credit institution in Finland that specialises in financing the municipal sector, affordable social housing production and wellbeing services counties. The Issuer's vision is to be the best financing partner for its customers.

The Issuer's fully paid-up capital was Euro 43.0 million and its own funds amounted to Euro 1,549.7 million at 31 December 2023. The Issuer's total assets on 31 December 2023 were Euro 49.7 billion, of which the long-term customer financing represented Euro 32.0 billion.

The Issuer's five largest shareholders at 31 December 2023 were Keva (public sector pension fund) (30.7 per cent.), the Republic of Finland (16.0 per cent.), City of Helsinki (10.4 per cent.), City of Espoo (4.0 per cent.) and VAV Asunnot Oy (fully owned by City of Vantaa) (2.5 per cent.).

### **Significant Factors Affecting Operating and Financial Results**

#### ***Pricing, cost of funding and liquidity***

The availability and the cost of new funding has a material impact on the net interest income of the Group, impacting the Group's competition situation, and thus potentially the growth of its customer financing portfolio and the levels of its net interest margins. One of the most significant factors affecting the cost and availability of the Group's funding has been and is related to the general development of the European economy, in particular the Finnish economy. While the international position of Finland is favourable in terms of access to funding, should the European financial crisis re-emerge again or the state of the Finnish economy deteriorates, the cost of acquiring funding might rise.

According to the Ministry of Finance, Finland's GDP contracted by 1.0 per cent. in 2023, and private consumption in 2023 declined rapidly as rising prices reduced the real disposable income of households. In April 2024, the Ministry of Finance announced that the recession had been longer and deeper than previously estimated, stating that Finland's GDP is not expected to grow on an annual basis in 2024 as a result. Private consumption is expected to grow as opportunities for household consumption improve, though growth will be slowed somewhat by additional adjustment measures by the government, which will restrict the overall growth of household disposable income. Domestic demand is still expected to improve

as inflation slows, interest rates drop and household income grows. Consequently, the Ministry of Finance expects GDP growth to recover to 1.6% and 1.5% respectively in 2025 and 2026.

The Group requires ongoing access to funding in order to originate new lending contracts. In accordance with its Liquidity and Funding Risk Policy (approved by the Board of Directors), the Group front-loads its expected funding requirements and seeks to maintain a liquidity buffer. The Group aims to maintain its liquidity buffer at such a level that it enables the Group to keep its liquidity and funding risk appetite at the level defined in the company's Risk Appetite Framework. In practice, the ongoing maintenance of the LCR and liquidity survival horizon at an adequate level defines the total size of the liquidity portfolio. The liquidity buffer is to ensure that the Group can meet its financial obligations for at least twelve months. As at 31 December 2023, the Group's liquidity buffer was approximately 16 months from a survival horizon perspective. The Group's LCR on 31 December 2023 amounted to 409.1 per cent. The Group's NSFR on 31 December 2023 amounted to 124.1% per cent. The main sources of funding used by the Group for lending activities are this Programme, its Euro 10 billion Euro-Commercial Paper Programme and its Australian dollar 2 billion Medium Term Note Programme. Since 2010, Municipality Finance Plc has held the status of central bank counterparty, and together with its securities portfolio, a substantial amount of the Group's municipal loan book can be used as eligible collateral for participation to the central bank open market operations and standing facilities. The central bank operations and the liquidity facility are treated as a secondary liquidity source which provides a substantial backstop for liquidity.

The Group operates a well-diversified funding strategy. The spread development on the Group's key funding markets has been favourable. This has resulted in increased presence of other market players in the lending market as these other market players have experienced similar development. The Group uses funds transfer pricing in its operations, i.e. its funding curve as a base for pricing its lending transactions to its customers. If the Group's funding cost were to increase, application of funds transfer pricing would result in an increase to the Group's pricing to customers which in turn may result in reduction in its market share and lending volumes.

Additionally, because the Group manages a significant liquidity buffer to meet its future needs, the Group has a significant amount of fixed-income and money market assets in its liquidity portfolio. Therefore, the Group must manage the cost of securing the funding against any returns on holding the funds to meet the Group's liquidity requirements prior to such funds being used for lending purposes. The low credit risk of the investments and the stability of its valuations are two of the most important criteria when the Group manages its liquid assets. The objective of the Group's liquidity management is to manage the portfolio by investing in highly liquid assets to ensure that the Group's liquidity enables it to secure its operations, including new lending and redemptions of funding, under all market conditions. As a result, the Group maintains a high proportion of HQLA. The assets in the liquidity portfolio include both the Group's own funds as well as acquired pre-funding. Due to the general market uncertainty, the Group increased during 2022 its average allocation in investments in central bank deposits, but by the end of 2023 the Group had partially restored its focus on longer-term investments. At the end of 2023, the Group's total liquidity stood at Euro 11,633 million compared to Euro 11,506 million in 2022. Of this, central bank deposits totalled Euro 7,989 million in 2023 compared to Euro 8,144 million in 2022 and investments in liquid, low-risk securities totalled Euro 3,570 million compared to Euro 3,330 million in 2022, with the average credit rating of AA+ (the same rating as in 2022 and 2021) and average maturity of 2.9 years. In addition to this, money market deposits in credit institutions totalled Euro 74 million in 2023 compared to Euro 32 million in 2022. The Group's liquidity investments are hedged with interest rate swaps. Changes in interest rates therefore do not have a direct impact on profit and loss.

The Group continued to increase investments in socially responsible investment ("SRI") targets which totalled Euro 635 million at year-end 2023, which is 17.8 per cent. of all investments in securities. SRIs refer to investments in green bonds, social bonds and sustainability bonds. In 2021, the Group published its Sustainable Investment Framework, which outlines the sustainability principles, processes and responsibilities relating to its investment operations. The Sustainable Investment Framework is based on the Group's sustainability policy approved by the Board of Directors. The Group continues to monitor the environmental and social responsibility and governance practices of the issuers in the liquidity portfolio by monitoring the ESG scores of their investments. This is also incorporated in the Group's Risk Appetite Framework.

### ***The volume of the Group's lending and its market share***

The Issuer is a credit institution owned by Finnish municipalities, wellbeing services counties, Keva (public sector pension fund) and the Republic of Finland and focuses solely on offering market-based financing to municipalities, joint municipal authorities, wellbeing services counties, joint county authorities for wellbeing services, entities controlled by the foregoing and housing corporations providing housing on social grounds (the special status of which is approved by the central government). The Issuer specialises in long-term loan arrangements that are used in particular for infrastructure investments and the construction, renting or maintenance of social housing in Finland in accordance with the Act on MGB. As such, the Issuer conducts its lending operations exclusively in Finland and its lending growth is reliant on the prospects of municipalities, joint municipal authorities, wellbeing services counties, joint county authorities for wellbeing services, entities controlled by the foregoing and housing corporations providing housing on social grounds in Finland. Therefore, the macroeconomic factors relating to Finland, and more specifically its municipalities, such as GDP, the inflation rate, interest rates, currency exchange rates, tax rates and the Republic of Finland's decisions related to social housing together with various other factors, have a material impact on customer demand and margins for the Group's products and services.

Finnish municipalities have more than 400 statutory responsibilities involving, *inter alia*, education and day care as well as urban planning and land use. In addition to this, municipalities bear a significant responsibility for developing and maintaining society's other infrastructure, such as energy and water supply, amongst other areas. Despite the growth of debt in absolute terms, municipalities' relative indebtedness has increased only moderately since 2009, as the income available to them has also grown correspondingly. Municipalities' main revenue base consists of the municipal tax income and sales of services. Municipalities also receive an annual share of the revenues from corporate taxes collected by the central government from corporates based in their area. According to the Association of Finnish Local and Regional Authorities, an average Finnish municipality funds approximately half of its activities by its own tax revenues, although the proportion varied between 16 and 80 per cent. for the year ended 31 December 2023. In 2023, the municipalities raised approximately Euro 14.6 billion from taxation according to the Association of Finnish Local and Regional Authorities.

In 2021, following a period of increased financing requirements by the Group's customers due in part to the effects of the COVID-19 pandemic, the municipal sector's demand for financing was lower than expected. This was partially due to the central government's COVID-19 support package ensuring that municipalities did not have to shoulder the negative economic effects of the pandemic. As a result, the total amount of new lending in 2021 amounted to Euro 3.3 billion, which represented a 31.3 per cent. decrease as compared to 2020. However, the demand for state-subsidised housing finance grew moderately in 2021 as expected. Customers also benefitted from the negative interest rate environment as the Group decided to take negative reference rates into account in calculating the interest rates of long-term customer financing. Overall, the Group's market position remained strong in 2021.

In 2022, the demand for the Group's financing was slightly lower than expected. In the municipal sector, customers had less demand for finance because their income was higher than expected due to various non-recurring items, such as the central government's COVID-19 recovery measures and funds they acquired from the sale of their health and social services properties before the reform took effect. Tax cuts related to the reform will not be fully implemented until 2024, which also affected the demand for financing. In the housing sector, the materials shortage and the rising cost of raw materials slowed down construction projects. The volatile market situation also resulted in longer processing times for interest subsidy loan decisions. Overall, the Group's market position remained stable in 2022.

At the beginning of 2023, demand for financing from the Group's customers in the municipality sector was quiet due to temporary tax benefits boosting municipal finances, causing municipalities to have lower financing needs than in the previous year, though demand picked up towards the end of the year resulting in final levels close to 2022. On the other hand, financing needs were higher than in 2022 in the affordable housing sector, where for several years customers have suffered from rising construction costs, which have delayed the start of new building contracts, as well as rising interest expenses. Toward the end of 2023, demand for financing picked up as construction costs levelled off and right-of-occupancy projects were rushed in response to a new government programme developed following the parliamentary elections in April 2023.

The total amount of new long-term customer financing made for the year ended 31 December 2023 was Euro 4,370 million (Euro 4,375 million for the year ended 31 December 2022). As of 31 December 2023,

the Group's long-term customer financing stood at Euro 32,022 million (31 December 2022: Euro 29,144 million).

On 1 January 2023, Finland's long-prepared health and social services reform became effective and the new wellbeing services counties began their operations. The operative work of the wellbeing services counties is being largely funded by the central government, but the counties have government authorisation to acquire long-term funding for their investments. The counties can also independently seek short-term funding.

In terms of financing, the legislation adopted in the summer of 2021 allows the Group to continue to act as a lender and counterparty to the loans and other liabilities that were transferred to the counties at the start of 2023. These totalled about Euro 4 billion. The Group's financing contracts and other commitments were transferred automatically from hospital districts and special care districts to the wellbeing services counties on 1 January 2023, whereas the transfer of financing contracts and other commitments from joint municipal authorities and voluntary joint municipal authorities for health and social services to the wellbeing services counties required a separate decision whereby the counties accepted these commitments.

The amendments to the Act on the Municipal Guarantee Board passed by the Finnish Parliament in April 2022 allow the Group to also finance new investments and other new financing needs by the wellbeing services counties. At this stage, wellbeing services counties are not liable for the guarantees for the Group's funding, because unlike municipalities, wellbeing services counties are not members of the MGB. For this reason, the MGB has decided to set an annual limit to the amount of new financing the Group can grant to wellbeing services counties. In 2023, the MGB's limit for the Group's long-term loans to wellbeing services counties was Euro 400 million, which the Group reached before the end of the year and after which the Group was no longer able to fulfil wellbeing services counties' financing requests. Despite this, the MGB determined that the limit would remain the same in 2024, meaning that challenges in securing cost-effective financing for the investments of wellbeing services will remain the same. The MGB's limit for the Group's new short-term financing to wellbeing services counties, i.e. commercial papers to wellbeing services counties, was Euro 900 million in 2023 as it was in 2022. The limit for new short-term financing to wellbeing services counties will remain the same in 2024.

The practical implementation of the reform still has some uncertainties that make it impossible to estimate the reform's effects in more detail. See "*Risk Factors – The Finnish health and social services reform may adversely affect the Group*".

Russia's invasion of Ukraine has increased prices of energy, raw materials and food, which has cut household purchasing power, consumption and economic growth significantly. The Finnish government has proposed measures to support companies engaged in energy production. For example, in October 2022, the European Commission approved a subsidised loan and guarantee scheme that allows the Group to finance Finnish municipal energy companies under the EU State Aid Temporary Crisis Framework. This arrangement aims to ensure the continuity of municipal energy companies' operations and strengthen Finland's security of supply, and financing under the scheme can only be used towards collateral requirements in the electricity derivatives market, spot trading, imbalance settlement and bilateral trading. The Group's customers had little demand for this type of financing during 2022. In December 2022, the Group and the MGB together applied to continue this scheme in 2023 and also sought to extend the scope of financing to cover other financing needs arising from possible crisis situations in energy companies, such as balancing energy requirements and working capital financing. The European Commission approved this arrangement on 21 December 2022, and it remained valid until the end of 2023. As in 2022, customer demand for this type of financing was limited.

#### ***Administrative expenses***

Throughout the recent years the Group has initiated several development projects concerning IT systems to increase the efficiency of its processes, improve the security of its systems environment, and to comply with the constantly developing regulatory and supervisory requirements. In 2020 and 2021 the Group renewed and restructured its organisation and operating model. The organisational restructuring led to the termination of ten positions in 2020. In 2021, the Group combined some of its business functions to increase the understanding of its customers' financing processes and to make the processes more streamlined. The Group merged information management, business architecture management and a significant share of its reporting into its financial administration. In 2022, the number of employees in the Group increased by ten positions. Administrative expenses in 2022 increased as a result of maintaining and developing information

systems as well as slightly increased travelling expenses and running costs following the easing of COVID-19 restrictions. In 2023, the number of employees in the Group increased by a further ten positions and administrative expenses continued to increase as a result of maintaining and developing information systems.

***Fluctuations in interest rates, currency exchange rates and the valuation of derivatives***

The Group's lending is denominated in euros although the Group's funding is diversified across several different currencies. The Group's total funding as at 31 December 2023 was Euro 43,320 million compared with Euro 40,210 million and Euro 40,712 million as at 31 December 2022 and 2021, respectively. Of this total amount as at 31 December 2023, 54.0 per cent. was denominated in euros and 46.0 per cent. in foreign currencies. The Group hedges against all currency risks by using derivative contracts to swap foreign currency-denominated funding and investments into euros. However, the Group conducts daily collateral management in foreign currency when interest rate derivatives denominated in currencies other than Euros are cleared with central counterparties. Such activities may result in minor currency exposures, which are managed and monitored closely.

Also, while the Group's lending and funding is in both floating and fixed interest rates, the Group generally hedges its fixed rate interest exposure (both funding and lending) to floating rate. The Group's strategy for interest-rate risk in the banking book (IRRBB) is to ensure sustainable profitability regardless of the level of interest rates. Given the strategy of earnings stabilisation, the Group may decide on creating a strategic mismatch position for its banking book, i.e. leaving a part of its fixed rate assets unhedged in order to steer the Group's net interest income towards the objective of earnings stabilisation.

In addition to financing, the Group offers its customers solutions for managing their interest rate risks with derivatives. The Group hedges the exposure of any derivative agreements it offers to municipalities, joint municipal authorities and municipal companies with its derivatives counterparties.

As a result of the foregoing activities, the Group had derivative contracts with a nominal value of Euro 74,762 million as at 31 December 2023 compared with Euro 73,876 million and 70,428 million as at 31 December 2022 and 2021, respectively.

The following table sets forth, as of the dates indicated, information on the derivative contracts of the Group:

	As at 31 December 2023		
	Nominal value	Fair Value	
	Total	Positive	Negative
<i>(Euro '000)</i>			
<b>Contracts at fair value through profit or loss</b>			
Interest rate derivatives			
Interest rate swaps .....	19,711,573	257,271	(831,692)
Interest rate options .....	-	-	-
Currency derivatives			
Cross currency interest rate swaps .....	3,250,213	52,741	(203,865)
Forward exchange contracts .....	3,890,874	2,919	(100,348)
Equity derivatives .....	85,340	26	(21,237)
<b>Total .....</b>	<b>26,938,000</b>	<b>312,957</b>	<b>(1,157,142)</b>
<b>Contracts in hedge accounting</b>			
Interest rate derivatives			
Interest rate swaps .....	34,542,139	1,148,245	(1,581,581)
Currency derivatives			
Cross currency interest rate swaps .....	13,281,574	395,568	(633,792)
<b>Total .....</b>	<b>47,823,713</b>	<b>1,543,813</b>	<b>(2,215,373)</b>
<b>Grand total .....</b>	<b>74,761,713</b>	<b>1,856,769</b>	<b>(3,372,514)</b>

	As at 31 December					
	2022		2021			
	Nominal value	Fair value		Nominal value	Fair value	
	Total	Positive	Negative	Total	Positive	Negative
<i>(Euro '000)</i>						
<b>Contracts at fair value through profit or loss</b>						
Interest rate derivatives						

	As at 31 December					
	2022			2021		
	Nominal value	Fair value		Nominal value	Fair value	
		Total	Positive		Negative	Total
						<i>(Euro '000)</i>
Interest rate swaps .....	18,272,893	411,500	(1,084,554)	16,475,777	475,940	(357,092)
Interest rate options.....	40,000	94	(94)	40,000	101	(101)
Currency derivatives						
Cross currency interest rate swaps .....	3,983,481	81,658	(226,389)	4,516,786	133,656	(718,888)
Forward exchange contracts.....	4,591,665	10,848	(147,174)	3,354,738	150,723	-
Equity derivatives.....	732,900	(2)	(104,314)	816,109	604	(37,922)
<b>Total .....</b>	<b>27,620,939</b>	<b>504,097</b>	<b>(1,562,525)</b>	<b>25,203,409</b>	<b>761,023</b>	<b>(1,114,003)</b>
<b>Contracts in hedge accounting</b>						
Interest rate derivatives						
Interest rate swaps .....	33,687,419	1,608,625	(2,279,032)	32,607,387	756,203	(384,289)
Currency derivatives						
Cross currency interest rate swaps .....	12,567,281	594,381	(774,553)	12,616,756	482,450	(726,003)
<b>Total .....</b>	<b>46,254,701</b>	<b>2,203,006</b>	<b>(3,053,586)</b>	<b>45,224,143</b>	<b>1,238,653</b>	<b>(1,110,291)</b>
<b>Grand total.....</b>	<b>73,875,640</b>	<b>2,707,103</b>	<b>(4,616,111)</b>	<b>70,427,552</b>	<b>1,999,676</b>	<b>(2,224,294)</b>

While the Group uses derivatives only for hedging purposes, certain derivatives entered into by the Group do not qualify for hedge accounting and create volatility in the Group's income statement. This volatility is a function of changes in market interest rates and currency exchange rates and the related fair value changes of those derivatives which the Group must recognise in its income statement. The total nominal value of derivative contracts not included in hedge accounting but recognised at fair value through profit and loss under EU IFRS was Euro 26,938 million as at 31 December 2023. Changes in the fair value of such derivatives are recognised in the income statement during the period in which they occur as one component of the net result for the line item " Net income on financial instruments at fair value through profit or loss". The Group recognised changes in fair value of derivative contracts of Euro positive 252.4 million, Euro negative 304.6 million and Euro negative 204.5 million the years ended 31 December 2023, 2022 and 2021, respectively.

### **Interest rate movements**

The Group hedges its loan portfolio and funding into floating rate euros. As a result, the Group's interest income and interest expense are sensitive to interest rate movements. As interest rates decrease the Group's interest earned on its existing loan portfolio will decrease and the interest paid under its existing funding will decrease. Thus, the Group's profitability is based on its ability to manage the margin between the interest income and the interest expense. In 2015, Euro interest rates began to decline again and the Euribor 6-month interest rate became negative in November 2015. Euro interest rates saw a sharp increase throughout the second half of 2022 and the first half of 2023, before levelling out by the end of 2023. As at 31 December 2023, Euro interest rates were positive.

The Group hedges all interest expenses and income with derivatives to floating Euribor. The floating interest rates in the Group's loan portfolio are floored at 0 per cent., whereas the Group's liabilities are hedged to Euribor rates without any such interest rate floor. Consequently, the negative interest rate environment contributed positively to the Group's net interest income during the course of 2021 and 2022. The market interest rate increases during the course of 2022 and 2023 have had a positive overall impact on the Group's net interest income.

The Group amended the terms and conditions of its long-term customer financing with variable interest rates starting from October 2021, to offer a benefit to its loan customers. After the amendment, the interest rate floor at 0 per cent. is applied to the sum of the relevant reference rate and the customer margin. Previously the floor was applied to the relevant reference rate only. The amendment took effect on 1 October 2021 in respect of all variable rate loans granted after that date and in respect of existing variable rate loans as of the fixing date immediately following 1 October 2021. The amendments did not significantly affect the Group's results for 2022. The change will result in the Group's customers benefitting from negative reference rates more than previously. The effect on the Group's results in the near future will depend on the development of market interest rates. The change became possible due to the CRR II that entered into force in June 2021 and recognised the Group's status as a public development credit institution, substantially decreasing the total exposure for the purposes of calculating the Group's leverage ratio. For



further discussion on the status of public development credit institution see "*Risk Factors – Increased capital requirements and standards*".

## **Summary of Key Consolidated Income Statement Items**

### ***Interest and Similar Income***

The interest income of the Group depends primarily on the level of its interest earning assets, as well as the average rate earned on its interest earning assets. Interest income consists of loans and advances to credit institutions and central banks, loans and advances to the public and public sector entities, debt securities, derivative contracts, leasing operations and other interest income. The largest component of interest income of the Group is income from loans and advances to the public and public sector entities. The volume development for loans and advances to the public and public sector entities is closely linked to the economic situation, the need to carry out investment programmes, the level of competition in the relevant banking sector and interest rate levels.

The effective interest rate method is applied to interest income. Commissions and fees received and paid, transaction expenses as well as any premiums and discounts are taken into account when the effective interest rate is calculated. The effective interest rate calculation is a method of calculating the amortised cost of financial assets or liabilities and allocating interest income to a given period.

The effective interest rate is the percentage rate at which estimated future cash payments or receipts are discounted over the period to the expiry of the financial instrument to the net financial position value of the asset or liability. When calculating the effective interest rate, the Group estimates cash flows taking into account all the contractual terms and conditions of a given financial instrument, excluding potential future loan losses.

However the negative interest income from assets is presented as interest expense and the negative expense from liabilities is presented as interest income. Interest income and expenses on derivatives hedging assets in hedge accounting is recognised in interest income.

### ***Interest and Similar Expenses***

The interest expense of the Group depends primarily on the level of its interest-bearing liabilities, as well as the average rate paid on its interest-bearing liabilities. Interest expense consists of liabilities to the public and public sector entities, liabilities to credit institutions and central banks, debt securities issued, derivative contracts and other interest expense. The largest expense component of interest expense of the Group is expense from debt securities issued.

The effective interest rate method is applied to interest expense. See "*Interest and Similar Income*" above.

However, the negative interest income from assets is presented as interest expense and the negative expense from liabilities is presented as interest income. Interest income and expenses on derivatives hedging liabilities in hedge accounting is recognised in interest expense.

### ***Commission Income***

Commission income includes commission and fees received for financial advisory services, primarily conducted by Inspira, the Issuer's subsidiary, in addition to fees for digital services.

### ***Commission Expenses***

Commission expenses include the guarantee fee paid to MGB, custody fees and debt programme fees and costs.

### ***Net Income on Financial Instruments at Fair Value through Profit or Loss***

Net income on financial instruments at fair value through profit or loss consists of fair value changes of financial assets and liabilities measured at fair value through profit or loss, fair value changes of derivative contracts at fair value through profit or loss (not included in hedge accounting) as well as capital gains and losses related to these items. Net income on financial instruments at fair value through profit or loss also consists of unrealised and realised translation differences for all items denominated in foreign currencies,

translation differences related to the hedged items and hedging instruments in hedge accounting. Furthermore, net income on financial instruments at fair value through profit or loss consists of net income from hedge accounting, which includes the net result from recognising financial assets and liabilities and derivative contracts hedging them at fair value for the hedged risk.

#### ***Net Income on Financial Assets at Fair Value Through Other Comprehensive Income***

Net income on financial assets at fair value through other comprehensive income includes realised gains and losses of the financial assets measured at fair value through other comprehensive income.

#### ***Other operating income***

Other operating income includes primarily gains from the disposal of tangible assets.

#### ***HR and Administrative Expenses***

HR and administrative expenses of the Group includes salaries and fees as well as pension and social security costs. Staff costs are driven by the overall number of the Group's full-time equivalent employees, as well as the level of wages and salaries and pension costs. The main components of the Group's other administrative expenses are IT as well as promotion and advertising activities.

#### ***Depreciation and Impairment on Tangible and Intangible Assets***

Depreciation and impairment on tangible and intangible assets consists of depreciation according to the plan and impairment of tangible and intangible assets as well as right-of-use assets.

#### ***Other Operating Expenses***

Other operating expenses consists of rental expenses and other expenses from credit institution operations, in addition to fees paid to authorities, including stability fees, as well as other administrative and supervisory fees.

#### ***Credit loss and impairments on financial assets***

Credit loss and impairments on financial assets at amortised cost include the expected credit losses recognised according to IFRS 9 for the financial assets measured at amortised cost. Credit loss and impairments on other financial assets include the expected credit losses recognised according to IFRS 9 for the financial assets measured at fair value through other comprehensive income as well as write-off and subsequent recoveries recognised for all financial assets.

#### ***Income Tax Expenses***

Income tax expense is mainly determined by the statutory tax rates applicable in Finland and generally comprise accrual-based taxes that are determined based on the profits generated by the Group, and changes in deferred taxes. Taxes have been adjusted by taxes related to previous years. The corporate income tax rate for the Group's operations in Finland has been 20 per cent. since 2014.

### **Results of Operations**

The following tables set forth, as of the dates indicated, certain summary financial information about the results of the Group's operations:

	For the year ended 31 December			Change 2022 to 2023	Change 2021 to 2022
	2023	2022	2021		
		(Euro '000)			(%)
Interest and similar income .....	2,717,519	711,740	503,536	281.8	41.3
Interest and similar expenses .....	(2,458,266)	(470,585)	(223,339)	422.4	110.7
<b>NET INTEREST INCOME</b> .....	<b>259,253</b>	<b>241,155</b>	<b>280,197</b>	<b>7.5</b>	<b>(13.9)</b>
Commission income .....	2,275	2,302	2,126	(1.2)	8.3
Commission expenses .....	(15,638)	(5,517)	(5,056)	183.5	9.1
Net income on financial instruments at fair value through profit and loss <sup>(1)</sup> .....	(39,461)	44,583	28,918	(188.5)	54.2
Net income on financial assets at fair value through other comprehensive income .....	(257)	(149)	-	72.5	-
Other operating income .....	139	90	95	54.4	(5.3)

	For the year ended 31 December			Change 2022 to 2023	Change 2021 to 2022
	2023	2022 (Euro '000)	2021		
Administrative expenses .....	(40,711)	(37,361)	(34,722)	9.0	7.6
Depreciation and impairment on tangible and intangible assets ..	(6,543)	(10,423)	(16,208)	(37.2)	35.7
Other operating expenses.....	(19,271)	(19,774)	(15,568)	(2.5)	27.0
Credit loss and impairments on financial assets .....	(1,203)	118	(104)	(1,119.5)	(213.5)
<b>NET OPERATING PROFIT .....</b>	<b>138,583</b>	<b>215,024</b>	<b>239,678</b>	<b>(35.5)</b>	<b>(10.3)</b>
Income tax expense .....	(28,058)	(43,023)	(48,073)	(34.8)	(10.5)
<b>PROFIT FOR THE PERIOD .....</b>	<b>110,526</b>	<b>172,001</b>	<b>191,605</b>	<b>(35.7)</b>	<b>(10.2)</b>

<sup>(1)</sup> In 2023, the Finnish Financial Supervisory Authority's amendments to the Regulations and Guidelines 2/2016, changing the descriptions of certain line items, took effect. "Net income from securities and foreign exchange transactions" and "net income from hedge accounting" were reclassified together as "net income on financial instruments at fair value through profit or loss". "Net income on financial instruments at fair value through profit or loss" is not presented for 2021, but represents the sum of "Net income from securities and foreign exchange transactions" and "Net income from hedge accounting" for the same period. For 2021, this would amount to approximately 28,918 (Euro '000).

### *Net Interest Income*

#### *2023 versus 2022*

Net interest income increased by Euro 18.1 million, or 7.5 per cent., to Euro 259.3 million for the year ended 31 December 2023 compared to Euro 241.2 million for the year ended 31 December 2022. Net interest income was positively affected by growing business volumes, the continued low cost of funding and the positive effect that rising market interest rates have had on net interest income through equity.

#### *Interest income and expense on assets*

Net interest income from assets increased by Euro 1,487.5 million, or 661.1 per cent., to Euro 1,712.5 million for the year ended 31 December 2023 compared to Euro 225.0 million for the year ended 31 December 2022 primarily due to an increase in market interest rates.

Net interest income from loans and advances to the public and public sector entities (excluding leasing) increased by Euro 558.4 million, or 251.4 per cent., to Euro 780.5 million for the year ended 31 December 2023 compared to Euro 222.1 million for the year ended 31 December 2022 primarily due to an increase in the average interest rates and an increase in the long-term loan portfolio.

Net interest income from debt securities (i.e., the Group's liquidity portfolio) increased by Euro 68.9 million, or 594.0 per cent., to Euro 80.5 million for the year ended 31 December 2023 compared to Euro 11.6 million for the year ended 31 December 2022 primarily due to an increase in the average interest rates and an increase in the fund invested in debt securities in 2023.

Net interest income receivable on derivative contracts increased by Euro 479.6 million, or 1,588.1 per cent., to Euro 449.4 million for the year ended 31 December 2023 compared to expense payable Euro 30.2 million for the year ended 31 December 2022 primarily due to an increase in the average interest rates.

#### *Interest income and expense on liabilities*

Net interest income on liabilities increased by Euro 1,469.3 million, or 9,126.1 per cent., to an expense payable of Euro 1,453.2 million for the year ended 31 December 2023 compared to income of Euro 16.1 million for the year ended 31 December 2022, primarily due to an increase in net interest expenses on debt securities issued and derivative contracts in hedge accounting.

Net interest expense payable on liabilities from debt securities issued increased by Euro 415.0 million, or 98.8 per cent., to Euro 835.1 million for the year ended 31 December 2023 compared to Euro 420.1 million for the year ended 31 December 2022, primarily due to an increase in the Group's funding operations and changes in interest rates.

Net interest expense on liabilities on derivative contracts increased by Euro 1,019.8 million, or 195.9 per cent., to an expense payable of Euro 499.2 million for the year ended 31 December 2023 compared to income of Euro 520.6 million for the year ended 31 December 2022, primarily due to changes in interest rates.

## *2022 versus 2021*

Net interest income decreased by Euro 39.0 million, or 13.9 per cent., to Euro 241.2 million for the year ended 31 December 2022 compared to Euro 280.2 million for the year ended 31 December 2021 primarily due to planned changes in pricing, partially offset by growing business volumes and the continued low risk of funding, as well as the positive effect that rising market interest rates had on interest income through equity in 2022.

### *Interest income and expense on assets*

Net interest income from assets increased by Euro 189.1 million, or 526.7 per cent., to Euro 225.0 million for the year ended 31 December 2022 compared to Euro 35.9 million for the year ended 31 December 2021 primarily due to an increase in market interest rates.

Net interest income from loans and advances to the public and public sector entities (excluding leasing) increased by Euro 32.4 million, or 17.2 per cent., to Euro 222.1 million for the year ended 31 December 2022 compared to Euro 189.7 million for the year ended 31 December 2021 primarily due to an increase in the average interest rates.

Net interest income from debt securities (i.e., the Group's liquidity portfolio) increased by Euro 9.1 million, or 364.0 per cent., to Euro 11.6 million for the year ended 31 December 2022 compared to Euro 2.5 million for the year ended 31 December 2021 primarily due to an increase in the average interest rates.

Net interest expense payable on derivative contracts decreased by Euro 87.2 million, or 74.3 per cent., to Euro 30.2 million for the year ended 31 December 2022 compared to Euro 117.4 million for the year ended 31 December 2021 primarily due to an increase in the average interest rates.

### *Interest income and expense on liabilities*

Net interest income on liabilities decreased by Euro 228.2 million, or 93.4 per cent., to Euro 16.1 million for the year ended 31 December 2022 compared to Euro 244.3 million for the year ended 31 December 2021, primarily due to an increase in net interest expenses on debt securities issued and a decrease in net interest income receivable on derivative contracts in hedge accounting.

Net interest expense on liabilities from debt securities issued increased by Euro 123.4 million, or 41.6 per cent., to Euro 420.1 million for the year ended 31 December 2022 compared to an expense of Euro 296.7 million for the year ended 31 December 2021, primarily due to an increase in the Group's funding operations and changes in interest rates.

Net interest income on liabilities on derivative contracts decreased by Euro 87.7 million, or 14.4 per cent., to Euro 520.6 million for the year ended 31 December 2022 compared to Euro 608.3 million for the year ended 31 December 2021, primarily due to changes in interest rates.

### ***Net Income on Financial Instruments at Fair Value through Profit or Loss***

Net expense payable on financial instruments at fair value through profit or loss was Euro 39.5 million for the year ended 31 December 2023 compared to income of Euro 44.6 million for the year ended 31 December 2022. This primarily was due to the net impact of changes in fair values for liabilities to the public and public sector entities, issued debt securities and derivative contracts. In 2023, the Finnish Financial Supervisory Authority's amendments to the *Regulations and Guidelines 2/2016*, changing the descriptions of certain line items, took effect. "Net income from securities and foreign exchange transactions" and "net income from hedge accounting" were reclassified together as "net income on financial instruments at fair value through profit or loss".

Net income from hedge accounting decreased to expense payable Euro 27.1 million for the year ended 31 December 2023 compared to income receivable Euro 36.4 million for the year ended 31 December 2022. Net income from hedge accounting improved to Euro 36.4 million for the year ended 31 December 2022 compared to Euro 4.8 million for the year ended 31 December 2021.

In accordance with its risk management principles, the Group uses derivatives to financially hedge against interest rate, foreign exchange and other market and price risks. Cash flows are hedged, but due to the generally used valuation methods, changes in fair value differ between the hedged financial instrument and

the respective hedging derivative. Changes in the shape of the interest rate curve and credit risk spreads in different currencies affect the valuations, which causes the fair values of hedged assets and liabilities and hedging instruments to behave in different ways. In practice, the changes in valuations are not realised on a cash basis because the Group primarily holds loan and funding agreements and their hedging derivatives until the maturity date. Unrealised fair value changes in the financial year 2022 were influenced in particular by changes in interest rate expectations and credit risk spreads in the Group's main funding markets.

### ***Net Income from Securities and Foreign Exchange Transactions***

Net income from securities and foreign exchange transactions was Euro 8.1 million for the year ended 31 December 2022 compared to Euro 24.1 million for the year ended 31 December 2021. This primarily was due to the net impact of changes in fair values for liabilities to the public and public sector entities, issued debt securities and derivative contracts.

### ***Net Income from Hedge Accounting***

#### ***Administrative Expenses***

The table below sets forth for the periods indicated, the principal components of the Group's administrative expenses.

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>(Euro '000)</i>		
<b>Personnel expenses</b>			
Salaries and remuneration .....	(16,943)	(15,520)	(14,618)
Pension costs .....	(2,916)	(2,717)	(2,375)
Other social security expenses.....	(617)	(525)	(650)
<b>Total</b> .....	<b>(20,475)</b>	<b>(18,763)</b>	<b>(17,643)</b>
Other administrative expenses.....	(20,236)	(18,598)	(17,080)
<b>Total Administrative Expenses</b> .....	<b>(40,711)</b>	<b>(37,361)</b>	<b>(34,722)</b>

The Group had 185,175 and 164 total personnel as at 31 December 2023, 2022 and 2021, respectively.

Administrative expenses increased by Euro 3.3 million, or 8.8 per cent., to Euro 40.7 million for the year ended 31 December 2023 compared to Euro 37.4 million for the year ended 31 December 2022 primarily due to primarily due to the increased costs of maintaining and developing information systems.

Administrative expenses increased by Euro 2.7 million, or 7.8 per cent., to Euro 37.4 million for the year ended 31 December 2022 compared to Euro 34.7 million for the year ended 31 December 2021 primarily due to the increased costs of maintaining and developing information systems. The improved COVID-19 situation also slightly increased travelling expenses and other types of running costs.

#### ***Depreciations and impairment on tangible and intangible assets***

Depreciations and impairment on tangible and intangible assets decreased by Euro 3.9 million, or 37.5 per cent., to Euro 6.5 million for the year ended 31 December 2023 compared to Euro 10.3 million for the year ended 31 December 2022. The decrease was due to a decrease in impairment of intangible assets.

Depreciations and impairment on tangible and intangible assets decreased by Euro 5.8 million, or 35.8 per cent., to Euro 10.3 million for the year ended 31 December 2022 compared to Euro 16.2 million for the year ended 31 December 2021. The decrease was due to a decrease in impairment of intangible assets.

#### ***Other Operating Expenses***

Other operating expenses decreased by Euro 0.5 million, or 2.5 per cent., to Euro 19.3 million for the year ended 31 December 2023 compared to Euro 19.8 million for the year ended 31 December 2022 primarily due to the lower contribution fee to the Single Resolution Fund.

Other operating expenses increased by Euro 4.2 million, or 26.9 per cent., to Euro 19.8 million for the year ended 31 December 2022 compared to Euro 15.6 million for the year ended 31 December 2021 primarily due to an increase in contribution to the Single Resolution Fund.

### ***Income Taxes***

Income taxes decreased by Euro 14.9 million, or 34.7 per cent., to Euro 28.1 million for the year ended 31 December 2023 compared to Euro 43.0 million for the year ended 31 December 2022 due to the decrease in net operating profit.

Income taxes decreased by Euro 5.1 million, or 10.6 per cent., to Euro 43.0 million for the year ended 31 December 2022 compared to Euro 48.1 million for the year ended 31 December 2021 due to the decrease in net operating profit.

### **Financial Position**

#### ***Assets***

The following table sets forth, as of the dates indicated, certain summary financial information about the assets of the Group:

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>(Euro '000)</i>		
<b>Assets</b>			
Cash and balances with central banks.....	2	2	8,399,045
Loans and advances to credit institutions .....	9,187,071	9,625,488	1,417,310
Loans and advances to the public and public sector entities .....	32,021,717	29,144,361	29,214,043
Debt securities .....	5,144,963	4,786,768	4,841,428
Derivative contracts.....	1,856,769	2,707,103	1,999,676
Intangible assets .....	6,311	8,831	12,296
Tangible assets.....	9,648	5,062	7,491
Other assets .....	1,073,885	1,234,810	256,117
Accrued income and prepayments.....	435,982	223,104	212,655
Deferred tax assets.....	9	763	-
<b>Total Assets.....</b>	<b>49,736,359</b>	<b>47,736,293</b>	<b>46,360,060</b>

As of 31 December 2023, the main components of the total assets of the Group were loans and advances to the public and public sector entities, loans and advances to credit institutions and debt securities, representing 64.4 per cent., 18.5 per cent. and 10.3 per cent., respectively, of total assets. As of 31 December 2023, total assets had increased by Euro 2,000.1 million, or 4.2 per cent., to Euro 49,736.4 million, compared to Euro 47,736.3 million as of 31 December 2022. The increase in total assets was mainly due to an increase in Loans and advances to the public and public sector entities.

As of 31 December 2022, the main components of the total assets of the Group were loans and advances to the public and public sector entities, loans and advances to credit institutions and debt securities, representing 61.1 per cent., 20.2 per cent. and 10.0 per cent., respectively, of total assets. As of 31 December 2022, total assets had increased by Euro 1,376.2 million, or 3.0 per cent., to Euro 47,736.3 million, compared to Euro 46,360.1 million as of 31 December 2021. The increase in total assets was mainly due to fair value changes in derivative contracts and cash collateral to central counterparties.

The main components of the Group's assets and the key drivers of the changes in the assets of the Group as of the indicated dates are described below.

#### ***Cash and balances with central banks***

Cash and balances with central banks remained at Euro 0.0 million as at 31 December 2023 compared to Euro 0.0 million as at 31 December 2022.

Cash and balances with central banks decreased by Euro 8,399.0 million, or 100.0 per cent., to Euro 0.0 million as at 31 December 2022 compared to Euro 8,399.0 million as at 31 December 2021. Central bank deposits have been made as overnight deposits since September 2022 and are now recorded under "Loans

and advances to the credit institutions". Previously central bank deposits were cash deposited with central bank payable on demand. As a result, cash and balances with central banks was Euro 0.0 million as at 31 December 2022.

*Loans and advances to the public and public sector entities*

Loans and advances to the public and public sector entities increased by Euro 2,877.3 million, or 9.9 per cent., to Euro 32,021.7 million as at 31 December 2023 compared to Euro 29,144.4 million as at 31 December 2022 primarily due to the increase in the long-term loan portfolio in loans and advances to the public and public sector entities.

Loans and advances to the public and public sector entities decreased by Euro 69.6 million, or 0.2 per cent., to Euro 29,144.4 million as at 31 December 2022 compared to Euro 29,214.0 million as at 31 December 2021 primarily due to unrealised changes in fair value caused by the rising interest rates.

*Debt securities*

Debt securities increased by Euro 358.2 million, or 7.5 per cent., to Euro 5,145.0 million as at 31 December 2023 compared to Euro 4,786.8 million as at 31 December 2022 primarily due to an increase in the funds invested in debt securities in 2023.

Debt securities decreased by Euro 54.6 million, or 1.1 per cent., to Euro 4,786.8 million as at 31 December 2022 compared to Euro 4,841.4 million as at 31 December 2021 primarily due to decrease in the funds invested in debt securities in 2022.

*Derivative contracts*

For a breakdown of the Group's derivative contracts during the periods under review see "*Significant Factors Affecting Operating and Financial Results—Fluctuations in interest rates, currency exchange rates and the valuation of derivatives*".

Derivative contract assets increased by Euro 850.3 million, or 31.4 per cent., to Euro 1,856.8 million as at 31 December 2023 compared to Euro 2,707.1 million as at 31 December 2022 primarily due to the fair value changes.

Derivative contract assets decreased by Euro 707.4 million, or 35.4 per cent., to Euro 2,707.1 million as at 31 December 2022 compared to Euro 1,999.7 million as at 31 December 2021 primarily due to the changes in interest rates and currency exchange rates.

***Liabilities***

The following table sets forth, as of the dates indicated, certain summary financial information about the liabilities of the Group:

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>(Euro '000)</i>		
<b>Liabilities</b>			
Liabilities to credit institutions.....	213,695	2,332,623	2,801,016
Liabilities to the public and public sector entities.....	2,588,275	2,529,585	3,324,685
Debt securities issued.....	40,601,646	35,592,065	35,327,525
Derivative contracts.....	3,372,514	4,616,111	2,224,294
Provisions and other liabilities.....	418,275	593,848	349,331
Accrued expenses and deferred income.....	474,620	166,635	181,732
Deferred tax liabilities.....	323,517	291,717	289,887
<b>Total Liabilities.....</b>	<b>47,992,542</b>	<b>46,122,584</b>	<b>44,498,470</b>

As of 31 December 2023, the main components of the total liabilities of the Group were debt securities issued, derivative contracts and liabilities to the public and public sector entities, representing 84.6 per cent., 7.0 per cent., and 5.4 per cent., respectively, of total liabilities. As of 31 December 2023, total liabilities had increased by Euro 1,869.9 million, or by 4.1 per cent., to Euro 47,992.5 million compared to

Euro 46,122.6 million as of 31 December 2022. The increase was attributable to the repayment of the TLTRO III debt in liabilities to credit institutions and new debt issuances in debt securities issued.

As of 31 December 2022, the main components of the total liabilities of the Group were debt securities issued, derivative contracts and liabilities to the public and public sector entities, representing 77.2 per cent., 10.0 per cent., and 5.5 per cent., respectively, of total liabilities. As of 31 December 2022, total liabilities had increased by Euro 1,624.1 million, or by 3.6 per cent., to Euro 46,122.6 million compared to Euro 44,498.5 million as of 31 December 2021. The increase was attributable to an increase in derivative contracts, specifically fair value changes.

The main components of the Group's liabilities and the key drivers of the changes in the liabilities of the Group as of the indicated dates are described below.

#### *Debt securities issued*

The total amount (nominal value at the time of issuance) of bonds and other funding issued by the Group as at 31 December 2023 was:

	<b>As at 31 December 2023</b>
	<i>(Euro '000)</i>
<b>Funding</b>	
Debt instruments issued under EMTN Programmes.....	38,295,739.2
Debt instruments issued under the AUD Programme .....	688,522.7
Debt instruments issued under stand-alone MTN documentation.....	0
Commercial Papers of the Issuer.....	4,017,073.5
<b>Other funding</b> .....	2,904,556.7
<b>Total</b> .....	<u>45,905,892.0</u>

Debt securities issued by the Group increased by Euro 5,009.5 million, or 14.1 per cent., to Euro 40,601.6 million as at 31 December 2023 compared to Euro 35,592.1 million as at 31 December 2022 primarily due to an increase in new funding that was issued compared to maturing funding.

Debt securities issued by the Group increased by Euro 264.6 million, or 0.7 per cent., to Euro 35,592.1 million as at 31 December 2022 compared to Euro 35,327.5 million as at 31 December 2021 primarily due to an increase in new funding that was issued compared to maturing funding.

For more information on the Group's debt securities issued, see "*Contingent Liabilities—Commitments*" below.

#### *Liabilities to credit institutions and liabilities to the public and public sector entities*

Liabilities to credit institutions decreased by Euro 2,118.9 million, or 90.8 per cent., to Euro 213.7 million as at 31 December 2023 compared to Euro 2,332.6 million as at 31 December 2022 primarily due to the repayment of the TLTRO III debt.

Liabilities to the public and public sector entities consist primarily of bilateral loans from public sector entities. Liabilities to the public and public sector entities increased by Euro 58.7 million, or 2.3 per cent., to Euro 2,588.3 million as at 31 December 2023 compared to Euro 2,529.6 million as at 31 December 2022 primarily due to an increase in fair value changes.

Liabilities to credit institutions decreased by Euro 468.4 million, or 16.7 per cent., to Euro 2,332.6 million as at 31 December 2022 compared to Euro 2,801.0 million as at 31 December 2021 primarily due to a decrease in received collaterals in respect of derivatives in 2022.

Liabilities to the public and public sector entities consist primarily of bilateral loans from public sector entities. Liabilities to the public and public sector entities decreased by Euro 795.1 million, or 23.9 per cent., to Euro 2,529.6 million as at 31 December 2022 compared to Euro 3,324.7 million as at 31 December 2021 primarily due to a decrease of funding acquired from the public and public sector entities in 2022.



### *Derivative contracts*

For a breakdown of the Group's derivative contracts during the period see "*Significant Factors Affecting Operating and Financial Results—Fluctuations in interest rates, currency exchange rates and the valuation of derivatives*".

Derivative contracts liabilities for the Group decreased by Euro 1,243.6 million, or 26.9 per cent., to Euro 3,372.5 million as at 31 December 2023 compared to Euro 4,616.1 million as at 31 December 2022 primarily due to changes in interest rates and currency exchange rates.

Derivative contracts liabilities for the Group decreased by Euro 2,391.8 million, or 107.5 per cent., to Euro 4,616.1 million as at 31 December 2022 compared to Euro 2,224.3 million as at 31 December 2021 primarily due to changes in interest rates and currency exchange rates.

### **Capital Adequacy**

The Group calculates its capital adequacy according to the CRR and CRD IV, to the extent that they apply to credit institutions such as the Group which specialise in servicing the local government sector. CRD IV and CRR are based on Basel III requirements.

The capital adequacy requirement for credit risk is calculated using the standardised approach and for credit counterparty risk mark-to-market method. For credit risk mitigation, the Group uses methods for reducing the credit risk such as guarantees provided by the municipalities as well as deficiency guarantees given by the Republic of Finland. For derivatives, netting agreements (ISDA Master Agreement), collateral agreements (ISDA Credit Support Annex) and guarantees granted by the Municipal Guarantee Board are used for reducing the capital adequacy requirement related to the credit counterparty risk of derivative counterparties. When calculating the capital requirement 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 Group's foreign exchange position is very small. Pursuant to Article 351 of the CRR if foreign exchange net position does not exceed 2 per cent. of the total own funds, there is no capital requirement for market risk. Credit valuation adjustment risk is calculated using standard method and operational risk using basic indicator approach.

The Board of Directors monitors and approves the capital adequacy plan, which is revised annually. The latest revision was made in March 2024 and the current plan extends to 2027. The Group's capital adequacy was well above the minimum requirements as at 31 December 2023. The leverage ratio requirement, which is calculated without applying risk-weights for receivables, is, due to the Group's business model, the most restrictive capital requirement, but as at 31 December 2023, the Group's leverage ratio calculated under the Basel III Standards/CRR II Regulation was 12.0 per cent. compared to the minimum threshold of 3 per cent. set under Basel III/CRR II Regulation (after taking account of the Group's status as a "public development credit institution" under CRR II as discussed below).

The CRR II, which became applicable at the end of June 2021, introduced a new category of credit institutions, namely "public development credit institutions", and set out criteria based on which an institution can be considered a public development credit institution. If a credit institution meets such criteria and accordingly constitutes a public development credit institution, it can, for the purposes of calculating the leverage ratio, deduct exposures arising from assets that constitute claims on central governments, regional governments, local authorities or public sector entities in relation to public sector investments and promotional loans. The Issuer meets the criteria of a public development credit institution set out in the CRR II and accordingly it may deduct all credit receivables from the central government and municipalities in the calculation of its leverage ratio, and it has deducted all such credit receivables for the year ended 31 December 2023.

At the end of October 2021, the European Commission published its proposal for the implementation of the final Basel III banking regulatory standards in the EU. The reform will affect the bank's solvency calculation, especially in credit, market and operational risk calculations, in CVA VaR, in leverage ratio calculation and introduces a new output floor. The Group's business model is based on zero risk-weighted customer financing and there will not be any changes on this when implementing Basel III package. The Group assessed the potential impact of the regulatory changes in 2023. According to the Group's current estimate, the changes in regulation will result in increased capital requirements related to derivatives, but

otherwise their impact on capital adequacy is expected to be minor. The impact assessment entails some uncertainty because these regulatory changes are not yet interpreted in an established way. The Group nevertheless expects to exceed the minimum regulatory capital requirements many times over due to its strong capital position, also in the future. The regulatory changes are not expected to impact the Group's leverage ratio.

The adequacy of own funds is also followed up in monthly business analyses.

The table below shows the Group's own funds for the periods indicated.

Consolidated own funds, Group	For the year ended 31 December		
	2023	2022	2021
		<i>(Euro '000)</i>	
Common Equity Tier 1 capital before regulatory adjustments .....	1,677,800	1,546,129	1,464,442
Regulatory adjustments to Common Equity Tier 1 capital .....	(127,991)	(64,519)	(56,172)
<b>Common Equity Tier 1 Capital (CET1)</b> .....	<b>1,549,809</b>	<b>1,481,610</b>	<b>1,408,270</b>
Additional Tier 1 capital before regulatory adjustments.....	-	-	347,454
Regulatory adjustments to Additional Tier 1 capital .....	-	-	-
<b>Additional Tier 1 Capital (AT1)*</b> .....	<b>-</b>	<b>-</b>	<b>347,454</b>
<b>Tier 1 Capital (T1)</b> .....	<b>1,549,809</b>	<b>1,481,610</b>	<b>1,755,723</b>
Tier 2 capital before adjustments.....	-	-	-
Adjustments to Tier 2 capital .....	-	-	-
<b>Tier 2 Capital (T2)</b> .....	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b> .....	<b>1,549,809</b>	<b>1,481,610</b>	<b>1,755,723</b>

\* The AT1 was called on 1 April 2022.

#### Consolidated minimum requirement for own funds, Group

	31 December 2023		31 December 2022		31 December 2021	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
	<i>(Euro '000)</i>					
<b>Credit and counterparty risk, standardised approach</b> .....	<b>45,826</b>	<b>572,829</b>	<b>41,727</b>	<b>521,592</b>	<b>42,524</b>	<b>531,547</b>
Exposures to central governments or central banks .....	-	0	-	0	-	0
Exposures to regional governments or local authorities.	430	5,372	419	5,240	451	5,634
Exposures to public sector entities	441	5,507	639	7,983	705	8,807
Exposures to multilateral development banks .....	-	0	-	0	-	0
Exposures to institutions.....	29,511	368,890	26,800	335,004	23,422	292,771
Exposures to corporates.....	1,850	23,130	3,297	41,210	6,038	75,471
Exposures in the form of covered bonds .....	10,630	132,874	8,723	109,041	9,734	121,670
Other items.....	2,964	37,056	1,849	23,113	2,176	27,194
<b>Market risk</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit valuation adjustment risk (CVA VaR), standard method</b> .....	<b>34,154</b>	<b>426,924</b>	<b>37,644</b>	<b>470,552</b>	<b>39,549</b>	<b>494,362</b>
<b>Operational risk, basic indicator approach</b> .....	<b>39,984</b>	<b>499,797</b>	<b>42,071</b>	<b>525,892</b>	<b>36,527</b>	<b>456,587</b>
<b>TOTAL</b> .....	<b>119,964</b>	<b>1,499,550</b>	<b>121,443</b>	<b>1,518,036</b>	<b>118,600</b>	<b>1,482,496</b>

	For the year ended 31 December		
	2023	2022	2021
CET1 capital ratio, % .....	103.35	97.60	94.99
Tier 1 capital ratio, % .....	103.35	97.60	118.43
Total capital ratio, % .....	103.35	97.60	118.43

In addition to the above, the table below shows the own funds for the Issuer only for the periods indicated.

#### Own funds, Issuer

	For the year ended 31 December		
	2023	2022	2021
		(Euro '000)	
Common Equity Tier 1 capital before regulatory adjustments .....	1,677,688	1,546,042	1,461,93
Adjustments to Common Equity Tier 1 capital .....	(127,993)	(64,524)	(56,181)
<b>Common Equity Tier 1 Capital (CET1)</b> .....	<b>1,549,695</b>	<b>1,481,518</b>	<b>1,405,753</b>
Additional Tier 1 capital before adjustments .....	-	-	349,878
Regulatory adjustments to Additional Tier 1 capital .....	-	-	-
<b>Additional Tier 1 Capital (AT1)*</b> .....	<b>-</b>	<b>-</b>	<b>349,878</b>
<b>Tier 1 Capital (T1)</b> .....	<b>1,549,695</b>	<b>1,481,518</b>	<b>1,755,631</b>
Tier 2 capital before adjustments .....	-	-	-
Adjustments to Tier 2 capital .....	-	-	-
<b>Tier 2 Capital (T2)</b> .....	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b> .....	<b>1,549,695</b>	<b>1,481,518</b>	<b>1,755,631</b>

\* The AT1 was called on 1 April 2022.

#### Minimum requirement for own funds, Issuer

	31 December 2023		31 December 2022		31 December 2021	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
		(Euro '000)				
<b>Credit and counterparty risk, standardised approach</b> .....	<b>455,906</b>	<b>573,825</b>	<b>41,811</b>	<b>522,644</b>	<b>42,604</b>	<b>532,547</b>
Exposures to central governments or central banks .....	-	0	-	0	-	0
Exposures to regional governments or local authorities ..	430	5,372	419	5,240	451	5,634
Exposures to public sector entities .....	441	5,507	639	7,983	705	8,807
Exposures to multilateral development banks .....	-	0	-	0	-	0
		368,6		334,8		292,6
Exposures to institutions .....	29,494	71	26,784	00	23,410	22
		23,13		41,21		75,47
Exposures to corporates .....	1,850	0	3,297	0	6,038	1
		132,8		109,0		121,6
Exposures in the form of covered bonds .....	10,630	74	8,723	41	9,734	70
Equity exposure .....	131	1,639	131	1,639	131	1,639
		36,63		22,72		26,70
Other items .....	2,931	1	1,818	9	2,136	4

Market risk .....	-	-	-	-	-	-
Credit valuation adjustment risk (CVA VaR), standard method.....	34,154	426,924	37,644	470,552	39,549	494,362
	38,781	484,758	40,014	500,171	33,788	422,344
Operational risk, basic indicator approach .....	118,841	1,485,507	119,469	1,493,367	115,940	1,449,252
<b>TOTAL.....</b>						
	<b>For the year ended 31 December</b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b>			
CET1 capital ratio, %.....	104.32	99.21	97.00			
Tier 1 capital ratio, %.....	104.32	99.21	121.14			
Total capital ratio, %.....	104.32	99.21	121.14			

The Group's consolidated own funds totalled Euro 1,549.8 million at the end of 2023 (2022: Euro 1,481.6; 2021: Euro 1,755.7 million). Common Equity Tier 1 (CET1) totalled Euro 1,549.8 million (2022: Euro 1,481.6 million; 2021: Euro 1,408.3 million), and takes into account the net of tax impact of the Group's own Debt Valuation Adjustment (DVA) amounting to Euro negative 2.8 million (2022: Euro negative 4.3 million; 2021: Euro negative 1.6 million) and additional value adjustments (AVA) amounting to Euro negative 58.6 million (2022: Euro negative 50.7 million; 2021: Euro negative 42.2 million). Tier 1 capital amounted to Euro 1,549.8 million (2022: Euro 1,481.6 million; 2021: Euro 1,755.7 million).

Own funds for 2020 and 2021 include the proceeds from the Group's AT1 issuance in September of 2015. Own funds also include the profit of the financial years 2021, 2022 and 2023 based on the permission received from the European Central Bank. Tier 1 capital includes a provision for dividend distribution of Euro 66.0 million from the Issuer at the end of 2023, of Euro 67.6 million at the end of 2022 and of Euro 40.2 million at the end of 2021.

There was no Tier 2 capital at the end of 2023, 2022 or 2021.

The Group's capital adequacy increased from 2022 to 2023, with the total capital ratio being 103.35 per cent. as of 31 December 2023 compared to 97.60 per cent. as of 31 December 2022. This increase was primarily due to the increase in total own funds and the decrease of risk exposure amount.

In December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy and liquidity framework, known as Basel III, with a revised version published in June 2011 (the "**Basel III Standards**"), which were significantly more stringent than the former requirements under Basel II. Basel III is intended to increase the quality and quantity of capital, to increase capital required to be held against risk weighted assets and to introduce a new liquidity framework (incorporating a leverage ratio, liquidity coverage ratio and a net stable funding ratio). While the Basel III Standards themselves are not legally binding in any jurisdiction, new rules in the form of a new directive and regulation of the European Commission have entered into force in order to implement the Basel III Standards. The Basel III Standards implementing European Commission rules consist of a new Capital Requirements Regulation which entered into force on 28 June 2013 and a Fourth Capital Requirements Directive which entered into force on 17 July 2013. The rules became effective on 1 January 2014, although certain requirements will be phased in over the coming years.

The Basel III Standards and consequently the CRR include a leverage ratio requirement. The Basel III Standards set the minimum leverage ratio at 3 per cent. while the CRR includes currently no minimum threshold. The EU Parliament approved the review of the CRR in April 2019 together with the implementation of the 3 per cent. leverage ratio requirement. Simultaneously, the EU Parliament approved certain exclusions for the public development credit institutions to be used in the calculation of the leverage ratio. The Group meets the definition of a public development credit institution and accordingly may make use of the relevant exclusions in leverage ratio calculation. This change explains the increase in the leverage ratio in 2021 to 12.8 per cent. The effect of the CRR II regulation coming into force at the end of June 2021, was 8.8 percentage points to the leverage ratio.

As at 31 December 2023, the Group's leverage ratio was 12.0 per cent. (2022: 11.6 per cent.). The Group fulfils the CRR II definition of a "public development credit institution" and may therefore deduct all credit receivables from municipalities and the central government in the calculation of its leverage ratio. The amount of credit receivables from municipalities, wellbeing services counties and the central government was Euro 35,251 million as at 31 December 2023.

The Annual General Meeting of the Issuer held on 23 March 2011 decided on changing the dividend policy in such a way that in the future, the Board of Directors evaluates the amount of dividend paid out each year and gives its proposal on the payment of dividends based on the Group's economic situation and the applicable regulations, taking into account the Issuer's structure of ownership. At the Annual General Meeting of the Issuer held on 25 March 2021, the Annual General Meeting adopted the proposal of the Board of Directors to authorise the Board of Directors to decide on a dividend of a maximum of Euro 20,313,174.96 and its payment in one or more instalments at a time it deems best, taking into account the authority recommendations. Based on this authorisation the Board resolved to pay the dividend of Euro 20,313,174.96 in October 2021. At the Annual General Meeting of the Issuer held on 24 March 2022, the Annual General Meeting adopted the proposal of the Board of Directors to distribute a dividend of Euro 40,235,711.94. The Annual General Meeting of the Issuer held on 28 March 2023 adopted a dividend policy, according to which in the coming years the Issuer aims to pay 30% to 60% of the Group's profit for a financial year in dividends, provided that distribution of such dividends does not prevent the Group from meeting its liquidity, solvency and other commitments. This new dividend policy will be applied to the next dividend distribution decision. At the Annual General Meeting of the Issuer held on 28 March 2023, the Annual General Meeting adopted the proposal of the Board of Directors to distribute a dividend of Euro 67,580,370.54 in April 2023. The Board of Directors has proposed to the Annual General Meeting to be held on 17 May 2024 to distribute a dividend of Euro 66,017,818.62.

### **Contingent Liabilities**

The Group has no contingent assets or liabilities as at 31 December 2023 or at 31 December 2022. Previously, the accrued interest on AT1 capital instrument, issued by the Parent Company, comprised contingent liability at the reporting date. The contingent liability was realised as a reduction of equity once the Parent Company decided on the payment of interest. AT1 capital instrument was redeemed at 1 April 2022. As at 31 December 2021, MuniFin had a contingent liability of Euro 9,459 thousand.

<b>Breakdown of off-balance sheet unmatured commitments and contingent liabilities</b>	<b>As at 31 December 2023</b>
	(Euro '000)
Credit commitments.....	3,071,228

### **Commitments**

As at 31 December 2023, the Group had given collateral (carrying amount) to the central bank and Guarantor as follows:

<b>Bonds</b>	<b>As at 31 December 2023</b>
	(Euro '000)
Loans and advances to credit institutions to the central bank.....	35,152
Loans pledged to the central bank.....	4,598,718
Loans pledged to the Municipal Guarantee Board.....	12,701,070
<b>Total.....</b>	<b>17,334,940</b>

### **Cash Flows**

The table below sets out, for the period indicated, information on the Group's net consolidated cash flows on operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the period.

<b>For the year ended 31 December</b>		
<b>2023</b>	<b>2022</b>	<b>2021</b>
(Euro '000)		

Cash flow from operating activities.....	84,900	(7,975,442)	2,750,437
Cash flow from investing activities.....	(545)	(3,550)	(7,747)
Cash flow from financing activities.....	(69,765)	(407,887)	(37,866)
Change in cash and cash equivalents.....	14,590	(8,386,879)	2,704,824
Cash and cash equivalents at 1 January.....	48,624	8,435,504	5,730,680
Cash and cash equivalents at 31 December.....	63,214	48,624	8,435,504

### *Operating Activities*

The operating activities of the Group for the year ended 31 December 2023 generated net cash inflows of Euro 84.9 million compared to net cash outflows of Euro 7,975.4 million and net cash inflows of Euro 2,750.4 million for the years ended 31 December 2022 and 2021, respectively. The main drivers for this change were decrease in cash outflows in investments and collaterals on derivatives. In 2022, the main drivers for the increase were the increases in net cash outflows in investments and collaterals. The increase in the net change in investments is mainly due to the central bank deposits previously recorded under Cash and balances with the Central Bank.

### *Investing Activities*

The investing activities of the Group generated net cash outflows of Euro 0.5 million for the year ended 31 December 2023 and Euro 3.6 million and Euro 7.7 million for the years ended 31 December 2022 and 2021, respectively, from the acquisition of intangible assets. In 2021 the Group invested significantly in developing IT systems and business operations.

### *Financing Activities*

Net cash outflow from financing activities of Euro 69.8 million for the year ended 31 December 2023 was primarily due to the dividend payment.

Net cash outflow from financing activities of Euro 407.9 million for the year ended 31 December 2022 was primarily due to the payment of the AT1 capital loan and a dividend payment.

Net cash outflow from financing activities of Euro 37.9 million for the year ended 31 December 2021 was primarily due to interest paid on the AT1 capital loan and a dividend payment.

During the year ended 31 December 2023, the Group paid dividends of Euro 67.6 million. During the years ended 31 December 2022 and 2021, the Group paid dividends of Euro 40.2 million and Euro 20.3 million, respectively, during each period.

### **Critical Accounting Policies**

Preparation of the accounts in accordance with EU IFRS requires management estimates and assumptions that affect the revenue, expenses, assets and liabilities presented in the financial statements. For more information on accounting policies see Note 1 to the Consolidated Financial Statements, "*Summary of significant accounting policies*".

The key assumptions made by the Group concern key uncertainty factors pertaining to the future and the estimates made as of the date of closing of the accounts. These are related to, among other things, the determination of fair value and the impairment of financial assets.

Where market price information is limited, the determination of financial assets that are not publicly quoted or other financial assets requires management judgement. Valuation and determination of own credit risk and its changes for financial liabilities designated at fair value also requires management judgement.

The measurement of impairment losses under IFRS 9 across all categories of financial assets, other than those recorded at fair value through profit or loss, requires judgement, in particular, the estimation of amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's calculations in respect of expected credit losses are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The Group regularly reviews its models in the context of actual loss experience and adjusts them when necessary.

## MUNICIPALITY FINANCE PLC

### Introduction

Municipality Finance Plc was established on 1 May 2001, when the old Municipality Finance Plc (established in 1989) and Municipal Housing Finance Plc (established in 1993) were merged to form a new company, Municipality Finance Plc, a credit institution referred to in the (Finnish) Credit Institutions Act. On 26 April 2001, the Issuer was granted a credit institution licence by the Ministry of Finance.

The Issuer serves the Finnish municipal sector which consists of municipalities, joint municipal authorities and a range of organisations owned or controlled by municipalities, and corporations designated by state authorities engaging in housing on social grounds. As of the beginning of 2023, the Issuer also serves the wellbeing services counties and joint county authorities for wellbeing services. The Issuer has provided funding for the Finnish municipal sector since 1991. The Issuer's core mandate is to ensure that its customers have access to affordable financing under all market conditions. The Issuer's aim is to ensure cost-effective financial services for the municipal and social housing sector, to operate efficiently and grow profitably, and to improve its self-sufficiency and increase its own funds primarily through funds from its operations in compliance with the Municipal Guarantee Board Act (the "**MGB Act**") (see "*The Municipal Guarantee Board*") and all relevant and applicable rules and legislation. The Issuer focuses actively on customer relations and creates solutions and services for its customers.

The risk management approach of the Issuer is based on risk avoidance and minimisation. In order to minimise risks and safeguard profits, derivatives are only used for hedging purposes. According to the Articles of Association, the Issuer's shares may not be assigned to anyone other than Keva (public sector pension fund), municipalities, joint municipal authorities, central organisations of municipalities, entities wholly owned by or under the control of municipalities or joint municipal authorities or companies owned by such entities without the consent of the Issuer's Board of Directors.

Municipality Finance Plc's Financial Advisory Services, which was established in 2004, was turned into a subsidiary under the name Financial Advisory Services Inspira Ltd ("**Inspira**") in November 2007. Inspira focuses on independent expert advisory services for public-sector administration in various areas of funding. In May 2024, the Group decided to discontinue the provision of financial advisory services and wind down Inspira's current business.

Funding by the Issuer is guaranteed by the Municipal Guarantee Board ("**MGB**") as are the Notes. MGB is an institution under public law and was established under the MGB Act and operates in accordance with it, as amended from time to time, to safeguard and develop the joint funding of the Finnish municipal sector. Its members are jointly responsible for its debts and obligations in accordance with the MGB Act. See "*The Municipal Guarantee Board*".

According to calculations carried out in accordance with the guidelines of the (Finnish) Financial Supervisory Authority, the Issuer's own funds amounted to Euro 1,549.8 million on 31 December 2023. The Issuer's total assets on 31 December 2023 were Euro 49.7 billion, of which the long-term customer financing represented Euro 32.0 billion.

### Customer finance

The Issuer grants financing:

- to municipalities and joint municipal authorities (which are members of MGB) as well as to wellbeing services counties and joint county authorities for wellbeing services;
- at preferential terms in accordance with European Union State aid rules to corporations designated by state authorities and engaging in the renting or production and maintenance of housing on social grounds, or corporations controlled by them; and
- at preferential terms in accordance with European Union State aid rules to entities totally owned or controlled by municipalities, joint municipal authorities, wellbeing services counties or joint county authorities for wellbeing services or municipal enterprises provided they fall within certain categories. They should either provide public services falling within the sphere of municipal authority as provided for in the applicable legislation or carry out functions directly in service thereof. Alternatively, they should provide other services essential to citizens, if due to local or

regional circumstances the provision of such services is necessary to ensure their availability or efficient provision.

An absolute guarantee or a deficiency guarantee from a municipality or joint municipal authority, a State deficiency guarantee or a guarantee from the State and a municipality are received as loan collateral in order for the Issuer to advance funds. In addition, a deficiency guarantee for a loan project requires mortgage security. A loan can be granted directly to a municipality, a joint municipal authority, a wellbeing services county or a joint county authority for wellbeing services without separate collateral.

The Issuer offers also short-term lending products to municipalities, joint municipal authorities, wellbeing services counties and joint county authorities for wellbeing services, and to organisations controlled by municipalities, joint municipal authorities, wellbeing services counties or joint county authorities for wellbeing services.

The long-term customer financing was Euro 32.0 billion, Euro 29.1 billion and Euro 29.2 billion as at 31 December 2023, 31 December 2022 and 31 December 2021, respectively. The municipal sector's funding needs depend on the size and project to be funded of each municipal-sector client.

By acquiring funding jointly through the Issuer, municipalities can benefit from the good overall credit standing of the entire municipal sector and raise funds in the wholesale market. Because of the Issuer's policy on guarantees and the composition of the Issuer's clientele, all lending by the Issuer is considered zero risk in the capital adequacy calculations of banks and credit institutions in Finland.

Neither the Issuer nor its predecessors has ever suffered any credit losses in the financing of its customers after possible realisation of mortgage collaterals and guarantees. The Issuer has no significant investments in other companies or corporations.

The Issuer started to offer green loans and green leasing to its customers in the spring 2016 for projects that promote lower carbon emissions and climate resilient growth. The selection of the projects will be made by the Issuer's green finance team. The green finance team consists of selected sustainability experts from the Issuer's Customer Solutions division and the Capital Markets and Sustainability division. These projects will be financed as Green Bonds under the Programme. An amount equal to the proceeds of the Green Bond issue will be earmarked and used to finance new eligible projects and to refinance existing eligible projects in the green finance portfolio. Until disbursements are made to a project, the earmarked proceeds will be placed in liquidity reserves and managed according to the Sustainability Policy of the Group. See "*Use of Proceeds*".

In 2020, the Issuer launched a new social finance product for its customers and published its Social Bonds Framework. Under the framework eligible projects provide social housing, promote welfare or improve education. Social finance projects are selected in co-operation between the Issuer's Customer Finance Department and its Social Evaluation Team which will ultimately approve the project. The team consists of two or more members from the Issuer's customers or other public sector entities or organisations. One member of the team is from the Issuer's Customer Finance department. Each project is analysed independently. These projects will be financed as Social Bonds under the Programme. An amount equal to the proceeds of the social bonds issued by the Issuer will be earmarked and used to finance new eligible projects and to refinance existing eligible projects in the Issuer's social finance portfolio. Until disbursement to eligible projects, the earmarked proceeds will be placed in liquidity reserves and managed in accordance with the Issuer's Sustainability Policy. See "*Use of Proceeds*".

In 2017 the Issuer defined the key principles and goals of corporate responsibility which aim to ensure responsibility in all of the Issuer's functions and those of its corporate partners. The Issuer allocates some of its investments to socially responsible investment targets in accordance with its Sustainable Investment Framework which was published in 2021. The Issuer's goal is for green finance to account for 25% and social finance for 8% of the long-term customer finance portfolio by 2030. In 2023, green and social finance kept growing and green finance accounted for 14.6% and social finance for 6.8% of long-term customer financing excluding unrealised fair value changes. The Group's sustainability agenda also includes the Group's first financed emissions goal, aiming for financed emissions from buildings to have an emissions intensity of 8 kgCO<sub>2</sub>e/m<sup>2</sup> by 2035. The emissions intensity of the Group's portfolio was 12 kgCO<sub>2</sub>e/m<sup>2</sup> based on the data of 2022. As at 31 December 2023, the amount of Group's green finance aimed at environmentally sustainable investments totalled Euro 4,795 million and the amount of its social finance aimed at investments promoting equality and communality totalled Euro 2,234 million. As at 31 December



2023, the total amount of green and social finance increased by 41.0 per cent. compared to the end of 2022. As at 31 December 2023, the total amount of the Issuer's direct sustainable investments was Euro 635 million.

### **Funding**

The Issuer's long-term funding takes place in the international capital markets (e.g. the euro zone, Japan, Americas, Australia and other Asian markets and Switzerland).

International funding is usually obtained through bond issues. The main form of raising international funds is the issuance of bonds under the Programme. On 31 December 2023, the Issuer had a total of Euro 38.3 billion (Euro 33.5 billion on 31 December 2022) unmatured medium-term notes issued under the Programme, of which Euro 3.3 billion was raised in Green Bonds and Euro 1.2 billion in Social Bonds. The Issuer also has an Australian dollar 2 billion Medium Term Note Programme for accessing the Australian markets. Total bonds outstanding under this program totalled Euro 688.5 million as at 31 December 2023 (Euro 732.6 million on 31 December 2022).

The Issuer's short-term funding is obtained through the issuance of Euro commercial paper under a Euro 10 billion STEP compliant Euro-Commercial Paper Programme. Short-term funding is used for the municipal sector's short-term financial needs and for securing the liquidity required for the Issuer's normal business operations. Commercial paper is short-term, liquid, low-risk money market instruments for the investment needs of municipalities and other investors, for instance. Total commercial paper outstanding as at 31 December 2023 totalled Euro 4,017.1 million (Euro 4,668.5 million on 31 December 2022).

### **Liquidity**

The Group front-loads its funding requirements. Pursuant to its policies, the Group seeks to maintain minimum amount of short-term liquidity measured by the liquidity coverage ratio, of 100 per cent. on a daily basis. As at 31 December 2023, the LCR was 409.1 per cent. and the NSFR was 124.1 per cent. As a long-term requirement, the Group seeks to maintain liquidity for at least twelve months of undisturbed operation. As at 31 December 2023, the Group's liquidity buffer was almost 16 months. The main sources of funding used by the Group for lending activities are this Programme, its Euro-Commercial Paper Programme and its AUD debt programme. Since 2010, Municipality Finance has held the status of central bank counterparty, and together with its securities portfolio, part of the Group's municipal loan book can be used as eligible collateral for participation to the central bank open market operations or standing facilities, which act as a secondary source of liquidity.

### **Risk Management**

The Issuer aims to meet the financing needs of the municipal sector as diversified and cost-effectively as possible. The Issuer does not seek maximum profit from its business operations, which is why risk-taking is also minimised.

The practical aspects of risk management are the responsibility of the CEO and the Executive Management Team assisting him. The Board of Directors' Risk Committee is responsible for assisting the Board of Directors in matters pertaining to risk management.

The Issuer's core mandate is to offer its customers affordable financing under all market conditions. In accordance with this principle, the only credit risk affecting the Issuer's loan portfolio is related to that of municipalities, joint municipal authorities, wellbeing services counties, joint county authorities for wellbeing services and the Republic of Finland. If any loans are granted to entities owned or controlled by municipalities or wellbeing services counties, these must have municipalities or wellbeing services counties as their majority owners and an absolute guarantee from a municipality, a joint municipal authority, a wellbeing services county or a joint county authority for wellbeing services or a deficiency guarantee from the Republic of Finland. The Issuer's entire loan portfolio bears zero risk in the capital adequacy calculation of banks and financial institutions. The same applies to all debt instruments of various durations issued by the Issuer itself. For hedging against interest rate and currency risks, the Issuer uses derivatives contracts.

In addition to the Board of Directors' Risk Committee, the Group has several internal, executive-level decision-making and risk monitoring bodies through which all material risk management actions are governed. These bodies have duties related to general risk positioning monitoring covering all risk areas such as credit management, balance sheet management by taking into account market and liquidity risks,

valuation control management, data governance and (data and physical) security management issues. The Issuer has an independent risk management function headed by the Chief Risk Officer who reports directly to the CEO and to the Board of Directors' Risk Committee.

Principles based on credit rating and contract types, approved by the Issuer's Board of Directors, are applied to the assessment of credit risk when contractual counterparties are being chosen.

In addition to credit risk and counterparty risk, the Issuer regularly monitors trends in market, liquidity and market liquidity, operational, legal and strategic risks and factors affecting them.

The Group assesses its credit risks by utilising principles and limits based on external credit ratings which have been approved by the Board of Directors and are applied to the selection of counterparties. Nominal values of debt securities and market values of derivatives (fair value method) are used in monitoring credit risk. Further, the Issuer limits credit risk arising out of derivative agreements with ISDA Credit Support Annexes in place with all derivatives counterparties. Additionally, the Municipal Guarantee Board's guarantees are used for reducing the counterparty risks related to the derivative contracts with certain counterparties.

The Group manages its operational risk, or the risk of loss due to insufficient or failed internal processes, personnel, systems, or external factors. Operational risks also include risks arising from failure to comply with internal and external regulation (compliance risk), legal risks and reputational risk. Operational risks may result in expenses, payable compensation, loss of reputation, false information on position, risk and results or the interruption of operations.

Operational risks are recognised as part of the Group's operations and processes. This has been implemented with an annual mapping of operational risk at a unit and company-specific level. The management of operational risks is the responsibility of the Group's functions/departments and in addition, the risk management function supports them and coordinates the work.

The Group uses various methods for managing operational risks. The Group has internal operational guidelines that are updated regularly and monitored for compliance. Key duties and processes have been charted and described. Internal instructions and processes are revised on a regular basis. The tasks of trading, risk control, back office functions, documentation and bookkeeping are separated. The Group has adequate substitution systems to ensure the continuity of key functions. The expertise of the personnel is maintained and improved through regular development discussions and training plans. The Group maintains adequate insurance cover and assesses the level of insurance cover on a regular basis. The Group has a contingency plan for situations where business operations are interrupted. The plan is designed to help the Group continue functioning and limit its losses in different disruptive scenarios. The annual mapping of operational risks and the damage report procedure for operational risk events are used as input in the Group's continuity planning.

The Group's compliance function continuously monitors the development of legislation and regulations issued by authorities relevant to the Group's operations and ensures that any regulatory changes are appropriately responded to. The legislation and regulations of the authorities concerning the operations of credit institutions are facing significant changes, which creates challenges for the Group's compliance operations. The Group has tried to minimise the risks related to this by means of active contacts with the authorities as well as arrangements of the Issuer's internal compliance operations (including reporting evaluation of effects).

The realisation of operational risks is monitored with systematic damage reporting, which is used to change operating principles or implement other measures to reduce operational risks where necessary. The Executive Management Team and the Board of Directors are kept up-to-date on the damage reports. No material losses from operational risks have been realised during 2023.

### **Financial reporting**

The Issuer publishes yearly an annual report and a mid-year interim report.

## MANAGEMENT AND SHAREHOLDERS OF MUNICIPALITY FINANCE PLC

### Administration of the Issuer

In accordance with the Issuer's Articles of Association, the Board of Directors consists of a minimum of five and a maximum of nine ordinary members. The current eight ordinary members were elected at the annual general meeting held on 28 March 2023 for a term that commenced from the closing of the 2023 annual general meeting and ends at the closing of the next annual general meeting following the election. The issuer's annual general meeting 2024 is expected to be held on 17 May 2024.

<b>Board of Directors</b>	<b>Main duties outside the Issuer</b>
<b>Chairperson</b>	
Kari Laukkanen.....	M.Sc (Econ.), Independent consultant, Lauvest Ltd.
<b>Vice Chairperson</b>	
Maaria Eriksson.....	M.Sc (Econ.), CEFA, Deputy CIO and COO, Investments, Keva
<b>Board members</b>	
Markku Koponen.....	Master of Laws, EMBA, Board Professional
Tuomo Mäkinen.....	M.Sc (Econ.), Finance Manager, City of Helsinki
Minna Smedsten.....	M.Sc (Econ.), CFO, Taaleri Plc
Denis Strandell.....	M.Sc (Econ.), Former Mayor, City of Hanko
Leena Vainiomäki.....	Master of Political Sciences, MBA, Board Professional
Arto Vuojolainen.....	Master of Science in Technology, Operational and Financial Director, City of Tampere

The Board of Directors has approved a Corporate Governance Policy for the Issuer, which is prepared to comply with the regulations in force for banks' governance and also largely follows the Corporate Governance Code of the (Finnish) Securities Market Association. The Board of Directors has also approved a Sustainability Policy and the Code of Conduct for the Issuer.

The Board of Directors has an Audit Committee, which has four members: Markku Koponen (Chairperson), Tuomo Mäkinen, Minna Smedsten and Denis Strandell. The purpose of the Audit Committee is, as a preparatory body of the Board of Directors, to monitor the bookkeeping and the preparation of the final accounts and the internal control. The tasks and responsibilities of the committee have been defined in the rules of procedure, which the Board of Directors has approved. The Board of Directors has appointed a Senior Vice President responsible for the internal auditing function who reports directly to the Audit Committee and the Board of Directors.

The Board of Directors has a Risk Committee which has four members Leena Vainiomäki (Chairperson), Maaria Eriksson, Kari Laukkanen and Arto Vuojolainen. The Risk Committee assists the Board in the matters regarding 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 estimates whether the prices for the services that tie up capital correspond with the institution's risk strategy and, in the event this is not the case, presents a remedy plan to the Board. Further, the Risk Committee shall assist the Remuneration Committee in the establishment of sound 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.

The Board also has a Remuneration Committee, which has three members. The purpose of the Remuneration Committee is, as a preparatory body of the Board of Directors, to prepare remuneration matters and commitment schemes. The tasks and responsibilities of the committee have been defined in the rules of procedure, which the Board of Directors has approved. The members of the Remuneration Committee are Kari Laukkanen (Chairperson), Maaria Eriksson and Leena Vainiomäki.

The aggregate compensation paid to the members of the Board of Directors, excluding travel and out of pocket expenses related to their services on the Board of Directors, for the year ended 31 December 2023 was approximately Euro 0.3 million.

The Issuer's President and CEO is Esa Kallio. The Issuer's Executive Management Team consists of the CEO, Mari Tyster (Executive Vice President, Legal and Communications, Deputy to the CEO), Aku Dunderfelt (Executive Vice President, Customer Solutions), Toni Heikkilä (Executive Vice President, CRO, Risk Management and Compliance), Joakim Holmström (Executive Vice President, Capital Markets and Sustainability), Harri Luhtala (Executive Vice President, CFO, Finance), Minna Piitulainen (Executive Vice President, Development and HR Services) and Juha Volotinen (Executive Vice President, CIO, Technology Services).

The Issuer's offices are located at P.O. Box 744 (Jaakonkatu 3A, 5th Floor), FI-00101 Helsinki, which is the contact address for each person mentioned above. The documents mentioned in this Offering Circular can also be viewed at this address.

Members of the Board of Directors, Markku Koponen, Kari Laukkanen, Minna Smedsten, Denis Strandell and Leena Vainiomäki, are independent of the Issuer and its significant shareholders. Maaria Eriksson is independent of the Issuer but is employed by its significant shareholder. Arto Vuojolainen is independent of the Issuer's significant shareholders, but is employed by one of the Issuer's significant customers. Tuomo Mäkinen is non-independent of the Issuer and its significant shareholders as he is employed by a significant shareholder and customer of the Issuer. None of the members of the Executive Management Team have significant memberships in the Boards of Directors of other companies outside the Group or other material commitments, and all of their positions in the Group are full-time. Some members of the Executive Management Team hold positions in boards of directors of other entities with the approval of the Issuer's Board of Directors provided that such positions do not result in conflicts of interest.

### Major Shareholders

As at 31 December 2023 the Issuer had 276 shareholders and the ten largest shareholders of the Issuer were:

Shareholder	Shares	% of shares
1. Keva .....	11,975,550	30.7
2. Republic of Finland .....	6,250,000	16.0
3. City of Helsinki .....	4,066,525	10.4
4. City of Espoo .....	1,547,884	4.0
5. VAV Asunnot Oy (fully owned by City of Vantaa).....	963,048	2.5
6. City of Tampere.....	919,027	2.4
7. City of Oulu.....	903,125	2.3
8. City of Turku .....	763,829	2.0
9. City of Kuopio.....	592,028	1.5
10. City of Lahti .....	537,926	1.4

### Independent Auditor

The financial statements of the Municipality Finance Plc as of and for the years ended 31 December 2023 and 2022, incorporated by reference in this Offering Circular have been audited by KPMG Oy Ab, independent auditors, as stated in their reports also incorporated by reference herein.

KPMG Oy Ab is supervised by the Finnish Patent and Registration Office. The annual general meeting of the Issuer held on 28 March 2023 elected KPMG Oy Ab as its independent auditor for a term that commenced from the closing of the 2023 annual general meeting and ends at the closing of the 2024 annual general meeting following the election. The office of KPMG Oy Ab and the responsible auditor is at Töölönlahdenkatu 3 A, FIN-00100 Helsinki, Finland. On 26 April 2024, the Board of Directors proposed to the annual general meeting to elect PricewaterhouseCoopers as the Issuer's auditor for a term commencing from the close of the 2024 annual general meeting and ending at the closing of the next annual general meeting.

## SELECTED FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following tables set out, in summary form, selected financial information on MGB as at and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and have been derived from the Audited MGB Financial Statements which have been prepared, where applicable, in accordance with the Finnish GAAP. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Audited MGB Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations of the Guarantor" appearing elsewhere in this Offering Circular.

INCOME STATEMENT DATA	For the year ended 31 December		
	2023	2022	2021
	<i>(Euro '000)</i>		
<b>Ordinary operations</b>			
Income			
Guarantee premiums and other income .....	13,426.8	3,508.2	3,017.3
Expenses			
Staff expenses .....	(911.0)	(838.4)	(828.3)
Depreciation and impairments.....	0.0	(1.4)	(8.6)
Other expenses .....	(2,046.3)	(1,937.8)	(1,604.2)
<b>Result from ordinary operations</b> .....	<b>10,469.5</b>	<b>730.6</b>	<b>576.3</b>
<b>Investment activities</b>			
Income .....	448.1	157.3	277.2
Expenses .....	(137.0)	(42.6)	(1.0)
Result from investment activities prior to unrealised fair value changes .....	311.1	114.8	276.2
Unrealised fair value changes.....	1,604.4	(2,177.8)	1,795.9
<b>Result from investment activities</b> .....	<b>1,915.5</b>	<b>(2,063.0)</b>	<b>2,072.1</b>
<b>Result before appropriations</b> .....	<b>12,385.0</b>	<b>(1,332.4)</b>	<b>2,648.4</b>
<b>Appropriations</b>			
Transfer to fund.....	(10,780.7)	(845.4)	(852.5)
Transfer to the fair value reserve .....	(1,604.4)	2,177.8	(1,795.9)
<b>Result for the financial year</b> .....	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

BALANCE SHEET DATA	For the year ended 31 December		
	2023	2022	2021
	<i>(Euro '000)</i>		
<b>Assets</b>			
Non-current assets			
Tangible and intangible assets.....	239.7	157.8	159.2
Other shares and similar rights of ownership.....	2,871.3	2,871.3	2,871.3
Investments			
Other investments			
Shares and similar rights of ownership.....	15,164.5	10,340.0	11,944.9
Certificates of deposits and savings.....	534.7	1,454.5	1,587.2
Debt securities.....	13,924.0	7,223.9	7,047.5
Current assets			
Receivables			
Invoiced receivables.....	3,450.6	875.0	0.7
Other receivables.....	40.5	51.2	44.4
Accrued income .....	87.1	26.4	30.1
Cash and bank accounts .....	404.3	1,313.2	1,961.0
<b>Total assets</b> .....	<b>36,716.7</b>	<b>24,313.3</b>	<b>25,646.3</b>
<b>Equity and liabilities</b>			
Equity			
Fund.....	32,499.9	21,719.2	20,873.8
Fair value reserve.....	4,042.3	2,437.9	4,615.7
Liabilities			
Current liabilities			
Trade creditors .....	56.9	59.2	64.6

<b>BALANCE SHEET DATA</b>	<b>For the year ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
		<i>(Euro '000)</i>	
Other liabilities	38.0	0.0	1.4
Accruals and deferred income .....	79.7	97.0	90.8
<b>Total equity and liabilities .....</b>	<b>36,716.7</b>	<b>24,313.3</b>	<b>25,646.3</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GUARANTOR

*The discussion below is based on the Audited MGB Financial Statements.*

*The following discussion of MGB's results of operations, financial position and cash flows should be read and interpreted in conjunction with the Audited MGB Financial Statements and other financial information included in other sections of this Offering Circular, specifically jointly with the data presented in "Selected Financial Information Relating to the Group". This section includes forward-looking statements that reflect the current views of the Board of MGB and due to their nature involve risks and uncertainties. The actual results of MGB could differ materially from those contained in any forward-looking statements as a result of the factors discussed below and in other sections of this Offering Circular, particularly in "Risk Factors" (see also "Forward-Looking Statements"). Investors should read the whole of this Offering Circular and not base their decisions or opinions solely upon the information contained in this section.*

### **Overview**

The Municipal Guarantee Board is a public law body established by the MGB Act, and together with the Issuer, are the main participants in the joint funding system of the municipal sector in Finland. Its main purpose is to safeguard and develop the joint funding of the Finnish municipal sector and secure that such funding is raised at preferential terms, based on the joint creditworthiness of the entire municipal sector.

MGB grants guarantees to support the raising of funds by the Issuer to be used for lending to the Finnish municipal sector, wellbeing services counties sector, and to Government designated non-profit organisations that engage in the construction, renting, management or maintenance of social housing in Finland. The MGB Act, as amended, sets out the terms and conditions as well as the specific requirements for the permissible use of the funds raised with the support of the Guarantee, and essentially forms part of the internal government administration in Finland.

The membership of MGB consists of all 293 mainland Finnish municipalities, representing 100 per cent. of the population of mainland Finland as at the date of this Offering Circular. Due to the autonomy of the Province of Åland, the municipalities of the Province of Åland are not clients of the Issuer or members of MGB. As members of MGB, municipalities are responsible for the funding expenses and commitments of MGB that cannot be otherwise covered in proportion to their population at the turn of the preceding year. Population is determined in accordance with the population data recorded in the population information system on the first day of the year, as referred to in the Act on the Population Information System and the Certificate Services of the Digital and Population Data Services Agency (661/2009, as amended) (in Finnish: *laki väestötietojärjestelmästä ja Digi- ja väestötietoviraston varmennepalveluista*) (such information system, the "Population Information System").

### **Significant Factors Affecting Operating and Financial Results**

#### ***Guarantee fee and expenses***

The expenses of MGB are mostly covered by income from guarantee fees. MGB currently has one financial institution to which it can grant guarantees—the Issuer. The rate for the guarantee commissions paid by the Issuer each year is set by MGB. Increases in the guarantee commissions are designed to reflect increases in the amount and risk of guarantees provided by MGB.

To secure its liquidity, MGB has an equity fund which accumulates funds from guarantee commissions charged by MGB. MGB also has a back-up facility agreement of Euro 200 million with an independent third party.

#### ***Investments***

MGB invests the income it receives from ordinary operations and investment activities as well as the funds in its equity fund. MGB has an investment strategy approved by its Board of Directors. Under this strategy, MGB allocates 50 per cent. of its investments to plain vanilla debt instruments with good rating (investment grade, Moody's Baa3/S&P BBB, senior preferred) or bond funds and 50 per cent. to equity linked investments. The range is +/- 10 percentage points. A maximum of 10 per cent. of the investment assets may be alternative investments. Investment funds can use derivatives within the framework of their rules.

### Accounting changes

MGB values its investments at fair value through profit or loss. Accordingly, the unrealized differences between the book value and fair value of MGB's investments have been recognized in the fair value reserve under equity. At the end of the year, the fair value reserve stood at Euro 4.0 million, and the positive fair value changes in comparison to the previous year amounted to Euro 1.6 million. The fair value changes resulted mostly from increase in values of equity linked investments.

### Results of Operations

#### *The Year Ended 31 December 2023 Compared to the Year Ended 31 December 2022 and for the Year Ended 31 December 2021*

The following tables set forth, as of the dates indicated, certain summary financial information about the results of the Guarantor's operations:

INCOME STATEMENT DATA	For the year ended 31 December			Change 2022 to 20223	Change 2021 to 2022
	2023	2022	2021		
		(Euro '000)			(%)
<b>Ordinary operations</b>					
Income					
Guarantee premium and other income	13,426.8	3,508.2	3,017.3	282.7	16.3
Expenses					
Staff expenses .....	(911.0)	(838.4)	(828.3)	8.7	1.2
Depreciation and impairments .....	0.0	(1.4)	(8.6)	(100.0)	(83.7)
Other expenses .....	(2,046.3)	(1,937.8)	(1,604.2)	5.6	20.8
<b>Result from ordinary operations</b>	<b>10,469.5</b>	<b>730.6</b>	<b>576.3</b>	<b>1333</b>	<b>26.8</b>
<b>Investment activities</b>					
Income .....	448.1	157.3	277.2	184.9	(43.3)
Expenses .....	(137.0)	(42.6)	(1.0)	221.6	4,160.0
Result from investment activities prior to unrealised fair value changes .....	311.1	114.8	276.2	171.0	(58.4)
Unrealised fair value changes .....	1,604.4	(2,177.8)	1,795.9	173.7	(221.3)
<b>Result from investment activities</b>	<b>1,915.5</b>	<b>(2,063.0)</b>	<b>2,072.1</b>	<b>192.9</b>	<b>(199.6)</b>
<b>Result before appropriations</b>	<b>12,385.0</b>	<b>(1,332.4)</b>	<b>2,648.4</b>	<b>1029.5</b>	<b>(150.3)</b>
<b>Appropriations</b>					
Transfer to fund .....	(10,780.7)	(845.4)	(852.5)	1175.2	(0.8)
Transfer to the fair value reserve .....	(1,604.4)	2,177.8	(1,795.9)	(173.7)	221.3
<b>Result for the financial year.....</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>

### Guarantee premium

The guarantee premium and other income for MGB was Euro 13.4 million for the year ended 31 December 2023, and Euro 3.5 million for the year ended 31 December 2022. The guarantee premium and other income increased by 282.9 per cent. in 2023 as a result of MGB's decision to increase the guarantee premium. The basis of the guarantee premium was changed in accordance with MGB's renewed strategy as to grow MGB's fund to become the primary source of liquidity.

### Expenses

Expenses of MGB from ordinary operations relate primarily to staff expenses and other expenses. Staff expenses is composed primarily of salaries, pensions and other personnel related expense paid to the Council, the Board of Directors, the Managing Director, the Deputy MD and other staff. Other expenses consist primarily of general administration expenses, such as rating fees, the credit facility, professional services, information technology and insurance.

Expenses for MGB increased in 2023 to Euro 3.0 million from Euro 2.8 million for the year ended 31 December 2022 due to an increase in ordinary operations.



Expenses for MGB increased slightly in 2022 to Euro 2.8 million from Euro 2.4 million for the year ended 31 December 2021 due to an increase in ordinary operations.

#### *Result from investment activities*

MGB invests the income it receives from ordinary operations and investment activities as well as the funds in its equity fund. Investments are valued at fair value through profit or loss, so the unrealised differences between their book value and fair value have been recognised in the fair value reserve in equity.

Results from investment activities prior to unrealised fair value changes for MGB were Euro 0.3 million, Euro 0.1 million and Euro 0.3 million, for the years ended 31 December 2023, 2022 and 2021, respectively.

### **Financial Position**

#### *Equity and liabilities*

As of 31 December 2023, 2022 and 2021, the main component of the equity and liabilities of MGB was MGB's fund, which operates in a way similar to restricted capital, which represented 88.5 per cent., 89.3 per cent. and 81.4 per cent. of total equity and liabilities, respectively.

As of 31 December 2023, total equity and liabilities was Euro 36.7 million, compared to Euro 24.3 million as of 31 December 2022, mainly as a result of increase in transfer to fund following MGB's decision to increase the guarantee premium.

As of 31 December 2022, total equity and liabilities was Euro 24.3 million, compared to Euro 25.6 million as of 31 December 2021, mainly as a result of a decrease in the fair value changes to the fair value reserve from equity and equity fund investments.

#### *Contingent Liabilities*

The table below sets out the guarantees MGB has granted and counter-collateral it has received as 31 December 2023, 2022 and 2021, respectively:

<b>Guarantees and collateral</b>	<b>For the year ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
		<i>(Euro '000)</i>	
Guarantee limits granted .....	62,729,785.4	62,774,453.6	57,780,819.7
Guarantees in use .....	45,905,892.0	41,773,891.6	38,912,111.9
Collateral received and items affecting collateral situation .....	47,941,694.5	43,675,221.4	40,075,217.2
Balance of collateral and guarantees .....	2,035,802.5	1,901,329.8	1,163,105.4
Receivables of Municipality Finance Plc derivatives guaranteed by the Municipal Guarantee Board from counterparties, net.....	7,940.0	0.0	5,665.0

In connection with providing its guarantees, MGB requires sufficient counter collateral. However, MGB can grant guarantees against covenants without receiving separate counter collateral. Circumstances as to when covenants can be used have been agreed upon in the framework agreement entered into by and between the Issuer and MGB. The Issuer has pledged sufficient amount of its loan portfolio as collateral in accordance with the MGB Act.

### **Guarantee Activities by MGB**

#### *Guarantee liabilities on 31 December 2023*

The most recent data on MGB's guarantee activities at the time of publication of this Offering Circular is from 31 December 2023.

	<b>As at 31 December 2023</b>
	<i>(Euro '000)</i>
<b>A. Guarantee Limits Guaranteed</b>	
EMTN Programme .....	45,000,000

	<b>As at 31 December 2023</b>
	<i>(Euro '000)</i>
Euro Commercial Paper Programme .....	10,000,000
AUD Debt Programme .....	1,229,800
Other domestic and foreign funding .....	6,500,000
<b>Guarantee Limits Total</b> .....	<u>62,729,800</u>
<b>B. Current Guarantees</b>	
EMTN Programme .....	38,295,739
Euro-Commercial Paper Programme .....	4,017,074
AUD Debt Programme .....	688,523
Other domestic or foreign funding .....	2,904,892
<b>Current Guarantees Total</b> .....	<u>45,913,832</u>

## THE MUNICIPAL GUARANTEE BOARD

The Municipal Guarantee Board is a public law body established by the MGB Act, and together with the Issuer, are the main participants in the joint funding system of the municipal sector in Finland. Its main purpose is to safeguard and develop the joint funding of the Finnish municipal sector and secure that such funding is raised at preferential terms, based on the joint creditworthiness of the entire municipal sector.

The MGB Act provides that MGB can grant guarantees to support the raising of such funds by the Issuer to be used for lending to the Finnish municipal sector, wellbeing services counties sector or to Government designated non-profit organisations that engage in the construction, renting, management or maintenance of social housing in Finland. The MGB Act, as amended, sets out the terms and conditions as well as the specific requirements for the permissible use of the funds raised with the support of the Guarantor. The joint funding system of the Finnish municipal sector was established and is operated under the terms and conditions of the MGB Act, as amended, and essentially forms part of the internal government administration in Finland.

The expenses of the Municipal Guarantee Board are mostly covered by income from the guarantee premium. As at 31 December 2023, MGB had Euro 36.7 million in total assets. In addition, at the date of this Offering Circular, the Municipal Guarantee Board has a liquidity back-up facility from an independent third party of an amount equal to Euro 200 million to secure its liquidity. Any expenses or obligations that cannot be otherwise covered are the responsibility of member municipalities in proportion to their population at the preceding year-end, as specified in the Population Information System. In addition, the Guarantor has the ability to seek funding in excess of the proportional requirement from the municipalities on a short-term basis. The Guarantor can collect guarantee premiums on the guarantees granted by the Guarantor and the contributions of member municipalities without a court decision using an execution decree in the form required in the Act on the Collection of Taxes and Charges through Execution (706/2007, as amended) (in Finnish: *laki verojen ja maksujen täytäntöönpanosta*).

The compliance of MGB and the Issuer with the MGB Act is subject to regular monitoring. The amendments of the MGB Act by Act 944/2006 in conjunction with the operation of certain Standing Orders issued by the Council of MGB, strengthen further the basis upon which the Commission Decision of June 2004 (C (2004) 2034) concerning Finnish municipal guarantees (the joint funding system of Finnish municipalities) concluded that the public guarantees granted by the MGB in favour of Municipality Finance Plc do not constitute state aid under the EC Treaty. Subsequently, the MGB Act was amended on 2 November 2017 by Act 722/2017 which amendment adjusted the term of MGB's council to be consistent with municipal elections. The 2017 MGB Act amendment also provides that the MGB can grant guarantees against covenants without receiving separate counter collateral. Further amendments to the MGB Act concerning funding of wellbeing services counties were approved by the Finnish Parliament in June 2021 and April 2022. The June 2021 amendment (by Act 636/2021) entered into force in January 2023 and it allows the funding guaranteed by the Guarantor to be used to finance loans and other liabilities that will be transferred to the wellbeing services counties. The April 2022 amendment (by Act 298/2022) entered into force on 1 May 2022 and it allows the funding guaranteed by the Guarantor to be used to finance new lending to the wellbeing services counties.

The membership of MGB consists of all 293 Finnish mainland municipalities, representing 100 per cent. of the population of mainland Finland as at the date of this Offering Circular. Due to the autonomy of the Province of Åland, the municipalities of the Province of Åland are not clients of the Issuer or members of MGB. As members of MGB, municipalities are responsible for the funding expenses and commitments of MGB that cannot be otherwise covered in proportion to their population at the turn of the preceding year. Population is determined in accordance with the population data recorded in the Population Information System on the first day of the year.

MGB has the corporate authority to inject capital into Municipality Finance Plc if required. MGB's primary access to funds are its Euro 200 million liquidity facility and its equity fund.

The guarantee of the Notes is an absolute irrevocable guarantee granted by MGB, which covers capital, interest and penalty interest.

## MANAGEMENT OF THE MUNICIPAL GUARANTEE BOARD

### Administration of MGB

The administrative bodies of MGB consist of the Council and the Board of Directors. The Members and Deputy Members of the Council were appointed by the Ministry of Finance on 30 November 2021 and amended on 17 January 2024. The four-calendar year term will end on 31 December 2025. The Members of the Board of Directors were appointed by the Council on 17 February 2022. The term of office of the Board Members is four years and shall continue until the next Board of Directors is elected.

The day-to-day management of MGB is handled by the Managing Director in accordance with instructions and orders from the Board of Directors. Heikki Niemeläinen is the Managing Director and Tuukka Salminen is the Deputy Managing Director.

The necessary provisions on the composition and terms of office, duties and other activities are laid down in the Standing Orders of MGB. The Standing Orders were adopted by the Council on 24 November 2023. The operations of MGB are supervised by the Guarantee Board Auditor appointed by the Ministry of Finance at the proposal of the Board of Directors. The Guarantee Board Auditor for the years 2022 to 2025 (appointed by the Ministry of Finance on 30 November 2021) is DHS Oy Audit Partners, Authorised Public Accountants. The responsibilities of the Guarantee Board Auditor are set out in the MGB Act.

<u>Council</u>	<u>Main duties outside the MGB</u>
<b>Chairperson</b>	
Terhi Peltokorpi .....	Specialist in educational and social policy, Centre Party Parliamentary Group
<b>Deputy Chairperson</b>	
Elin Härmälä .....	Finance Manager, MusikCafe After Eight r.f
Jari Koskinen.....	Chair of City Board of Hämeenlinna
<b>Other members</b>	
Mari Mikkola .....	Entrepreneur, Marilux Oy
Janne Sankelo.....	Chair of City Council of Kauhava
Pia Pakarinen.....	CEO, The Helsinki Region Chamber of Commerce
Eero Vainio .....	Mayor, City of Raisio
Ritva Suomalainen .....	Political assistant, Social Democratic Party Parliamentary Group
Mikko Kämä .....	Mayor, Municipality of Rautavaara
Mira Nieminen .....	Member of Parliament
Urpo Myllymäki.....	Retired
Paula Himanen .....	Internal Control Specialist, retired
Ville Härmäläinen.....	PhD Student, Tampere University
Johanna Jokinen .....	Special Planner, Criminal Sanctions Agency
Fredrik Guseff.....	Secretary General, Swedish Peoples Party
<b>Board of Directors</b>	
<b>Main duties outside the MGB</b>	
<b>Chairperson</b>	
Tapani Hellstén .....	Deputy CEO, Keva
<b>Deputy Chairperson</b>	
Antti Häkkänen .....	Minister of Defence
<b>Other Board members</b>	
Kai Järvikare .....	Special Adviser to the Minister of Transport and Communication
Mervi Simoska .....	Mayor, Municipality of Juva
Jaakko Stenhäll.....	Director, Business Development, Radiator Software Oy
Marita Toikka.....	Mayor, City of Kouvola
Päivi Yli-Kauhaluoma-Nurmi .....	Controller, City of Pori

MGB's office is located at Yrjönkatu 11 A 1, FI-00120, Helsinki, Finland, which is also the contact address for each person mentioned above (including the Managing Director and the Deputy Managing Director). MGB's telephone number is (+358) (0) 9 6227 2880. The persons listed above (including the Managing Director and the Deputy Managing Director) are not subject to any existing or potential conflicts of interest between their duties related to MGB and their private interests or other duties. The Chairperson of the Board of Directors Tapani Hellstén is employed by a significant shareholder of the Issuer.

**Independent Auditor**

The financial statements of the Municipal Guarantee Board as of and for the years ended 31 December 2023 and 2022, incorporated by reference herein, have been audited by KPMG Oy Ab, independent auditors, as stated in their reports incorporated by reference herein.

KPMG Oy Ab is supervised by the Finnish Patent and Registration Office. The Council of MGB has elected KPMG Oy Ab as its independent auditor for the years 2024 and 2025 as well. The office of KPMG Oy Ab and the responsible auditor is at Töölönlahdenkatu 3 A, FIN-00100 Helsinki, Finland.

## THE MUNICIPAL SECTOR

### Introduction

In 1917, the Republic of Finland gained its independence from the Russian Empire and the current Constitution was established. The Constitution enshrined a system of local government based on municipalities which are independent of the central government and which enjoy a strong, self-governing status.

The local government administration in Finland is administered by a national network of self-governing municipalities, which has evolved over the centuries. The foundation of the present local government was established in the second half of the 19th century when legislation governing the municipal sector was enacted.

Under the Finnish Local Government Act (410/2015, as amended) (in Finnish: *Kuntalaki*), municipalities are defined by geographic area and cover the entire state such that all land and people in Finland are represented in one of the municipalities. Authority in each municipality rests with a Municipal Council whose members are directly elected by secret and proportional ballot.

The municipal sector in Finland and other Nordic countries plays a more important role in the public sector than elsewhere in Europe. Its tasks involve education and day care, urban planning and land use as well as water and energy supply and waste management. In 2023 Finnish municipalities and joint municipal authorities employed approximately 224,000 persons, representing about 9 per cent. of the work force.

According to the Association of Finnish Local and Regional Authorities in 2023 total expenditure by municipalities and joint municipal authorities is expected to amount to Euro 26.4 billion, approximately 9.4 per cent. of Finland's estimated gross domestic product. Measured in terms of personnel, local government is a substantially larger entity than central government.

The total interest-bearing debt portfolio of the Finnish municipalities and joint authorities was Euro 19.6 billion at the end of the year 2023.

The portfolio has quadrupled since 2000, but the increase has slowed down in recent years. If the total interest-bearing portfolio of the municipal companies is added to the total-interest bearing debt portfolio of the municipal sector, the total debt of the whole municipal sector at the end of 2023 is approximately Euro 43.4 billion.

"Municipal sector" refers to municipalities, joint municipal authorities and the municipally owned joint companies and other entities under the control of a municipality. "Local authorities" refers only to municipalities and joint authorities.

The local authorities' financing requirement for 2023 is estimated by the Association of Finnish Local and Regional Authorities to be approximately Euro 0 to Euro 0.6 billion.

The Finnish Parliament passed the legislative proposals in respect of health and social services reform in June 2021. The new legislation established wellbeing services counties which became responsible for organising healthcare, social welfare and rescue services in 2023, which was previously the responsibility of the municipalities. The reform involved transfer of existing loans and liabilities from joint municipal authorities to wellbeing services counties. The new legislation includes, *inter alia*, amendments to the MGB Act, which allow the Issuer to continue to act as a lender and counterparty to the loans and other liabilities that were transferred. The wellbeing services counties are largely funded by the central government, but the counties will have government authorisation for long-term borrowing. For short-term borrowing (i.e. maturities less than a year), the wellbeing services counties will not need separate authorisation from the government and may seek short-term borrowing independently. The Finnish Parliament approved a further amendment to the MGB Act in April 2022, which was entered into force on 1 May 2022 and it allowed the Group to finance new investments and service other new financing needs of the wellbeing services counties.

This new financing is currently affected by the fact that, unlike municipalities, the wellbeing services counties are not members of the MGB. Currently, only municipalities, as members of the MGB, are responsible for the obligations of the MGB. For this reason, the MGB has decided to set an annual limit to the amount of new financing MuniFin can grant to wellbeing services counties.

In 2023, the MGB's limit for MuniFin's long-term loans to wellbeing services counties was Euro 400 million. Because the wellbeing counties' government-authorised borrowing powers in 2023 were considerably higher than this, their financing needs were also higher than the limit. MuniFin reached the Euro 400 million limit before the end of the year and could no longer fulfil counties' financing requests for 2023. Wellbeing services counties continued to have access to financing from other credit institutions. As the limit will also be Euro 400 million in 2024, these challenges are likely to persist. The MGB's limit for Group's new short-term financing to wellbeing services counties, i.e. commercial papers to wellbeing services counties, is Euro 900 million in 2024, as it was in 2023 as well.

The aim of the Government's housing policy is to ensure a socially and regionally balanced and stable housing market, to eliminate homelessness and to improve the quality of housing.

In order for housing to be available at reasonable cost, the Government needs to ensure sufficient social housing production. In 2023, approximately 9,300 units were built and approximately 4,000 units were renovated with state interest subsidies. The Government has decided on measures to increase the production with a special focus on growth centres with high demand for housing. Loans and interest subsidies will be channelled to the Helsinki metropolitan area, major growth centres and other regions with high demand for housing.

### **The Role of Municipalities**

The Local Government Act and other legislation give the municipalities broad powers and responsibilities. The municipalities have long held primary responsibility for the provision of education and healthcare. In recent years, central government has increased the responsibilities of the municipalities, and the state grants and subsidies cover some 19.7 per cent. of the local government total expenditure.

The municipal sector is also an important provider of public transport, telecommunications, power, water and sewerage. Many of these functions are carried out through corporations and companies owned or controlled by municipalities and through joint municipal authorities such as hospitals and educational institutions.

In addition to the provision of utilities and services, municipalities have important regulatory functions. They have a monopoly over building permissions, which give municipalities effective control over town and land-use planning. They are also direct owners of a large number of public buildings and public service institutions.

Apart from administrative buildings, municipalities own premises devoted to art and culture, sports facilities, schools, and day-care centres.

Municipalities own industrial and commercial premises, which are leased to the private sector and municipality-owned property companies own most social rental housing units.

### **Municipal Expenditure and Revenues**

Individual municipalities have considerable freedom over their expenditure. In 2023, the estimated spending by the municipality sector on education and culture was Euro 18.0 billion.

The Local Government Act obliges the municipalities to ensure sufficient revenues to cover their expenditure and, to this end, municipalities have a constitutional right to levy taxes on the income of the residents and the real estate owners within their areas. The municipalities decide on the tax rates on an annual basis. In addition, they receive an annual share of the revenues from corporate taxes collected by the state. An average Finnish municipality funds approximately half of its activities by its own tax revenues. The proportion varies, however, between 16 and 80 per cent. In 2023, the municipalities raised approximately Euro 14.6 billion from taxation.

Municipal income tax is levied at flat rates on the earned income of individuals. For 2023, the average tax rate is approximately 7.43 per cent., ranging from 4.4 to 19.70 per cent. of taxable income.

Each municipality decides independently on its income tax rate; no upper limit is set. Municipal tax on real property is levied on real estate situated in Finland. The revenue is received by the municipality in which the property is situated. The average real estate rate based on the assessable value of the property is approximately 1.15 per cent. Municipalities receive presently a 24 per cent. share of corporation tax. A

municipality's share is assessed by the taxable income of companies within the municipality's area. Municipalities also derive income from fees and charges. In 2023, the municipal sector's income from all different types of operations was approximately Euro 26.67 billion. Fees are earned, for example from local government businesses such as water supplies, public transport and sewerage.

According to the new Local Government Act, a municipal deficit has to be covered within a timeframe of four years after the financial statement has been authorised (starting from 2015). A municipality has to decide on detailed measures to cover the deficit. According to the new act also a joint municipal authority is required to cover a deficit. According to Finnish law a municipality (or a joint municipal authority) cannot be declared bankrupt.

In accordance with the Local Government Act, municipal companies that are active competitively in the markets had to be incorporated until the end of 2014. This applied mainly to energy and harbour companies. Since 1 January 2015 the income of these companies is no longer included in the accounts of municipalities or joint municipal authorities. These said incorporations have had no effect on the accounts of municipal groups.

Municipalities also receive grants from the central Government. Grants are typically given for the provision of, for example educational services. In 2023, the municipal sector estimates to have received Euro 3.6 billion in grants from the central Government.

According to Association of Finnish Local and Regional Authorities, in 2024, taxes are expected to comprise 51 per cent. of the total revenues of municipalities and joint municipal authorities, grants will comprise 12 per cent. and sales of goods and services will comprise 21 per cent. Other sources of income include rental income, interest income and income from municipally owned corporations.



## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries, in particular if they may be classified as financial institutions under the FATCA rules. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.*

### **Republic of Finland**

The following summary outlines Finnish tax consequences to holders of Notes who are not residents of Finland for tax purposes and who are not engaged in business in Finland for Finnish tax purposes through a permanent place of business and place of effective management in Finland or otherwise and Notes are not connected to taxable presence in Finland. Purchasers are urged to consult their professional advisers as to the tax consequences of holding or transferring Notes.

Under Finnish tax legislation, acquiring, holding and disposing of Notes should be exempt from all taxes, duties, fees and imposts of whatever nature, imposed or levied by or within the Republic of Finland or by any province, municipality or other political sub-division or taxing authority thereof and therein.

The issuance of Notes is not subject to tax in Finland. Finland will not levy withholding tax on the payments of interest, principal and/or other amounts under the Notes. This applies notwithstanding the clauses in tax treaties between Finland and other countries to the extent Finland is granted a right to tax payments relating to instruments such as the Notes.

The above holders of the Notes are not liable to pay Finnish capital gains tax on Notes and transfer of Notes is not subject to Finnish transfer tax.

Transfer of Notes by a non-resident by way of a gift or by reason of the death of the owner as a result of statutory inheritance or by a will is not subject to Finnish gift or inheritance tax on condition that the beneficiary of the gift, inheritance or a will is not a Finnish resident.

### **FATCA**

The United States has enacted rules (commonly referred to as "**FATCA**") that generally impose a reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest) and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Finland (the "**IGA**"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. If withholding is required pursuant to FATCA with respect to payments on instruments such as the Notes, such withholding would apply as of the date that is two years after the date of publication of final regulations defining "foreign passthru payments" in the U.S. Federal Register. Prospective investors should consult their own tax advisers regarding the potential impact of FATCA.

### **United States Federal Income Taxation**

The following is a description of certain material U.S. federal income tax consequences of the acquisition, ownership, retirement or other taxable disposition of Notes by a U.S. Holder (as defined below). The discussion addresses only U.S. Holders who purchase Notes in the original offering at the original offering price, hold the Notes as capital assets for U.S. federal income tax purposes and, except as set forth below, does not address aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- financial institutions;
- insurance companies;

- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organisations;
- persons that will own Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- certain former citizens or long-term residents of the United States;
- holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; or
- holders that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax, the Medicare tax on net investment income, or the alternative minimum tax consequences of the acquisition, ownership, retirement or other taxable disposition of Notes, the possible effects of Section 451(b) of the United States Internal Revenue Code of 1986 and regulations thereunder (the "**Code**") and does not address the U.S. federal income tax treatment of holders that do not acquire Notes as part of this offering. Each prospective purchaser should consult its tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the Code, existing and proposed U.S. Treasury regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No rulings have been sought from the Internal Revenue Service (the "**IRS**") with respect to the statements made and the conclusions reached in the discussion, and there can be no assurance that the IRS or a court will agree with these statements and conclusions.

For purposes of this description, a U.S. Holder is a beneficial owner of Notes who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity that is treated as a corporation for U.S. federal income tax purposes) organised in or under the laws of the United States, any State thereof or the District of Columbia; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of the entity and a partner in such entity generally will depend on the status of the partner and the activities of the entity. Such partner or entity should consult its own tax adviser as to the U.S. federal income tax consequences of holding Notes.

The U.S. federal income tax consequences to a U.S. Holder will depend on the specific terms and conditions applicable to the relevant Tranche of Notes and its Final Terms. If necessary, additional U.S. federal income tax consequences relevant to a particular Tranche of Notes may be set forth in the applicable Final Terms or Drawdown Offering Circular. The following is a general description of certain U.S. federal income tax consequences that may be relevant to the Notes and each U.S. Holder should consult its own tax advisor with respect to the relevant Final Terms or Drawdown Offering Circular for a specific Tranche of Notes.

### ***Payments of Stated Interest***

Payments of stated interest on the Notes, including any additional amounts with respect thereto as described under "*Terms and Conditions of the Notes—Taxation*", generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with the U.S. Holder's method of tax accounting for U.S. federal income tax purposes.

In addition to interest on Notes, a U.S. Holder will be required to include in income the amount of any foreign tax withheld from the interest payments received by such holder. Thus, a U.S. Holder could be required to report income in an amount greater than the cash the U.S. Holder actually receives in respect of payments on Notes. A U.S. Holder may be entitled to deduct or credit this tax, subject to certain limitations (including that by electing to deduct or credit a particular foreign tax, such election will apply to all of such holder's applicable foreign taxes for a particular tax year).

Interest income (as discussed below) will constitute foreign source "passive category" income, or, in the case of certain U.S. Holders, "general category" income for foreign tax credit purposes. The rules relating to foreign tax credits and the timing thereof are complex and a U.S. Holder should consult its own tax adviser regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situation.

### ***Sale, Exchange, Retirement or Other Taxable Disposition***

Upon the sale, exchange, retirement or other taxable disposition of Notes, U.S. Holders will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange, retirement or other taxable disposition, other than amounts attributable to accrued but unpaid interest which will be taxable as interest to the extent not previously included in income, and the U.S. Holder's adjusted tax basis in the Notes. A U.S. Holder's adjusted basis in a Note generally will be the amount paid for the Note reduced by any payments other than payments of interest.

Any gain or loss realised on the sale, exchange, retirement or other taxable disposition of Notes generally will be treated as U.S. source gain or loss, as the case may be. Consequently, U.S. Holders are likely not to be able to claim a credit for any non-U.S. tax imposed upon a taxable disposition of Notes. The deductibility of capital losses is subject to limitations. The U.S. foreign tax credit rules are complex and recent changes to the foreign tax credit rules introduced additional requirements and limitations (though the application of some of these changes has been deferred pending further guidance). U.S. Holders should consult their own advisors with respect to the application of these rules to their particular circumstances including whether they can take a deduction in lieu of claiming a foreign tax credit.

### ***U.S. Backup Withholding Tax and Information Reporting***

Backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain U.S. Holders or their U.S. paying agents or other intermediaries. Information reporting generally will apply to payments of principal of, and interest on, Notes, and to proceeds from the sale or redemption of Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient, including a corporation, and certain other persons). The payor will be required to backup withhold on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Note to a U.S. Holder (other than an exempt recipient) if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. U.S. Holders generally will be entitled to credit any amounts withheld under the backup withholding rules against their U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

### ***Foreign Asset Reporting***

Certain U.S. Holders who are individuals, and in certain circumstances, entities, are required to report information relating to an interest in Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisers regarding their information reporting obligations, if any, with respect to their ownership and disposition of Notes.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisers concerning the tax consequences of their particular situations.**

#### **The Proposed Financial Transactions Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. Financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank Ireland PLC, Bank of Montreal Europe plc, BNP Paribas, BofA Securities Europe SA, Cr dit Agricole CIB, Citigroup Global Markets Europe AG, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Daiwa Capital Markets Europe Limited, Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, J.P. Morgan SE, Landesbank Baden-W rttemberg, Nomura International plc, Nordea Bank Abp, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Skandinaviska Enskilda Banken AB (publ) and TD Global Finance unlimited company (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, the Dealers are set out in an amended and restated dealer agreement dated 8 May 2024 (the "**Dealer Agreement**" which expression shall include any further amendments or supplements thereto), and made between the Issuer, the Guarantor, and the Dealers. The Dealer Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers. The Issuer may sell Notes from time to time to persons or institutions who are not Dealers.

If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantor and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantor and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, among other things, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. Each new Dealer so appointed will be required to represent, warrant and undertake to the following selling restrictions as part of its appointment.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Issuer, the Guarantor or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

### **The United States of America**

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to or for the account or benefit of U.S. persons as defined in Regulation S except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code.

Bearer Notes will be issued in accordance with the provisions of United States Treasury Regulation   1.163-5(c)(2)(i)(D) (the "**D Rules**") unless the relevant Final Terms specifies that Bearer Notes will be issued in accordance with the provisions of the United States Treasury   1.163-5(c)(2)(i)(C) (the "**C Rules**").

Each Dealer has agreed or will agree that, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered and sold, and will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the date of issue of the relevant Notes and of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by a Dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Each purchaser of a Note, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Joint Lead Managers as follows:

It understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, and that the Notes are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and Regulation S and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or pursuant to a transaction not subject thereto.

It is either (i) (A) a QIB who is also a QP; (B) it is not a broker-dealer who own and invest on a discretionary basis less than US\$25 million in securities of unaffiliated issuers; (C) it is not a participant-directed employee plan, such as a 401(k) plan; (D) it is acting for its own account, or the account of one or more QIBs each of which is a QP; (E) it is not formed for the purpose of investing in the Notes or the Issuer; (F) it will, and each account for which it is purchasing will hold and transfer at least US\$ 200,000 in principal amount of Notes at any time; (G) it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) it will provide notice of the transfer restrictions set forth in the Offering Circular to any subsequent transferees, or (ii) it is purchasing the Notes in an offshore transaction (as defined in Regulation S) in accordance with Regulation S.

It is purchasing the Notes for its own account or for the account of investors meeting the requirements of paragraph (b) above for which it is acting as a fiduciary or agent and with respect to which it has the authority to make these acknowledgements, representations and agreements, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act.

If it is a QIB that is also a QP purchasing the Notes pursuant to Rule 144A, it will not offer, sell, pledge or otherwise transfer the Notes except (i) (A) to the Issuer, (B) to a person whom the purchaser reasonably believes is a QIB that is also a QP in a transaction meeting the requirements of Rule 144A, (C) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (D) in a transaction that is otherwise exempt from the registration requirements of the Securities Act but only upon delivery to the Issuer of an opinion of counsel in form and scope satisfactory to the Issuer and (ii) in accordance with all applicable securities laws of the States of the United States.

It acknowledges that certificates in respect of Notes purchased pursuant to Rule 144A, unless otherwise agreed by the Issuer, will bear a legend to the following effect:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO MUNICIPALITY FINANCE PLC; (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") THAT IS ALSO A QUALIFIED PURCHASER AS DEFINED IN THE INVESTMENT COMPANY ACT OF 1940 (A "QP") THAT (A) IS NOT A**

**BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OF THIS NOTE, (D) IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP, IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN US\$200,000, (E) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (F) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE; (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S"), OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY UPON DELIVERY TO MUNICIPALITY FINANCE PLC OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO MUNICIPALITY FINANCE PLC; IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT UNDER THE TRUST DEED TO COMPEL ANY BENEFICIAL OWNER THAT IS A US PERSON AND IS NOT A QIB THAT IS ALSO A QP TO SELL ITS INTEREST IN THIS NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH BENEFICIAL OWNER.**

**THE ISSUER HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THIS NOTE TO A US PERSON WHO IS NOT A QIB AND ALSO A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, BUT RATHER INTENDS TO RELY ON AN EXEMPTION FROM REGISTRATION THEREUNDER WHICH LIMITS THE TYPE OF INVESTORS THAT MAY BE PERMITTED TO PURCHASE AN INTEREST IN THIS NOTE TO THOSE WHO ARE "QUALIFIED PURCHASERS" AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT.**

It acknowledges that certificates in respect of Notes purchased pursuant to Regulation S, unless otherwise agreed by the Issuer, will bear a legend to the following effect:

**THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.**

Each purchaser further acknowledges that the Joint Lead Managers and their affiliates and otherwise will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Global Certificates for the account of one or more QIBs that are also QPs, the purchaser thereof represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) ***No deposit taking:*** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

- (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
- (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMPO)") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **The Kingdom of Norway**

Notes may not be offered or sold within Norway or to or for the account of benefit of persons domiciled in Norway unless in compliance with all laws, regulations and guidelines applicable to the offering of Notes in Norway, including, but not limited to, the Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended from time to time) (Nw. *verdipapirhandelloven*) and any other applicable Norwegian legislation.

Notes denominated in NOK may not be offered or sold within Norway or to or for the account or benefit of persons domiciled in Norway unless the requirements in the Norwegian Registration of Financial Instruments Act of 15 March 2019 no. 6 (as amended or replaced from time to time, the "CSD Act") (Nw. *verdipapirsentralloven*) are complied with, including, but not limited to, the requirement to register such Notes in book-entry form in a licensed central securities depository in accordance with regulation (EU) no. 909/2014 (as amended from time to time, the "CSDR") regardless of the Notes being traded on a trading venue and only permit physical notes or documents of title evidencing the Notes in accordance with the CSD Act and the CSDR.

Notes governed by Norwegian law may not be offered or sold unless the regulation relating to the offer of VPS Notes (as defined below) and the registration in the VPS (as defined below) of VPS Notes has been complied with, including, but not limited to, the CSD Act and its requirement to register such Notes in a licensed central securities depository in accordance with the CSDR regardless of the Notes being traded on a trading venue and not permit physical notes or documents of title evidencing the Notes.



"VPS Notes" means Notes cleared through the Norwegian Central Securities Depository, Verdipapirsentralen ASA (Euronext Securities Oslo) (the "VPS") with legal title thereto being evidence by book entries in the VPS.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, each Dealer has represented and agreed that has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### **Italy**

The Notes are not intended to be offered or sold and should not be offered or sold to any investor in the Republic of Italy.

### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Offering Circular.

## **NOTICE TO PURCHASERS AND HOLDERS OF RESTRICTED NOTES AND TRANSFER RESTRICTIONS**

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

### **Rule 144A Notes**

Each purchaser of a beneficial ownership interest in Rule 144A Notes, by accepting delivery of this Offering Circular and the Rule 144A Notes, will be deemed to have represented, agreed and acknowledged that:

1. it is (a) QIB that is also a QP, (b) not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers, (c) not a participant-directed employee plan, such as a 401(k) plan, (d) acting for its own account, or for the account of a QIB that is also a QP, (e) not formed for the purpose of investing in the Notes or the Issuer and (f) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A;
2. it will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Rule 144A Notes in a principal amount that is not less than US\$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees; in addition, it understands that the Issuer may receive a list of participants holding positions in the Issuer's securities from one or more book entry depositories;
3. it understands that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it or any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP, or (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any state or another jurisdiction of the United States;
4. it understands that the Issuer has the power to compel any beneficial owner of Rule 144A Notes that is a US person and is not a QIB that is also a QP to sell its interest in the Rule 144A Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honor the transfer of an interest in the Rule 144A Notes to a US person who is not a QIB that is also a QP;
5. it understands that the Rule 144A Notes will bear a legend to the following effect:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO MUNICIPALITY FINANCE PLC; (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ALSO A QUALIFIED PURCHASER AS DEFINED IN THE INVESTMENT COMPANY ACT OF 1940 (A "**QP**") THAT (A) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OF THIS NOTE, (D) IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP, IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN US\$200,000, (E) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (F) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE; (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), OR (4) IN A

TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A PERSON THAT THE HOLDER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QP BUT ONLY UPON DELIVERY TO MUNICIPALITY FINANCE PLC OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO MUNICIPALITY FINANCE PLC; IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT UNDER THE TRUST DEED TO COMPEL ANY BENEFICIAL OWNER THAT IS A US PERSON AND IS NOT A QIB THAT IS ALSO A QP TO SELL ITS INTEREST IN THIS NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH BENEFICIAL OWNER.

THE ISSUER HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THIS NOTE TO A US PERSON WHO IS NOT A QIB AND ALSO A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, BUT RATHER INTENDS TO RELY ON AN EXEMPTION FROM REGISTRATION THEREUNDER WHICH LIMITS THE TYPE OF INVESTORS THAT MAY BE PERMITTED TO PURCHASE AN INTEREST IN THIS NOTE TO THOSE WHO ARE "**QUALIFIED PURCHASERS**" AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT.

6. it acknowledges that the Issuer, the Guarantor, the Registrar, the Dealers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer, the Guarantor, and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account;
7. it understands that the Rule 144A Notes will be evidenced by the Restricted Global Certificate; and
8. it is relying on the information contained in this Offering Circular in making its investment decision with respect to the Rule 144A Notes. It acknowledges that none of the Issuer, the Guarantor or the Dealers has made any representation to it with respect to the Issuer or the Guarantor or the offering or sale of the Rule 144A Notes, other than the information contained in this Offering Circular which has been delivered to it and upon which it is relying in making its investment decision with respect to the Rule 144A Notes. It has had access to such financial and other information concerning the Issuer and the Guarantor and the Rule 144A Notes as it has deemed necessary in connection with its decision to purchase the Rule 144A Notes, including an opportunity to ask questions of and request information from the Issuer, the Guarantor and the Dealers.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

#### **Regulation S Notes**

Each purchaser of a beneficial interest in the Regulation S Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Regulation S Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

1. it is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and it is not a US person and it is not acting for the account or benefit of a US person and it is located outside the United States (within the meaning of Regulation S);

2. it understands that such Regulation S Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Regulation S Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it or any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;
3. it understands that the Regulation S Notes will bear a legend to the following effect:

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (II) OTHERWISE UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING DATE OF THE OFFERING, EXCEPT IN EITHER CASE IN ACCORDANCE WITH (A) REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A US PERSON OR (B) RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT OF 1940). TERMS USED ABOVE WHICH ARE NOT OTHERWISE DEFINED HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.
4. the Issuer, the Guarantor, the Registrar, the Dealers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements; and
5. it understands that the Regulation S Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate.

## GENERAL INFORMATION

1. The update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on or about 26 March 2024.
2. The giving of the Guarantee of the Notes was authorised by a resolution of the Board of Directors of the Guarantor passed on or about 17 April 2024.
3. There are no, nor have there been any, governmental, legal or arbitration proceedings involving the Issuer, the Group or the Guarantor or any of their respective assets or revenues, nor is the Issuer or the Guarantor aware of any such pending or threatened proceedings, which may have or have had during the twelve months prior to the date of this Offering Circular a significant effect on the Issuer's, the Group's, or the Guarantor's financial position or profitability.
4. Since 31 December 2023, which is the date of the latest available audited annual financial statements in relation to the Issuer and the Guarantor, there has been no material adverse change in the financial position or prospects of the Issuer, the Group or the Guarantor and there has been no significant change in the financial or trading position of the Guarantor.
5. Since 31 December 2023 there has been no significant change in the financial or trading position of the Issuer or the Group.
6. For the life of the Programme, copies and, where appropriate, English translations of the following documents may be inspected at all reasonable times during normal business hours at the specified office of the Fiscal Agent and the head office of the Issuer, currently at P.O. Box 744 (Jaakonkatu 3A, 5<sup>th</sup> floor) FI-00101 Helsinki, namely:
  - (a) the Certificate of Registration and Articles of Association of the Issuer and the Act on the Guarantor and the Standing Orders of the Guarantor;
  - (b) the Fiscal Agency Agreement;
  - (c) the Guarantee;
  - (d) the Deed of Covenant;
  - (e) the Programme Manual;
  - (f) the audited annual financial statements of the Issuer and the Guarantor for the two years preceding the date of this Offering Circular;
  - (g) the current Offering Circular in relation to the Programme, together with any amendments or supplements thereto and any document incorporated therein by reference;
  - (h) the relevant Final Terms; and
  - (i) any VPS Trustee Agreement, if signed during the twelve months from the date of this Offering Circular.

Copies of the above-listed documents may also be provided by the Fiscal Agent by email to Holders following their prior written request to the Fiscal Agent and provision of proof of holding of Notes and identity (in a form satisfactory to the Fiscal Agent).

In the case of a Series of unlisted Notes, copies of the relevant Final Terms will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder in respect of, such Notes.

7. The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg, DTC, VPS and any other relevant clearing system, as the case may be. The appropriate Common Code, International Securities Identification Number (ISIN), CUSIP, Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) will be contained in the Final Terms relating thereto.

The Legal Entity Identifier ("LEI") for the Issuer is 529900HEKOENJHPNN480.

8. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

The Issuer does not intend to provide any post-issuance information in relation to any Notes unless specified in the Final Terms.

9. Settlement arrangements will be agreed between the Issuer, the Guarantor, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.
10. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and their respective affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector(s) in which the Issuer, the Guarantor and/or their respective affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
11. The address of our appointed process agent is Vistra (UK) Ltd, 7<sup>th</sup> Floor, 50 Broadway, London, SW1H 0DB, United Kingdom.
12. As at the date of this Offering Circular, the Issuer is exempt from Regulation (EU) No 1286/2014 (the EU PRIIPs Regulation) as the Notes are securities unconditionally and irrevocably guaranteed by a Member State or by one of a Member State's regional or local authorities. As at the date of this Offering Circular, the Issuer is exempt from Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the UK PRIIPs Regulation) as the Notes are securities unconditionally and irrevocably guaranteed by the government or a local or regional authority of any country or territory. Accordingly, no key information document (KID) will be prepared for any Notes issued under the Programme.

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**Municipality Finance Plc  
(Kuntarahoitus Oyj)**  
P.O. Box 744 Jaakonkatu 3A  
5th Floor  
FI 00101 Helsinki  
Finland

**REGISTERED AND HEAD OFFICE OF THE GUARANTOR**

**The Municipal Guarantee Board  
(Kuntien takauskeskus)**  
Yrjönkatu 11 A 1,  
FI 00120 Helsinki  
Finland

**AUDITORS**

*To the Issuer and the Guarantor*

**KPMG Oy Ab**  
Töölönlahdenkatu 3A  
FI-00101 Helsinki  
Finland

**ARRANGER**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**DEALERS**

**Bank of Montreal Europe plc**  
6<sup>th</sup> Floor, 2 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02 RF29  
Ireland

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**BofA Securities Europe SA**  
51 rue La Boétie  
75008 Paris  
France

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt  
Germany

**Citigroup Global Markets Inc.**  
388 Greenwich Street  
New York, New York 10013  
United States of America

**Citigroup Global Markets Limited**  
Citigroup Centre,  
Canada Square,  
Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment  
Bank**  
12, Place des Etats-Unis CS 70052  
92547 Montrouge CEDEX  
France

**Daiwa Capital Markets Europe Limited**  
5 King William Street  
London EC4N 7AX  
United Kingdom

**Danske Bank A/S**  
Bernstorffsgade 40  
DK-1577 Copenhagen V  
Denmark

**Deutsche Bank Aktiengesellschaft**  
Taunusanlage 12  
60325 Frankfurt/Main  
Germany

**Goldman Sachs Bank Europe SE**  
Marienurm, Taunusanlage 9-10 D-60329  
Frankfurt am Main  
Germany

**HSBC Continental Europe**

38, avenue Kléber  
75116 Paris  
France

**J.P. Morgan SE**

Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**Landesbank Baden-Württemberg**

Am Hauptbahnhof 2  
70173 Stuttgart  
Germany

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Nordea Bank Abp**

Satamaradankatu 5  
00020 Nordea  
Helsinki  
Finland

**RBC Capital Markets (Europe) GmbH**

Taunusanlage 17  
60325 Frankfurt am Main  
Germany

**RBC Europe Limited**

100 Bishopsgate  
London EC2N 4AA  
United Kingdom

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
SE-106 40 Stockholm  
Kingdom of Sweden

**TD Global Finance unlimited company**

5th Floor, One Molesworth Street  
Dublin 2, D02 RF29  
Ireland

**FISCAL AGENT****Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR****Citibank Europe plc**

1 North Wall Quay  
Dublin 1  
Ireland

**PAYING AGENT****Citigroup Europe plc**

1 North Wall Quay  
Dublin 1  
Ireland

**TRANSFER AGENT AND EXCHANGE AGENT****Citigroup Europe plc**

1 North Wall Quay  
Dublin 1  
Ireland



**LEGAL ADVISERS**

*To the Issuer and the Guarantor as to Finnish  
Law*

**Asianajotoimisto DLA Piper Finland Oy**  
Kanavaranta 1  
FI 00160 Helsinki  
Finland

*To the Dealers as to English and US Law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom