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Pillar III Disclosure Report

2023

MuniFin

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Part 1:
Governance and risk methodologies

MuniFin

1. Introduction and basis for preparation

1.1 Introduction

Municipality Finance Plc (MuniFin) is a Finnish credit institution supervised by the European Central Bank (ECB) and the Finnish Financial Supervisory Authority. As a credit institution, MuniFin has to comply with EU capital requirements for credit institutions consisting of the Capital Requirements Regulation (CRR) (575/2013), as amended by the CRR II (2019/876), and the Capital Requirements Directive (CRD) (2013/36/EU), as amended by the CRD V (2019/878). The CRR II and the CRD V are based on the revised capital adequacy framework of the Basel Committee on Banking Supervision, known as Basel III.

The capital requirements for banks consist of three pillars:

- Pillar 1: The minimum capital requirements for each category of risk: credit and counterparty risk, market risk, credit valuation adjustment risk and operational risk.
- Pillar 2: Internal assessment of overall risks and capital adequacy based on those risks: the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP).
- Pillar 3: Disclosure requirements concerning capital adequacy and risks.

This document fulfils MuniFin's Pillar III disclosure requirements of the current regulation and provides a comprehensive overview of the risk profile of MuniFin. In the case that required information has been reported in another document published by MuniFin, the information has been incorporated into this document as a reference.

1.2 Description of Municipality Finance Group

Municipality Finance Group (MuniFin Group or the Group) consists of Municipality Finance Plc (MuniFin, the Parent Company or the Company) and Financial Advisory Services Inspira Ltd (Inspira or the Subsidiary Company). MuniFin owns 100% of Inspira.

Measured by the balance sheet, MuniFin is Finland's third largest credit institution; the balance sheet totals over EUR 49.7 billion. MuniFin is owned by Finnish municipalities, the public sector pension fund Keva and the State of Finland. MuniFin is an integral part of the Finnish public sector economy.

MuniFin's vision is to build a better and more sustainable future with its customers. MuniFin's customers are Finnish municipalities, joint municipal authorities, well-being services counties (since 2022), joint county authorities (since 2022) or entities controlled by them and affordable social housing organisations. MuniFin is the only credit institution in Finland specialised in providing financing for the local government sector and affordable social housing production. MuniFin grants financing for environmentally and socially responsible investment such as public transportation, hospitals and healthcare centers, schools and day care centers, and homes for people with special needs.

MuniFin's customers are domestic, but the Group operates in a completely global business environment. MuniFin is one of the most active Finnish bond issuers in international capital markets and the first Finnish green and social bond issuer. The funding is guaranteed by the Municipal Guarantee Board (MGB). The MGB is established by a special law and all Finnish mainland municipalities (local governments) are permanent members of the MGB.

1.3 Disclosure principles

This Pillar III Year-End Disclosure Report 2023 discloses information on the risk management practices and regulatory capital ratios of the MuniFin Group, as specified in Part 8 of EU Capital Requirements Regulation (575/2013) (CRR) as amended by CRR II (2019/876). In addition to the disclosure requirements in CRR, MuniFin Group applies the European Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of CRR, EBA Guidelines on disclosure requirements under Part 8 of Regulation (EU) No 575/2013 (EBA/GL/2016/11), EBA Implementing Technical Standards on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (including tables and templates) and EBA Implementing Technical Standards on prudential disclosures on ESG risks in accordance with Article 449a CRR (including tables and templates).

Majority of information required to be published by MuniFin Group based on the Pillar III requirements will be disclosed in this Pillar III Report, which is separate from the annually published Report of the Board of Directors and the Financial Statements. In addition, there are documents (e.g. Corporate Governance Statement) available on MuniFin's website supplementing the information disclosed in this Pillar III Report. In the case required information has been published as part of some other document published by MuniFin Group, this information has been incorporated into this document with a reference.

The Pillar III Disclosure Report of MuniFin Group is published semiannually. The annual disclosures are published in conjunction with the date of publication of MuniFin Group's Annual Report (including the Report of the Board of Directors and the Financial Statements). Half Year Pillar III disclosures are published in conjunction with or following the date of publication of MuniFin Group's Half Year Report (interim report).

Following EBA guidelines on disclosure requirements on the frequency of the disclosures, MuniFin Group has assessed the need to publish Pillar III disclosures more frequently than annually. MuniFin Group has considered the matter thoroughly and decided to publish Pillar III disclosures semiannually in accordance with the frequency of the Financial Statements and the Half Year Report. The semiannual publication of the comprehensive Pillar III disclosures is deemed to be sufficient despite MuniFin being one of the three largest institutions in its home Member State and being identified by competent authorities as an Other Systemically Important Institution (O-SII). MuniFin Group's business model is stable with a limited range of activities and exposures. MuniFin Group applies very conservative principles to its risk management and the resulting risk profile of MuniFin Group is not prone to any sudden changes. There have been no material changes in MuniFin Group's risk appetite. On the basis of these considerations, MuniFin Group has deemed it sufficient to publish its Pillar III disclosures semiannually.

The Pillar III Disclosure Report aims to describe all the main activities and all significant risks of MuniFin Group with underlying information and data. If there are any significant changes between reporting periods, these changes in risk exposures are explained. Such events could be arising from MuniFin Group's specific, regulatory or market developments. The level of disclosure is proportionate to the Group's business model complexity.

All figures in this Pillar III Disclosure Report are consolidated figures of the MuniFin Group unless otherwise stated. The figures in this Report are presented in euros (EUR), which is the Group's functional currency, rounded to the nearest thousands of euros (except for the ESG related figures, where the figures are rounded to the nearest million). Due to the rounding, certain figures in the Report may not tally exactly.

MuniFin's Financial Control and Regulatory Reporting unit is responsible for the process of publishing financial information including Pillar III disclosures. The Risk Management and Compliance division and the Legal and Communications division take also part into the disclosure process. The Executive Management Team (EMT) examines the Risk Declaration prior to delivering the information for the Risk Committee's review. Following the Risk Committee's review the Risk Declaration is delivered to the Board of Directors for approval. Finally, the Pillar III Disclosure Report in its entirety is sent to the EMT for approval.

This Report is divided into sections mainly based on the breakdown described in the EBA guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. A CRR reference table including the location where the information can be found, is at the end of this Report.

Following EBA guidelines (EBA/GL/2016/11) MuniFin Group has not disclosed empty tables that are not considered to be relevant for MuniFin Group's activities. The last section of this Report includes information on the tables that are considered as not applicable for MuniFin Group.

Information in this Pillar III Report has not been audited. However, the Consolidated Financial Statements are annually audited by the External Auditor and the Half Year Report is subject to review by the External Auditor. The appropriateness of the Pillar III disclosed information is approved by MuniFin's EMT. If there is information considered to be proprietary or confidential the information is not published but disclosed in more general manner.

2. Risk management objectives and policies

2.1 Risk management principles

MuniFin Group has a Risk and Governance Framework in place. The Framework aims to ensure that risk culture, business and risk strategy, risk appetite, risk governance, people and processes are aligned and effectively supporting risk management goals. The following principles are followed across the Group:

- The Risk and Governance Framework is supported by comprehensive set of risk policies and underlying guidelines and instructions.
- MuniFin Group has a clearly defined Risk Appetite Framework (RAF), which sets out the level of risk the Group is willing and able to assume in pursuit of its strategic objectives.
- Limits and targets are in place and embedded throughout MuniFin Group to ensure the Group remains at any given time within the risk appetite. These ensure that management realises its strategic objectives whilst operating within these limits.
- Outcomes of the ongoing ICAAP and ILAAP processes support strategic decision-making, capital planning, liquidity planning, and setting risk appetite and related risk limits.
- The three lines of defence governance model is in place, which ensures that an independent review and challenge of all operations is performed by the Risk Management and Compliance division led by the CRO.
- Material risk types are actively managed in line with MuniFin Group's approach of identifying, measuring, managing, monitoring and reporting risks. Identification of risks is forward looking to allow management to take a proactive approach to risk management.
- The Group is managed in such a way that it is confident of weathering extreme but plausible stress scenarios. Stress testing is used to demonstrate that MuniFin Group is able to withstand these shocks.
- An effective risk culture is in place to ensure that limits are adhered to. Risk culture is embedded throughout the Group and communicated through the implementation of the RAF.

The components of MuniFin Group's Risk and Governance Framework are presented in the figure below:

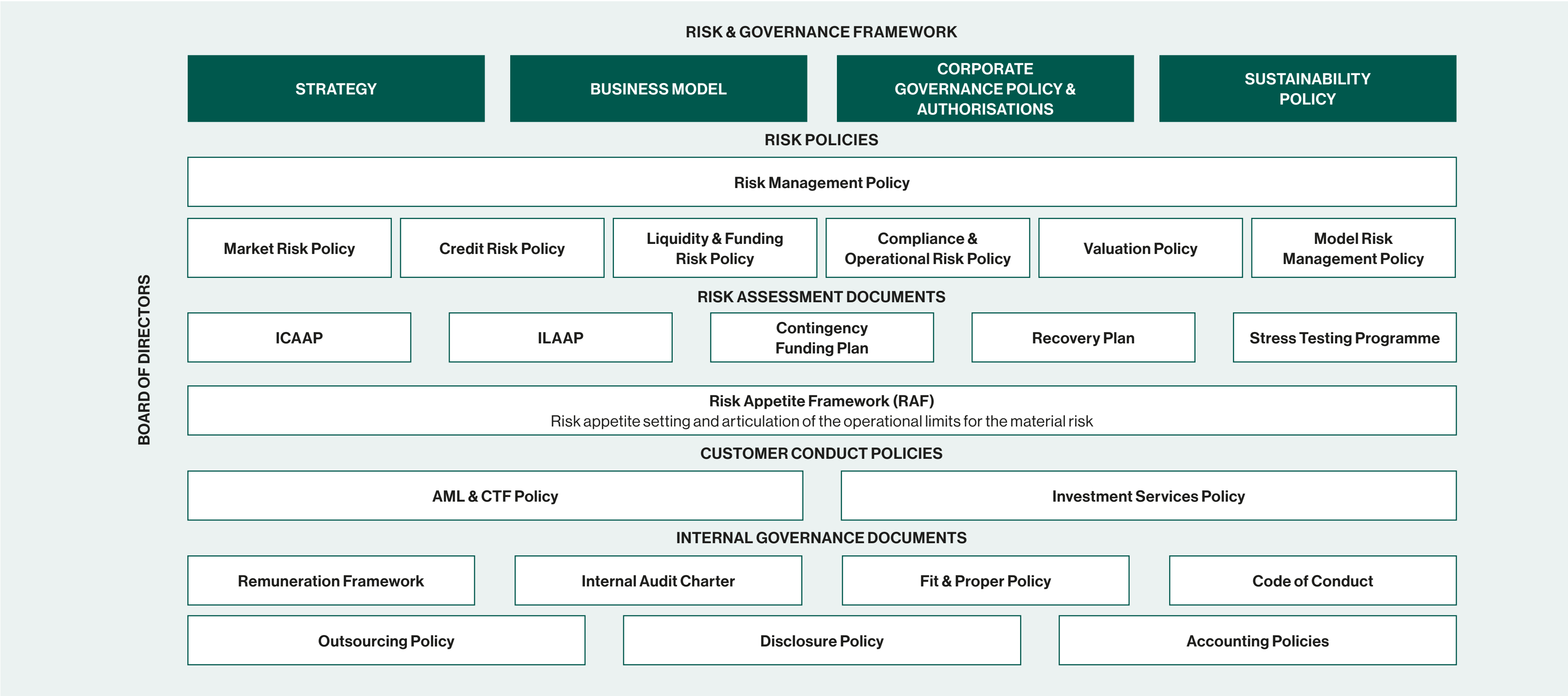


Figure 1. Risk and Governance Framework of MuniFin Group

2.2 Governance of risk management

MuniFin Group has an extensive risk management organisation, which covers all operations including the tasks and responsibilities of different divisions, units and decision-making bodies. The internal control framework is supported by controls in different processes. Internal control is performed at all levels of the organisation and the nature and scope of operations are taken into account when defining the operating methods used in internal control. Internal control is primarily carried out in line operations, where internal control is continuous and part of day-to-day operations.

For the implementation of the internal control framework, the Group applies the three lines of defence model, with adequate segregation of duties between different parties. The three lines of defence model has been adopted to ensure that responsibilities are allocated to all the relevant parties, and risks are reported and escalated.

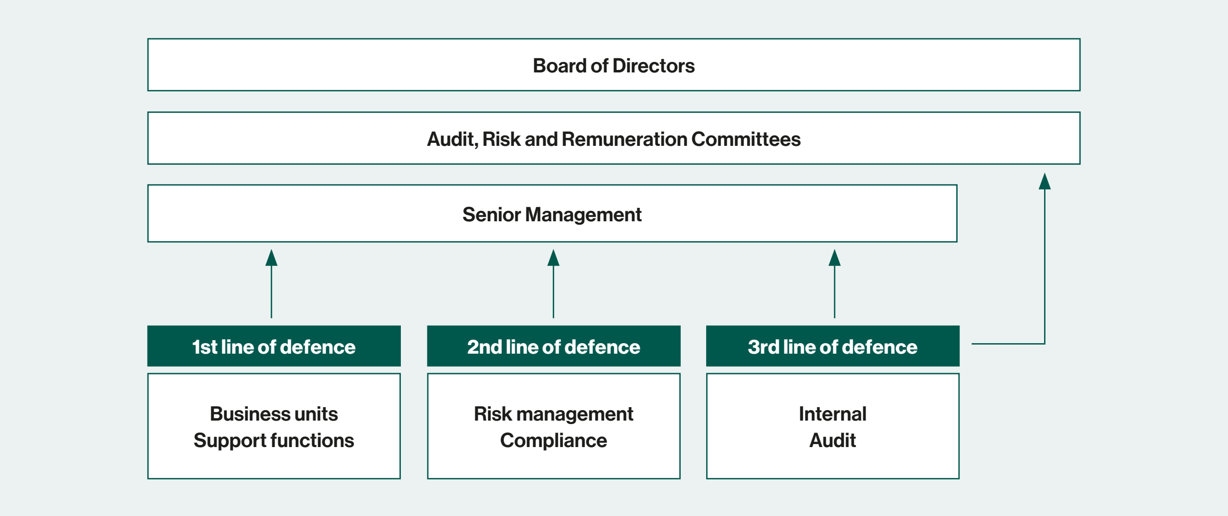


Figure 2. Three lines of defence risk governance model

1st LoD - business units and support functions

The first line of defence is represented by the business units and support functions. They are responsible and accountable for identifying, measuring, managing, monitoring and reporting of risks taking into account the Group's risk appetite, policies, procedures, controls and limits. The first line of defence operates business activities within the set limits and in accordance with the internal control framework.

The first line of defence has the following main risk management responsibilities:

- Measuring risk exposures and ensuring that they are managed in line with the risk appetite.
- Putting in place processes to ensure that the business is operating within risk appetite and policy objectives through implementing guidelines and instructions.
- Having processes in place for monitoring risk exposure against limits and targets, and for the timely escalation in case of any breaches of limits and targets.

The Capital Markets and Sustainability division is responsible for managing the interest rate risk profile and other market risks of the consolidated balance sheet by entering into market transactions within the limits set by the Board of Directors. The risk positions and limit usage are reported to MuniFin's EMT and the division-level management teams and Board of Directors on a regular basis. The Customer Solutions division maintains customer relationships and is in charge of credit decisions within the set limits and managing the granted credit limits. The Finance division, led by the Chief Financial Officer (CFO), is responsible for the principles related to capital adequacy, the structure of own funds and internal control over financial reporting.

2nd LoD - Risk Management and Compliance

As part of the second line of defence, the Group's Risk Management and Compliance division, headed by the CRO, serves as a risk management function. Risk Management and Compliance identifies, measures, manages, monitors and reports risks independently from the business lines. The Risk Management and Compliance division also assists and monitors the implementation of the risk management practices by the first line of defence. Furthermore, the Risk Management and Compliance division ensures that risks remain within permissible limits and that the Group's risk management framework is in line with the risk strategy and risk appetite, and provides recommendations for revisions where necessary.

3rd LoD - Internal Audit

The third line of defence is represented by the Internal Audit function that is in charge of conducting risk-based and general audits, providing an independent review and objective assurance to the Board of Directors on the quality and effectiveness of the internal control system, the first and second lines of defence and the Risk and Governance Framework including links to organisational culture, as well as strategic and business planning, remuneration and decision-making processes.

2.3 Board of Directors and Committees

The Board of Directors (the Board) is the highest decision-making body, both in strategic and risk-related matters. Regarding risk management, the Board establishes and oversees the implementation of the principles with respect to the risk strategy, risk appetite and risk management. The Board decides upon the desired risk appetite for all identified material risks. Risk indicators, threshold levels and control mechanisms are set for each material risk and the risk levels are on a regular basis reported to the Board. Furthermore, the Board approves MuniFin Group's Risk Management Policy, Risk Appetite Framework and other risk management policies covering all relevant risk areas. The Board also approve and supervise the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

As required by regulation and in order to organise its work as efficiently as possible, the Board has established three committees: the Audit Committee, the Risk Committee and the Remuneration Committee. These committees are not decision-making bodies, but they assist the Board in matters related to risk strategy and risk taking and monitors the compliance of the business operations in relation to the risk strategy set by the Board.

The Risk Committee assists the Board in matters regarding MuniFin Group's risk appetite and strategy, and in overseeing that the business operations comply with the risk strategy decided by the Board. In order to fulfil its purpose, the Risk Committee regularly assesses the Group's risk profile, risk definitions, risk-taking capabilities (including RAF), key limits set by the Board, and the risk management framework, taking into account the development of the operating environment and the Group's outlook for the future. Furthermore, the Risk Committee monitors risk management related requirements set by the supervisory authorities and assists the Remuneration Committee with the preparation of a sound remuneration system.

The purpose of the Audit Committee, as a preparatory body, is to assist the Board in monitoring the effectiveness of the Group's internal quality control and risk management systems, including monitoring of process of financial reporting. The Audit Committee supervises work of the external and internal audit. Board's Audit Committee is responsible for directing the Internal Audit to undertake independent audits on MuniFin Group's risk and control framework.

The Remuneration Committee is responsible for including the risk appetite as a key component in the performance objectives, remuneration and incentive structures of the staff. The Remuneration Committee, supported by the Risk Committee, ensures that the remuneration systems do not lead to undesired operating processes or uncontrolled risk-taking. In addition, the remuneration framework shall be such that a significant breach of the set risk appetite limits may have consequences for the involved individuals' appraisal and remuneration.

2.4 CEO and Executive Management Team (EMT)

The CEO shall see to the executive management of the Company in accordance with the instructions and orders given by the Board (general competence). The CEO shall see to it that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. Consequently, the policies, business plans and strategies are approved by the Board and cascaded top-down through the CEO and more precisely through the EMT which role is to support the CEO in performing its duties. The EMT is chaired by the CEO and membered by the heads of MuniFin's divisions. Decisions of the EMT are effectively decisions of the CEO.

The CEO is responsible for organising MuniFin's operational activities and is ultimately responsible to the Board for ensuring that the activities meet the set requirements. In fulfilment of the duties, the CEO is assisted by the EMT. The purpose of the EMT is to deal with matters essential in terms of its operation and acting as an intermediary of information between various units. Thus, the EMT is responsible for the appropriate arrangement of the administration and operation, and for assisting the CEO with the implementation of the Group's strategy and other tasks that are the responsibility of the CEO. When discharging its duties and responsibilities, the EMT aims at ensuring a sustainable business model that takes into account all risks, including environmental, social and governance risks.

Concerning risk management, the EMT is also responsible for ensuring that the limits set by the Board and other principles related to risk management are taken into account in MuniFin Group's operations by arranging the necessary control points and regular reporting.

The CRO is responsible for the overall coordination of risk management including the monitoring of risk limits and reporting different types of risks. In addition to the direct reporting line to the CEO, the CRO reports directly to the Board's Risk Committee on MuniFin Group's overall risk position at each meeting.

In addition to the EMT, the CEO may delegate part of its duties to the heads of divisions, heads of units and other operative bodies when deemed necessary for sake of efficiency or necessary for managing and monitoring. The EMT is currently supported by six executive-level decision-making bodies: the Risk Management and Compliance Management Team (Risk MT), the Capital Markets and Sustainability Management Team (Capital Markets MT), the Credit Group, the Customer Solutions Management Team (Customer Solutions MT), the Finance Management Team (Finance MT) and the Technology Services Management Team (Technology Services MT). All these bodies support the EMT with matters concerning MuniFin Group's risk position and risk profile approved by the Board.

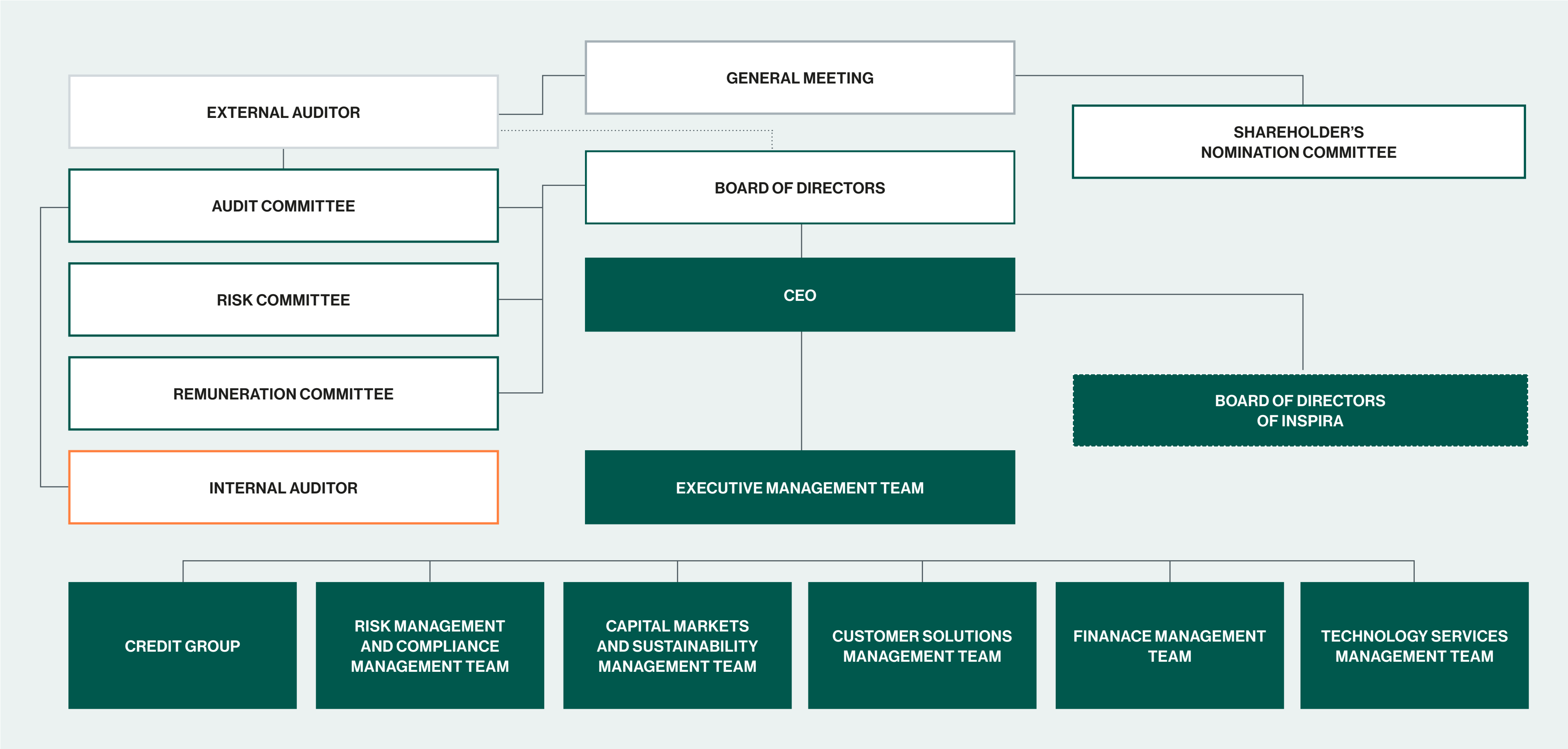


Figure 3. Risk related governance structure of MuniFin Group

2.5 MuniFin Group's overall risk profile associated with the business strategy and business model and MuniFin Group's Risk Declaration

In the Finnish economy and financial system, MuniFin's dedicated role is to ensure the availability of market-based funding to the municipality sector, wellbeing services counties and affordable social housing production. Market based funding is acquired from capital markets at the most competitive rates available to the Group under all market conditions. MuniFin Group operates a low-risk business model with a limited scope of services offered for a restricted customer base. Furthermore, MuniFin Group has conservative risk management policies. The Group's business activity is strictly limited to the financing of Finnish municipalities, joint municipal authorities, wellbeing services counties, joint county authorities, corporate entities under their control and affordable social housing organisations. The services provided by MuniFin Group do not include services typically provided by traditional commercial banks, such as deposit-taking, payments and custody services or asset management related services. Due to the limited business activities focusing on offering financing services only to public sector entities or entities providing services in public interests, MuniFin Group has no material financial fee income, with net interest income being the only material source of earnings. All MuniFin Group's customer financing is direct local or regional government risk or has a guarantee by a municipality, a wellbeing services county or central government (deficiency guarantee). Hence, all MuniFin Group's exposures to its customers are treated with zero risk-weight in the calculation of capital adequacy as provisioned by the CRR.

MuniFin Group's overall risk profile is described in the Risk Appetite Framework (RAF) approved by the Board and updated at least annually. The RAF is linked to both short-term and long-term strategic goals, the Capital Plan, the Liquidity and Funding Plan, the Recovery Plan and the Remuneration Policy. It is fully aligned with ICAAP and ILAAP. Business model and strategy are the key drivers that determine MuniFin Group's risk appetite along with the areas of profitability and capital, liquidity and funding risks, credit risks, market risks and operational risks.

In the RAF, MuniFin Group has defined the types and amounts of risk that the Group is willing and able to take in pursuing its strategic objectives. The key dimensions of the RAF are:

- Overall risk appetite statement of MuniFin Group
- Risk appetite pillars: profitability and capital, liquidity and funding risks, credit risks, market risks and operational risks
- For each pillar its strategic objective or risk appetite statement and material risks
- Risk indicators for each material risk
- Risk limits and thresholds for each risk indicator.

MuniFin Group's RAF starts with the overall Risk Appetite Statement, which expresses the level of risk that the Group is willing to accept in order to achieve its strategy. MuniFin Group's overall Risk Appetite Statement is as follows: "Maintain the overall risk profile at such a low level that enables MuniFin to maintain its credit ratings equal to those of the Republic of Finland and ensures that customer financing will be secured in all market conditions".

MuniFin Group's RAF recognizes risks associated with the Group's business operations in five areas also called the risk appetite pillars. Within each risk appetite pillar, material risks are identified. Furthermore, the RAF defines risk indicators for each material risk. Risk limits and threshold values are then set for each risk indicator. Altogether, these form the Group's risk profile and define the amount of risk that MuniFin Group is willing to take. At least annually, the risk limits and thresholds are reviewed and recalibrated in order to align the RAF with MuniFin Group's strategy, external and macro-economic developments and ICAAP/ILAAP outcomes. The Group has established a set of thresholds that are used to monitor and review the amount of risk taken compared to its risk appetite. The available historical data, regulatory requirements and external benchmarks as well as other publicly available information are used to establish, evaluate and calibrate the thresholds.

A "traffic light approach" is used to set the thresholds and to report the risk levels for each of the risk indicators. The target zone (green) is defined as the desired risk appetite level set by the Board. The early warning zone (yellow) refers to a risk level, which exceeds the desired risk appetite and triggers active monitoring and decision-making. The Group may decide to stay temporarily on the yellow zone, but additional risk-taking should be avoided. Furthermore, a plan will be made to steer the risk level back to the green zone. The limit breach zone (red) refers to a risk level, which breaches the risk appetite and leads to immediate actions to steer the level of risk back to the risk appetite level. The Board's Risk Committee and the Board are immediately informed and involved in the decision-making. Finally, the highest risk area (purple) refers to the trigger levels associated with MuniFin Group's Recovery Plan.

There were no material changes in MuniFin Group's risk appetite in 2023. MuniFin's Board of Directors assures that the risk management arrangements in place are adequate with respect to the Group's risk profile and strategy. Risks remained within the set limits during the financial year and, according to MuniFin Group's assessment, risk management met the requirements set for it. Unrealised fair value changes of financial instruments increase the Group's earnings volatility. MuniFin Group continuously monitors and analyses the volatility arising from valuations and prepares for any impacts this may have on its profit and capital adequacy.

The heightened geopolitical tensions and market fluctuations did not affect MuniFin Group's operations during year 2023. Despite the market volatility caused by Russia's war in Ukraine, the Group's risk position has remained stable and at a moderate level. MuniFin Group's risk management and internal control practices and processes are developed continuously. The Group's risk position is regularly reported to the Board as a part of risk reporting process on a weekly, monthly and quarterly basis.

The increasing inflation, the bank failures of the first quarter of 2023 and increased interest rates created uncertainty in the market, which have also impacted the funding on the market. Despite of these challenges, the Group's funding has been operating normally during the year. However, as a precautionary measure, the Group has maintained a strong liquidity buffer due to the war in Ukraine and uncertainty in regard to the inflation expectations. The increased market interest rate level as a result of the war and inflation has had a positive impact on the Group's net interest income (NII).

All financial risk indicators were clearly within the risk tolerance levels set by the Board of Directors at the end of 2023.

Summary of RAF risk pillars and indicators

Risk pillars	Risk indicators
Profitability and capital	Disassociation of the credit rating from the Finnish sovereign rating
	Leverage ratio
	Net interest income /balance sheet interest bearing items
	Change in CET1 ratio
Liquidity and funding	Liquidity Coverage Ratio (LCR)
	Net Stable Funding Ratio (NSFR)
	Financing Gap
	Indicators related to funding
	Survival Horizon
Credit risk	Non-performing exposures
	Expected Credit Losses (ECL)
	Average credit rating, geographic concentration and ESG score in liquidity portfolio
	Average credit rating and single-name concentration in customer financing
	Share of energy score "A" in real-estate collateral
	C&E risk score of consolidated municipality financing
	Share of green finance of all long-term customer financing
	Stressed CCR derivative loss

Risk pillars	Risk indicators
Market risk	Total EVE risk
	Total NII risk
	NII basis risk
	FX risk
	Credit spread risk
	Fair value VaR
	Prudent valuation
Operational risks	Outflow index of staff
	Frequency of material IT disruption
	IT downtime
	Number of material system, data breaches or availability of data and systems
	Number of internal fraud incidents
	Number of complaints and claims
	Regulatory breaches
	Company ESG risk rating
	Significant operational loss

The ECB Guide on climate-related and environmental risks state that institutions are expected to explicitly include climate-related and environmental risks (C&E risks) in their risk appetite framework. Already during the 2022 RAF update cycle, the Group added new C&E risk indicators to the framework. In the 2023 update, MuniFin Group included a Risk Appetite Statement (RAS) for C&E risks, which is aligned with the objectives stated in the Group's strategy. MuniFin Group's RAS for C&E risks is as follows: "Identify and manage, in a proportionate way, C&E risks material for MuniFin's business model".

MuniFin Group has not added a specific risk pillar for ESG risks, but these risks have been included, as applicable, in the existing risk pillars. Considering MuniFin's specialised business model, the most obvious new ESG/C&E risk indicators are related to credit risks. Incorporating ESG risks, and C&E risks in particular, into the RAF is an ongoing process that requires further development of risk models and availability of relevant data. As these capabilities increase in the future, more risk indicators can be included in the RAF.

Key figures of profitability and capital on the Risk Appetite Dashboard

	31 Dec 2023	31 Dec 2022
Change in the CET1 ratio, percentage point	5.75	2.61
Leverage ratio, %	12.03	11.59
Net interest income / interest-bearing balance sheet items	0.56	0.53

The Board has approved this Risk Declaration and acknowledges that MuniFin Group's risk management is adequate and well adopted to the Group's business model, risk appetite and capital position.

2.6 Risk management process

In MuniFin Group, risks are identified through continuous monitoring and analyses of the operating environment and, especially, during the annual business planning process, which includes stress testing. Risks are also identified as part of the annual update and re-calibration of the RAF and through an annual compliance and operational risk self-assessment processes. Complementary to this, the ICAAP and the ILAAP look at these risk types to assess capital and liquidity requirements that should be allocated to material risk types. In 2023, MuniFin Group took part in the EU-wide ECB SSM stress test, which offered opportunities to identify new risks and prioritise existing ones.

Risk measurement quantifies risks and it is used to assess and select the appropriate means of managing relevant risks and to enable appropriate resources to be dedicated to the management of risk. The first line of defence risk owners are responsible for measuring risk exposures and ensuring that risks are managed in line with the Group's risk appetite. In risk measurement, considerations are given to both normal and stressed conditions and processes put in place to ensure that changes in risk trends are identified and factored into the risk measurement. This includes the identification of appropriate stress-testing methodologies to test MuniFin Group's resilience under a range of stress scenarios.

Risk management identifies the appropriate strategy to address material risks. The second line of defence is responsible for developing the risk policies for each risk type as well as the overall RAF. The first line of defence risk owners are responsible for putting in place processes to ensure that the business is operating within risk appetite and policy objectives through implementing operational level guidelines and instructions. Stress testing is also used as a risk management tool to assess the Group's potential risk exposure under stress and to put in place processes and procedures to limit risk exposure.

Risk monitoring is used to track identified risks and identify new or emerging risks. It allows MuniFin Group to put in place risk management processes and evaluate their effectiveness. The first line of defence risk owners have processes in place for monitoring risk exposures against limits and targets and second line of defence is responsible for monitoring exposures of material risk types against the RAF.

Escalation processes are in place within the first and the second line of defence to escalate any breaches of limits and targets in a timely manner. In the case of a breach being identified within the first line of defence, the breach is reported to the Risk Management and then escalated according to relevant governance processes, e.g. a breach of risk appetite limits must follow RAF escalation processes. Conversely, in the case of a breach being identified by the second line of defence, the case is first discussed with the first line of defence, before being escalated through relevant governance process.

Risk reporting provides the Board and its Risk Committee, the EMT and senior management with an accurate, timely and clear oversight of the current risk exposures and highlights any risks that may hinder the achievement of business objectives. Reporting tools and methodologies are in place to ensure timely and accurate risk reporting. MuniFin Group's risk profile reflected by the RAF, is reported to the Board through the monthly Risk Appetite Dashboard report. The Board and its Committees receive also more extensive quarterly risk reporting covering all material risk types business and finance reports. In addition to these, various other reports are produced frequently by business units. The Boards approves the ICAAP and the ILAAP annually, and the Recovery Plan every second year. Internal Audit prepares to the Audit Committee regularly internal audit reports and MuniFin Group's external auditor KPMG prepares interim audit reviews. In addition, the division-level management teams receive regularly different types of risk reports.

2.7 Stress testing

Stress testing forms an integral part of MuniFin Group's overall Risk and Governance Framework as stress testing is used to support the limit and threshold calibration of the Group's RAF. The Stress Testing Programme ensures that stress-test scenarios are aligned within RAF and capital planning framework.

MuniFin Group pursues stress testing activities in a manner that is suitable for its operations, business model and risk profile. The Stress Testing Programme focuses on principles of governance, stress testing scope and coverage, scenario development, stress testing programme model, methodologies and the application of stress testing programmes. The Group's stress testing programme is a pivotal part of risk management. Stress test outputs are used to assess the viability of MuniFin Group's Capital Plan as well as the Liquidity and Funding Plan in adverse circumstances in the context of the ICAAP, ILAAP and recovery planning.

The Risk Management and Compliance division, independent of the Group's business activities, is responsible for designing stress scenarios in cooperation with business units. The main objective of the stress testing conducted in early 2023 was to analyse the development of MuniFin Group's solvency, profitability, and liquidity during financial years 2023–2026. Business, market and credit risks and their estimated economic impact under different circumstances were evaluated. In addition, the liquidity adequacy of the Group was assessed with several different stress scenarios.

As earlier, the results of the stress tests showed that the Group's capital adequacy remains well above minimum regulatory capital requirements throughout the forecast period even under adverse scenarios. In addition, the Group's own funds satisfy the regulatory leverage ratio requirement under adverse scenarios. In terms of liquidity, stress tests showed that MuniFin Group's liquidity adequacy remains sufficient even under adverse circumstances. It was also shown that the Group fulfills the regulatory Net Stable Funding Ratio (NSFR) requirement under all stress scenarios.

During the first half of 2023, MuniFin Group participated in the ECB SSM stress test. The resilience of banks was assessed by analysing the impact on the banks of a hypothetical adverse macroeconomic scenario over a three-year horizon 2023–2025. The results of the SSM stress test showed that the Group remain resilient under an adverse scenario which combines a severe EU and global recession, increasing interest rates and higher credit spreads.

During the second half of 2023, the Group also conducted a so-called reverse stress testing including a system-wide, an idiosyncratic and a combined scenario as part of its Recovery Plan. The purpose of recovery planning is to create severe scenarios that threaten the Group's business continuity, and test recovery options that the Group may apply to restore the normal state of business. Furthermore, a Recovery Plan dry-run exercise was organized to evaluate the operational feasibility and efficiency of liquidity options in a severe stress scenario.

MuniFin Group will also participate in the One-off Fit-for-55 climate risk scenario analysis, which was launched in the beginning of December 2023. The One-off Fit-for-55 climate risk scenario analysis aims at assessing the resilience of the financial sector in line with the Fit-for-55 package and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress. In addition, the Group is participating in the ECB cyber resilience stress test, which was launched in the end of year 2023 and will take place in the beginning of year 2024. The ECB cyber resilience stress test will assess how banks respond to and recover from a cyberattack.

2.8 Capital adequacy management principles

MuniFin Group's objectives regarding capital in relation to risk taking and the operating environment are defined as part of the annual planning. The planning horizon extends to at least the following three years, in order to be able to predict the business performance trend and the sufficiency of own funds with respect to the increasing capital requirements arising from changing regulation and to be able to react to potential needs for additional capitalisation in sufficient time. The Board approves the Capital Plan and monitors it. The Group updates its Capital Plan at least annually and follows implementation of the plan quarterly.

The aim for the capital adequacy management is to monitor the capital adequacy and to confirm that MuniFin Group's capital adequacy fulfills its targets and requirements set by financial authorities to ensure continuity of the operations. Controlling capital adequacy is a continuous and an essential part of MuniFin Group's strategic planning process, which covers setting strategic goals, specifying development projects and making financial forecasts for the following years. This is done in cooperation with the management and the Board. The Board of MuniFin approves the Company's strategy. The management ensures that the operational measures of the Group correspond with the principles determined in the strategy approved by the Board. As part of the annual planning, the management prepares a business plan for the coming year and business forecasts for the years that follow. The Group's risk position and its effect on MuniFin's financial status are also evaluated. Regular risk analyses as well as various stress test scenarios are used for evaluating and measuring risks. Based on these, the capital adequacy plan is updated annually and potential actions needed to strengthen own funds are determined. The adequacy of own funds is also monitored as part of monthly business analyses.

2.9 ICAAP information

MuniFin Group's capital management is an on-going process of determining and maintaining the appropriate quantity and quality of capital to support its operations. Capital is managed to maintain financial strength, absorb losses to withstand adverse economic conditions, allow for growth opportunities and meet other risk management, regulatory and business objectives. The internal capital adequacy is assessed based on the economic and normative perspectives.

The ICAAP is comprehensive and consistent, and covers all material risks that MuniFin Group is, or may be, exposed to through its business activities. The ICAAP reflects MuniFin Group's specialised business model and the overall conservative risk profile set by the Board.

The objective of the Group's capital planning is to define and maintain the amount and structure of its own funds in a correct and sufficient level relative to its overall risk profile in order to keep its credit rating at the highest possible level. The aim is to ensure that funding is available for the effective implementation of MuniFin Group's customer financing activities.

3. Credit and Counterparty Credit risk

Credit risk refers to the possibility that MuniFin Group's counterparty fails to meet its obligations in accordance with the agreed terms and conditions. Counterparty credit risk is the risk that MuniFin Group's counterparty in derivative contracts or repo agreements is not able to meet its obligations.

Customer financing is one source of credit risk, but credit risk can also arise from other types of receivables, such as bonds, short-term debt instruments and derivative contracts. Concentration, country and settlement risks are also considered as credit risks.

3.1 Credit risk appetite

MuniFin Group's objective for credit risk is to maintain a sound credit-risk profile, keeping inherent financial risks to capital within the boundaries of risk appetite. MuniFin Group's most material credit risks arise from its liquidity portfolio and derivative counterparties.

The credit risk arising from customer financing is low due to the Group's specialised business model and restricted customer base. The material credit risk management principle is that all customer financing and the derivatives offered to customers have to obtain a zero-risk weight in MuniFin Group's capital adequacy calculation. As a business model, this zero-risk requirement for all customer financing, is different from other credit institutions and the credit risk principles inherent and required in their credit risk policies. MuniFin Group's Credit risk policy and credit risk management practices rely significantly on this principle.

3.2 Governance of credit risk

For the implementation of the internal control framework for credit risk, MuniFin Group applies the three lines of defense governance model, with adequate segregation of duties and clear roles and responsibilities between different parties.

1st LoD - the Customer Solutions division and the Capital Markets and Sustainability division

The Customer Solutions division offers to MuniFin Group's limited customer base loans, short-term lending, financial lease assets and derivatives for hedging purposes. The main areas of responsibility for the Customer Solutions division in terms of credit risk are:

- Processing financing applications and making credit decisions in accordance with the credit policy and guidelines in force at any given time,
- Identifying, assessing and managing the risks associated with financing and collateral in the 1st LoD,
- Ensuring an effective flow of information between units on MuniFin Group's credit risk position and on material events and future projects related to individual customers that may have an impact on the creditworthiness of the customer,
- Participating in the activities of the Credit Group.

The Capital Markets and Sustainability division includes MuniFin's Treasury operations, Funding operations and ALM operations. The main areas of responsibility for the Capital Markets and Sustainability division in terms of credit risk are:

- For the area of responsibility of the function, the identification, assessment and management of credit and counterparty risk in the 1st LoD,
- Ensuring an effective flow of information between units and line of defences on MuniFin Group's credit risk position and on material events to individual counterparties that may affect the counterparty's creditworthiness.

2nd LoD - the Risk Management and Compliance division
In the second line of defence, the Risk Management and Compliance division, headed by the CRO, is independent of the Group's business operations. Risk Management has the responsibility for developing and maintaining the Group's credit risk management framework and credit risk policies in accordance with the relevant regulations. Risk Management monitors and analyses the Group's credit risks and assures that the credit granting process including credit approval is conducted in accordance with MuniFin Group's credit risk policies. Risk Management also reports the Group's overall credit risk position on a regular basis to the Risk MT, the EMT and to the Board. The second line of defence also includes the Compliance function, which monitors that the Group is compliant with applicable credit risk regulation.

3rd LoD - Internal Audit
The third line of defence, internal audit, regularly performs risk-based audits in accordance with the annual plan approved by the Board and its Audit Committee.

Board of Directors and Risk Committee
The Board has the overall responsibility for the Group's risk management and approves the main principles of credit risk management. The Board approves the Credit Risk Policy and the credit risk appetite of MuniFin Group. MuniFin Group's credit risk appetite is defined in the RAF, which also includes the indicators for monitoring the Group's risk appetite on credit risk.

The Board steers the credit risk management through the credit risk appetite and other relevant policies, collateral management and credit-granting principles that aim to ensure that the level of credit risk remains at a moderate level and at the same time, the solvency and profitability targets are taken into consideration.

The Risk Committee supports the Board in the tasks related to credit risk management, i.e. evaluates the proposed changes in the RAF and Credit Risk Policy before the Board approval and follows regularly credit risk analyses and reporting through the risk indicators in the RAF.

Executive Management Team (EMT) and division-level management teams
The EMT is responsible for the practical implementation of the Credit Risk Policy approved by the Board and for developing the procedures necessary for identifying, measuring, managing, monitoring and reporting credit risks in MuniFin Group.

The EMT has established three decision-making bodies that have been given tasks in terms of credit risk management. The decision-making bodies are the Risk MT, the Credit Group and the Capital Markets MT. The Risk MT is responsible for developing MuniFin Group's credit risk management principles and policies. It monitors credit risk limits and indicators defined in the RAF and analyses the status of credit risk, credit counterparty risk and concentration risk.

The Credit Group decides on credit granting to customers with a certain risk level. The Credit Group also follows the development of credit risk positions and customers' payment behaviour and decides on potential actions related to them. In addition, the Credit Group decides on forbearance measures.

The Capital Markets MT is responsible for the management of credit risks related to capital market transactions. The Capital Markets MT decides also on new counterparties and issuers in regards to investment and derivatives operations and their limits in accordance with the Credit Risk Policy and relevant guidelines.

3.3 Management of credit and counterparty credit risk

The management of credit risk in MuniFin Group is based on the RAF approved by the Board and it aligns with the Group's strategy and business model.

To manage its credit risks, MuniFin Group uses among others the following methods approved by the Board to assess the creditworthiness of its customers and counterparties:

- Careful selection of contractual counterparties
- Counterparty-specific credit ratings and volume limits
- Guarantees and collateral
- Written credit agreements and contractual terms
- Written operating instructions
- Insurance for personal and property damage
- Ongoing internal monitoring and reporting
- Reliable and professional staff
- Approval process for new products and services.

The following paragraphs describe the credit risks identified in MuniFin Group's operations and the key principles of credit and counterparty risk management.

3.3.1 Credit risk management in customer financing

MuniFin Group's customers consist of municipalities, joint municipal authorities, well-being services counties (since 2022), joint county authorities (since 2022) and entities controlled by them and affordable social housing organisations. Municipal customers are divided into three sectors: municipalities, joint municipal authorities and municipality-controlled entities. MuniFin Group may only grant loans and lease financing without a separate security directly to a municipality, joint municipal authority, wellbeing services county or joint county authority. By law, a Finnish municipality cannot default (Bankruptcy Act 120/2004). The municipalities have an unlimited right to increase local income tax rates and due to this, together with other elements of autonomy, the Finnish municipal sector has, similar to the sovereign, a zero-credit risk weighting in capital adequacy calculation of credit institutions. Finnish municipalities can also establish joint municipal authorities to provide services that they are legally required to provide for their citizens or undertake regional development activities. Municipalities are jointly members of these joint municipal authorities and are commonly responsible for their funding and other liabilities. All loans to municipal companies are guaranteed by municipalities (or joint municipal authorities). Thus, there is always a municipality, that cannot default by law, to carry the risk of default.

Wellbeing services counties and joint county authorities have also a zero-credit risk weighting in the capital adequacy calculation of credit institutions. This approach is based on the fact that the central government has ultimate responsibility for financing these entities. As municipalities, by law, a wellbeing services county or a joint county authority cannot default (Finnish Bankruptcy Act 120/2004).

For other customers, loans must be secured with an absolute guarantee issued by a municipality or joint municipal authority, or real estate collateral and state deficiency guarantee. When a loan has a 100% absolute guarantee from a municipality, joint municipal authority, wellbeing services county or a joint county authority MuniFin Group can apply for payment directly from the guarantor in accordance with the terms of the loan. The guarantor is obligated based on the guarantee commitment to pay the interest and other ancillary costs in addition to the principal. When a loan has a deficiency guarantee issued by the central government, primary pledge of real estate collateral is required unless the loan is a central-government subsidised housing loan granted for a municipality or joint municipal authority in which case there is no collateral required by law. In regard to the deficiency guarantee, the central government is responsible for the primary debt in respect of the part that is not recovered from liquidation of the real estate collateral. The guarantee or guarantee together with real estate collateral must fully cover the loan provided. Because such a guarantee is required to reduce the credit risk, all loans granted are classified as zero-risk when calculating capital adequacy. The Group does not bear the residual value risk related to its leasing services.

The housing customer group consists of two types of housing institutions: institutions owned or controlled by municipalities (or joint municipal authorities) and affordable social housing organisations. Housing entities can also be controlled by wellbeing services counties or joint county authorities. Loans for housing companies owned by municipalities or joint municipal authorities are guaranteed by municipalities, or these loans can also at the same time be categorised as affordable social housing loans. In the latter cases there is real estate collateral and a deficiency guarantee from the central government. Affordable social housing organisations are defined as corporations designated by state authority and engaged in the renting or production and maintenance of housing, or corporations controlled by them. The housing companies are nominated by the Housing Finance and Development Centre of Finland (ARA), a governmental agency operating under the supervision of the Ministry of the Environment. Loans for housing companies have a deficiency guarantee from the State of Finland that covers the residual risk over the collateral value of the respective property. When a loan has a deficiency guarantee by the central government, primary pledge of real estate collateral is mainly required unless the loan is a central government subsidised housing loan granted for a municipality or a joint municipal authority in which case there is no collateral required by law. The amount of the primary pledge must be at least 1.3 times the amount of the loan.

The Act on the Municipal Guarantee Board (MGB Act) defines for which MuniFin's funding guaranteed by the Municipal Guarantee Board (MGB) can be used for and it can also be considered as a credit risk management tool. The MGB is an institution governed by the public law. The MGB can grant guarantees to the funding of credit institutions controlled or owned directly or indirectly by municipalities if the funding is used for financing of municipalities, joint municipal authorities, wellbeing services counties or joint wellbeing services counties authorities as well as entities wholly owned by the aforementioned entities or controlled by them, in addition to non-profit corporations and other non-profit entities nominated by the Housing Finance and Development Centre of Finland (ARA). All funding issued by MuniFin has a MGB guarantee. In addition, MuniFin has guarantees granted by the MGB to mitigate the counterparty credit risk of some derivative counterparties.

Despite MuniFin Group's business model, which is based on the zero risk weighted customers, the Group has an internal risk-rating system for all customers, which assigns a risk score to the customer as part of the credit granting process. In addition, the independent Credit and ESG Risks unit compiles an annual analysis of all customers, which determines the respective risk rating of the customer. The annual analysis and update of the risk rating is based on key figures in the financial statements, the report of the Board of Directors and other available information. The risk rating of the customer affects the need for further analysis of the customer in the process of granting financing, the financing decision-making, decision-making power inside the Group, possibly the pricing and the monitoring of the customer. The Group has customer specific credit limits.

In addition, the Group takes into account the customer's exposure to environmental, social and governance risks (ESG risks). The Group assesses ESG risks related to its lending activities based on available data, which can be either actual, forecasted or representative assessment data. The ESG risks are taken into account in the annual analysis and affects the internal risk rating of the customer, probability of default (PD) as well as pricing.

3.3.2 Credit risk management in liquidity portfolio

MuniFin Group is also exposed to credit risk from its liquidity portfolio investments. MuniFin Group invests liquidity and cash collateral received from derivative counterparties in deposits and other liquid instruments, mainly in the international capital and money markets. This creates credit risk for the Group.

The credit risk related to the liquidity portfolio is managed in accordance with the following principles:

- the Group's liquidity is invested in safe and productive investments,
- sufficient liquidity of the investments is ensured in all market conditions,
- investments are diversified in terms of issuer, maturity and country risks, and
- investments and the related credit risks are monitored both on the issuer and on the aggregate level.

Each investment in the liquidity portfolio must have a credit rating from at least one approved credit rating agency: Standard & Poor's, Moody's or Fitch. MuniFin Group follows a principle that the credit rating in the liquidity portfolio must always be at least A-. If the credit rating of the investment is downgraded below A-, MuniFin Group's Risk MT decides on necessary measures. The Group may invest in domestic financial counterparties or domestic public sector entities, which are not rated. Investments in these counterparties are restricted by separate limits. MuniFin Group also limits foreign country risk exposure by setting separate limits to this risk.

MuniFin Group's liquidity portfolio is divided into a short-term and a long-term portfolio. The Group's short-term liquidity portfolio consists of cash and short-term money market assets. It also contains cash collateral received from derivative counterparties. The long-term liquidity portfolio consists of all assets that have a maturity over one year at the time of investing. The Group's risk appetite for credit risk is taken into account when planning the portfolio allocation and the maturity of the investments.

MuniFin Group's investment policy approves only fixed income investments that are principally issued by financial institutions, sovereigns and sovereign agencies from OECD countries. This, in the Group's opinion, reduces major sustainability risks in the portfolio, as the OECD supports the United Nations in ensuring the success of the 2030 Agenda for Sustainable Development. Since MuniFin Group's ultimate objective is to embed sustainability across all its business areas, it has further set concrete sustainability targets for its liquidity portfolio management.

3.3.3 Counterparty credit risk management

Counterparty credit risk is the risk that MuniFin Group's counterparty in derivative contracts or repo agreements is not able to meet its obligations. The Group uses derivatives for hedging purposes in its operations, for example hedging all non-euro funding and investment transactions to euros and fixed and long-term interest rate transactions to short-term interest rate (euribor). The Group also uses derivatives for hedging balance sheet fixing risk. Furthermore, the Group offers its customers derivatives for their hedging purposes and hedges the transactions in the markets.

In principle all hedging instruments are over-the-counter (OTC), and not exchange-traded, which enables the Group to efficiently customise its hedges with the underlying terms. Under the requirements set by the European Markets Infrastructure Regulation (EMIR), standard plain-vanilla OTC interest rate swaps are cleared using Central Counterparties (CCPs). The purpose of CCP clearing is to reduce counterparty risk. The Group has two global banks providing clearing broker services. The variation margin of the derivatives with the CCPs is based on the daily margining of the cash collateral (Collateralised-to-Market, CTM). MuniFin also uses cash and securities as collateral in the central counterparty clearing when exchanging the initial margin.

The European Commission's Delegated Regulation (2016/2251) regarding the use of securities as initial margin in over-the-counter derivatives entered into force in September 2022. MuniFin has been prepared for the exchange of initial margin with the securities as collaterals, however, for now the initial margin has not been exchanged with the securities because the threshold limits have not been met.

The counterparty credit risk is subject to strict limits. When approving a financial counterparty for derivatives, the counterparty must have at least one credit rating from either Standard & Poor's, Moody's or Fitch and, with some exceptions, it must be at least A- or equivalent. All contracts are valued daily using market information and advanced valuation models and reconciled with counterparty valuations. Derivatives with financial counterparties are executed only under ISDA Master Agreements. The Group limits credit risk arising from its derivative counterparties with ISDA Credit Support Annex (CSA). MuniFin Group has 36 derivative counterparties with which it has active derivative contracts. The Group has the above-mentioned collateral agreement with all these counterparties. MuniFin Group only enters into a trade with counterparties which have a variation margin CSA with daily margining. Additionally, the Municipal Guarantee Board's guarantees are used for reducing the derivative counterparty risk of certain financial counterparties.

The Credit Valuation Adjustment (CVA) that measures counterparty credit risk and MuniFin Group's own Debt Valuation Adjustment (DVA) are both taken into account when calculating credit risk exposures arising from derivative counterparties. The CVA is estimated for each derivative counterparty by calculating the Group's expected positive exposure throughout the maturity of the derivative portfolio, taking into account the probability of default and the estimated amount of loss in the possible event of default. Input data for the calculation is based on the terms of CSA agreements, generally accepted assumptions in the markets on the loss given default and expected probabilities of default. Similarly, the DVA is determined on the basis of MuniFin Group's expected negative exposures, taking into account the probability of the Group's own default and the loss given default. In addition, the Group calculates Funding Valuation Adjustment for those derivative contracts that do not hold cash collateral arrangements (derivatives made with MuniFin Group's customers).

According to its own analysis, MuniFin Group does not have any exposures containing specific wrong-way risk. The general wrong-way risk is the risk that the credit quality of the counterparty might positively correlate with macro-economic factors, which also effects the value of derivatives transactions. Specific wrong-way risk is the risk when future exposure to a specific counterparty is positively correlated with the counterparty's PD due to the nature of the transactions with the counterparty.

3.3.4 Settlement risk management

MuniFin Group may also be exposed to settlement risk in the course of its operations in respect to issued bonds, customer financing, liquidity portfolio investments or derivative transactions. The Group's customer financing transactions are dependent on the operations of domestic payment banks and similarly the capital market transactions are dependent on the operations of the Group's international payment banks and clearing parties. In order to minimise the credit risk associated with clearing and settlement, transactions are in principle carried out through delivery against payment.

3.3.5 Concentration risk management

MuniFin is the only credit institution in Finland, which specialises in the provision of financing for the local government sector and affordable social housing production and is by far the largest financier for its customer base. The ultimate purpose of MuniFin is to be a financier for the municipality sector and affordable social housing production and limitations on MuniFin Group's customer base and operations are set in the Act on Municipality Guarantee Board. Therefore, the concentration risk cannot be significantly modified. Taking into account the nature of MuniFin Group's business, the Group has recognised and accepted concentration risk in its customer financing, i.e. geographically (business is regional), by industry (e.g. municipality owned entities and affordable social housing production) and by collateral type (real estate). The state deficiency guarantee reduces significantly the concentration risk from collateral, but at the same time increases the concentration risk towards the State of Finland.

On the other hand, all receivables from the Group's customers have 0% risk weight in capital adequacy calculations and taking into account MuniFin Group's business model, the concentration risk is acceptable and in line with the Group's strategy. In addition, in the calculation of large exposures, all receivables from customers are zero after mitigation techniques. After the use of guarantees and securities, MuniFin Group has not incurred any credit losses from its customer financing during its entire operating history. Based on these factors, MuniFin Group accepts the resulting concentration risk as a characteristic of its business model. However, in the ICAAP, the Group has reserved some internal capital to cover this risk.

The Group may as well be exposed to concentration risk in its liquidity portfolio. However, limits related to investments in liquidity portfolio guide to diversify investments between issuers, geographical areas and instrument types, among others. The Board approves the annual Liquidity and Funding Plan, in which the investment goals are aligned with principles and limits set in risk policies. In addition to this, the EMT ensures with set guidelines that concentration risk is manageable and within the set limits.

3.4 Non-performing exposures and expected credit losses

The Group defines the non-performing exposures (NPE) as receivables that fulfil at least one of the criteria below.

- Material exposures which are more than 90 days past-due;
- According to the assessment of MuniFin Group Credit Group (customer financing) or Capital Markets MT (liquidity portfolio) it is probable that the debtor is not likely to pay its credit obligations in full without realisation of the collateral, regardless of whether there have been any delays in payments or how many days the payments have been past due.

Non-performing exposures are treated as Stage 3 receivables in the calculation of expected credit losses.

Forborne receivables include receivables that have been renegotiated due to the customer's financial difficulties. Details about the principles applied to forborne and modified receivables are in the accounting policies of Consolidated Financial Statements 2023 in Note 1 available on MuniFin website.

IFRS 9 requirements for impairment are based on a three-stage approach to measure expected credit losses (ECL). Financial assets measured at amortised cost or fair value through other comprehensive income are in scope for recognising impairment under the IFRS 9 standard. In addition, financial lease receivables and off-balance sheet binding loan commitments are in scope for recognising impairment due to their credit risk. Impairment of financial assets is calculated based on credit losses expected to arise over a 12-month period, unless there has been a significant increase in credit risk since origination, in which case, the allowance is calculated based on the ECL over the life of the asset. Both lifetime and 12-month ECL are calculated on an individual basis. The definition of default used in ECL is in line with MuniFin Group's capital adequacy calculations and risk management as well as with that required by international regulators. When estimating the ECL, MuniFin Group considers different scenarios. Each scenario is associated with different PD, EAD and LGD. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

In the measurement of ECL, past events and forward-looking information is used. Utilising forward-looking information in the expected credit loss model requires judgement. In addition to the aforementioned factors, also meaningful macroeconomic variables are included in the model. Their forecasts are included in the macroeconomic scenarios.

The amount of the Group's ECL in relation to the Group's statement of financial position is very low, 0.005% (0.002%). ECL in relation to the total assets and commitments included in the calculations are 0.005% (0.003%). The amount of ECL is materially influenced by the Group's conservative risk management principles, in particular the guarantees and collaterals received by the Group, as well as the customer base and the high credit ratings of counterparties.

3.5 Measurement and reporting of credit risk and counterparty credit risk

MuniFin Group's objective for credit risks is to maintain a sound credit-risk profile, keeping inherent financial risks to capital within the boundaries of risk appetite. MuniFin Group's most material credit risks arise from its liquidity portfolio and derivatives counterparties. This exposure is managed through high credit rating requirements and daily CSA collateral management. The credit risk arising from customer financing is low due to MuniFin Group's specialised business model and restricted customer base.

Under the RAF, MuniFin Group monitors credit risk using different credit risk indicators. Maintaining high credit-quality customer financing, liquidity and derivatives portfolios is a key aspect of MuniFin Group's business model. For this, the Group monitors non-performing exposures and ECL on a regular basis. The ECL risk indicator is fully aligned with MuniFin Group's IFRS 9 ECL calculations. For the customer finance portfolio, MuniFin Group monitors the average credit rating (internal rating) for certain customer portfolios, as well as single-name concentration risk indicator, which measures the share of a single-name customer group exposure to total amount of customer financing exposure. For the monitoring of climate and environmental risks (C&E risks) the energy efficiency certificates of real estate collaterals for loans, C&E risk score of municipalities and the share of green finance of all long-term customer financing is monitored regularly.

MuniFin Group is also exposed to credit risk from its liquidity portfolio. In selecting counterparties, the Group evaluates credit risk with principles and limits approved by the Board, based on external credit ratings and internal credit risk analysis. In the RAF, MuniFin Group monitors the credit quality of liquidity portfolio using the average rating of individual investments, which is calculated as a weighted average of the ratings of individual liquidity portfolio investments. The geographic concentration risk indicator measures the amount of liquidity portfolio exposure concentrated in any individual country. It aims to ensure that MuniFin Group's credit risk exposure from any single country is not too high. According to the Credit Risk Policy, only investments to OECD countries and issuers operating in these countries are allowed. In addition, the Group is monitoring all investments through a quarterly calculated ESG score. The ESG score risk indicator of the liquidity portfolio is based on a set of standards that socially conscious investors use to screen investments. The average score of the liquidity portfolio is communicated to external stakeholders.

MuniFin Group's credit risks are reported to the Board, the Risk Committee, the EMT and to the Risk MT. The Risk Management and Compliance division is responsible for producing regular risk reporting on the Group's risk positions including indicators set in the RAF.

The Risk Management function monitors the counterparty credit ratings on a daily basis and reports immediately to the EMT of any significant changes.

3.6 Capital requirements for credit risk and counterparty credit risk

MuniFin Group calculates capital requirements for credit risk using the standardised approach. For counterparty credit risk, the Group is applying the mark-to-market method.

4. Market risk

Market risk refers to the risk of losses resulting from an unfavourable change in market prices or market price volatility. Within MuniFin Group, these risks are generated through banking book activities and arise from a number of sources or sub-risk types. The Group has identified under the RAF the following sources of material market risk:

Interest rate risk (Interest Rate Risk in the Banking Book, IRRBB)	Interest rate risk refers to a change in the value of financial instruments, both from the economic value and earnings perspectives, due to changes in interest rates.
Foreign exchange risk (FX risk)	FX risk (or currency risk) is the risk of potential loss from fluctuating foreign exchange rates.
Credit spread risk (CSRBB)	Credit spread risk (spread risk) refers to the risk of loss due to a negative change in the market value of the liquidity portfolio.
Fair value volatility	Fair value volatility refers to the price change due to adverse market movements. MuniFin Group is exposed to fair value volatility through the valuation of financial instruments.
Valuation risk	Valuation risk arises from valuation uncertainties of fair valued financial instruments. Through fair valuations, MuniFin Group is exposed to valuation risk.

ESG risks have been considered in connection to the identified material market risks, not as a separate market risk. From a market risk perspective, MuniFin Group could be exposed to ESG risks from bond holdings, counterparty credit risk or other similar exposures. ESG risks can be related to the CSRBB subcomponent of the Group's market risks. More specifically, ESG risks may have a negative effect on the market price of assets held in the Group's liquidity portfolio. Market risks can also arise from funding if there are, for example, significant changes in market conditions. ESG factors can for example impact exchange rates and investor sentiment.

4.1 Market risk appetite

MuniFin Group's objective concerning market risks is to maintain a sound risk profile, keeping inherent financial risks to capital within the boundaries of risk appetite. The Group fully hedges itself from all direct market risks with the exception of a moderate level of interest rate risk in euros and FX risk related to the collateral management of central counterparty clearing of derivatives. The level of market risk from these two sources are kept at a low level, which is consistent with the conservative market-risk appetite. The Group is also exposed to market risk through fair valuation of assets.

Under the RAF, MuniFin Group has further set risk indicators defining the tolerance for each material market risk. At least on an annual basis, the risk limits and thresholds are reviewed and recalibrated in order to align the RAF with the Group's strategy and external and macro-economic developments.

Due to MuniFin Group's specialised business model, the Group does not have risk appetite for equity, equity index, commodity, or any other similar market risk type. Therefore, there are no risk limits for these market risks. However, MuniFin Group is exposed to these types of market risks through its funding operations. These risks are always back-to-back hedged using derivatives.

4.2 Governance of market risk

The market risk management operates under the three lines of defence framework as described in Governance of risk management in Chapter 2. Market risk management utilises the existing governance structure and processes involving all organisational levels of MuniFin Group.

1st LoD - Treasury and Capital Market Services unit, Funding and Sustainability unit and ALM unit

MuniFin Group's Capital Markets and Sustainability division that covers the Treasury and Capital Market Services unit (Treasury), Funding and Sustainability and ALM units is the main responsible for managing market risk. The primary first line risk owner is Treasury that is responsible for managing the day-to-day market risk positions of MuniFin Group. In addition, the Funding and Sustainability unit, as another first line risk owner, is responsible for executing funding transactions so that both suitability and hedging possibilities of new funding is always assessed according to the set principles before entering into a transaction. The Asset and Liability Management (ALM) unit is responsible for funds transfer pricing, liquidity projections and supporting ALM-related planning and analysis as well as modelling and analysis related to strategic IRRBB management.

2nd LoD - the Risk Management and Compliance division

The second line tasks are conducted by the Risk Management and Compliance division. The Risk Management function identifies, measures, manages, monitors and reports risks independently from the business functions. The Risk Management function also assists and monitors the implementation of risk management practices by the first line of defence. Furthermore, the function ensures that risks remain within the set limits and that MuniFin Group's RAF is in line with the risk strategy and appetite, and provides recommendations for updates and revisions where necessary. The Risk Management function is responsible for the day-to-day risk management and oversight of market risks at MuniFin Group. The independent Compliance function's task is to ensure that MuniFin Group complies with internal and external regulations related to market risk.

3rd LoD - Internal Audit

The third line of defence, the Internal Audit function, conducts risk-based and general audits, independently reviews and provides objective assurance to the Board on the quality and effectiveness of the internal control systems.

Board of Directors and the Risk Committee

The Board reviews and approves, at least on an annual basis, the Market Risk Policy as well as the risk appetite set in the RAF, including the market risk related risk appetite, risk indicators, limits and thresholds. The Board is responsible for the following duties regarding market risk management:

- Setting the scope and general requirements for the risk measurement and assessment;
- Defining the principles for organising market risk management and related quality assurance; and
- Confirming the risk limits and risk appetite based on MuniFin Group's strategy and business plan.

The main Board's Committee responsible for market risk management is the Risk Committee. The Risk Committee reviews and challenges the updates proposed to the Market Risk Policy. In addition, the Committee is responsible for reviewing market risk related reporting, e.g. the Risk Appetite Dashboard.

Executive Management Team (EMT) and division-level management teams

The Board has delegated the following duties regarding market risk management to the EMT:

- Ensuring that all material market risk related processes for various divisions and units are clearly defined and documented in the Group's internal operational guidelines;
- Ensuring that the processes contained within the Group's process documents are up to date and contain the duties and responsibilities for each of the Group's divisions, units or responsible persons;
- Developing and organising the operational work in order to enable an efficient market risk identification, measuring, managing, monitoring and reporting; and
- Ensuring that the operational environment is continuously monitored and potential effects on market risks are considered.

The EMT has established two executive level decision-making bodies, management teams, to handle market risk management related matters. Market risk related management teams (MTs) are the Capital Markets MT and the Risk MT. The Capital Markets MT's key duties includes management of market risk position of the balance sheet, setting sub-limits for market risks within the risk appetite approved by the Board, steering the IRRBB strategy and deciding on possible strategic mismatch position, monitoring the balance sheet profitability as well as monitoring key RAF indicators and financial markets. The Risk MT's task is to ensure that the Group's risks remain within risk appetite and at a level sufficient to maintain the Group's business continuity, strong credit rating and compliance with relevant regulatory requirements.

4.3 Management of market risk

4.3.1 General principles

The objective of MuniFin Group's risk appetite for market risks is to maintain a sound market risk profile appropriate for MuniFin Group's business model. The purpose of market risk management is to ensure that the market risk arising from the Group's banking book correspond to the accepted risk profile as defined in the RAF. The aim is to keep the overall risk profile at such a low level that MuniFin Group's credit rating remains equal to that of the State of Finland and MuniFin Group is able to secure customer financing in all market conditions.

4.3.2 IRRBB

MuniFin Group's strategy for interest rate risk in the banking book (IRRBB) is to ensure sustainable profitability regardless of the level of interest rates. Net Interest Income (NII) is MuniFin Group's main income. The focus is to stabilise earnings by minimising Earnings at Risk (mainly NII risk) measure. Economic Value of Equity (EVE) of interest rate sensitivity is a secondary measure but also kept within risk appetite.

MuniFin Group manages the interest rate risk arising from its business operations by means of using derivative contracts. Interest rate risk arises mainly from minor repricing mismatches between euro floating rate assets and liabilities. Interest rate risk arises from the operations in funding, customer financing and liquidity portfolio investment activities. MuniFin Group does not have a trading book.

The main principle for managing the Group's interest rate risk hedging is to utilise interest rate swaps to hedge fixed-rate exposures back-to-back to floating-rate. The back-to-back interest rate swaps (IRS) replicate all the details of underlying liability, asset or portfolio of assets to offset the risk of the underlying transaction.

As a norm, interest rate hedges are executed on all fixed-rate assets and liabilities with maturities longer than one year. All shorter maturities and floating-rate items are subject to tenor basis risk and fixing risk (seasonal mismatch) management on a balance sheet level and hedged as balance sheet overlay hedge.

The Capital Markets MT decides on a strategic mismatch position, i.e. leave fixed-rate exposures unhedged in order to steer the Group's NII towards the objective of earnings stabilisation. The strategic mismatch position is created using assets only and includes both fixed and revisable rate loans as well as fixed-rate bond investments in the liquidity portfolio. Derivatives are not used in the creation of the strategic mismatch.

Fair value hedge accounting is applied to certain financial assets and liabilities denominated in euros, where the plain-vanilla interest rate of the hedged item has been swapped to a floating rate using derivatives. In addition, fair value hedge accounting is applied to foreign currency denominated financial liabilities with fixed interest rates, which have been hedged by exchanging the principal into euros and the interest rate into a floating rate. The hedging relationships within hedge accounting are documented and they comply with the Group's risk management objectives and strategy. MuniFin Group does not apply cash flow hedge accounting.

For financial assets, the Group applies fair value hedge accounting in accordance with IAS 39 portfolio hedge accounting to lending at fixed rates and long-term reference rates. For the aforementioned financial assets, the hedged risk is interest rate risk. In addition, fair value hedge accounting according to IFRS 9 is applied to lease agreements at fixed and long-term reference rates and structured lending transactions that pass the SPPI test and that have been hedged 1:1 with an interest rate swap.

The Capital Markets MT is responsible for monitoring MuniFin Group's interest rate risk and for the principles of IRRBB risk management. Treasury supports the Capital Markets MT in relation to IRRBB risk management activities and is responsible for managing interest rate risk at an operational level in accordance with the risk appetite and the decisions made by the Capital Markets MT. Interest rate risk is regularly controlled and reported by the Risk Management and Compliance.

Interest rate shock and stress scenarios

MuniFin Group performs IRRBB calculations based on a number of different interest rate shock scenarios. The calculations are both from an economic value and earnings risk perspective. For earnings risk MuniFin Group have two separate calculations, one focusing on NII risk and one that also considers the effects on profit and loss or directly in equity.

MuniFin Group has implemented both internally developed scenarios and the Supervisory outlier test scenarios provided in the EBA Draft Regulatory Technical Standards (EBA/RTS/2022/10). The scenarios cover both parallel shift and non-parallel shifts in the interest-rate curve.

MuniFin Group does not take deposits and such, do not model the behavior of non-maturity deposits.

Earnings at Risk and NII risk

Earnings at Risk and NII risk is measured through a constant balance sheet and financial forecast model for the Group's projected financial income. The impact is mainly assessed in proportion to MuniFin Group's NII, but the Group also calculates separately Earnings risk which combines Fair Value and NII risk. The model includes the entire balance sheet of MuniFin Group (all interest rate sensitive cash flows) and takes into account any optionality in the balance sheet.

NII risk is calculated on a daily basis where Earnings at Risk is measured monthly. Both measures calculate the risk for the following 12-month period.

NII measurement compares the projected financial income of the base scenario of the forecast model to a set of selected eight interest rate scenarios. The most negative scenario is used as a measure for NII risk.

Scenarios used are:

1. Parallel shock up (+50 bp)
2. Parallel shock up (+200 bp)
3. Parallel shock down (-50 bp)
4. Parallel shock down (-200 bp)
5. Steepener shock (short rates down and long rates up)
6. Flattener shock (short rates up and long rates down)
7. Short rates shock up
8. Short rates shock down
9. Supervisory Outlier Test (SOT) parallel shock up (+200 bp)
10. Supervisory Outlier Test (SOT) parallel shock down (-200 bp)

NII risk (EUR 1,000)	Impact	In relation to own funds
31 Dec 2023	-18,430	1.2%
31 Dec 2022	-25,160	9.0%

Earnings at risk measurement comprises the projected financial income of the base scenario of the forecast model to a set of selected four interest rate scenarios. The most negative scenario is used as a measure for Earnings risk.

Scenarios used are:

1. Parallel shock up (+50 bp)
2. Parallel shock up (+200 bp)
3. Parallel shock down (-50 bp)
4. Parallel shock down (-200 bp)

Earnings at Risk (EUR 1,000)	Impact	In relation to NII
31 Dec 2023	-2,790	0.2%
31 Dec 2022	-41,170	14.7%

Risk Management performs monthly backtesting of the financial forecast model.

Interest rate sensitivity

Interest rate sensitivity or Economic Value of Equity (EVE) measures how much the present value of assets and liabilities will fluctuate due to changes in the interest rate environment. The impact is assessed in proportion to MuniFin Group's own funds. The Group applies eight interest rate scenarios to measure interest rate sensitivity of the balance sheet.

MuniFin currently applies following standard interest rate scenarios:

1. Parallel shock up (+50 bp)
2. Parallel shock up (+200 bp)
3. Parallel shock down (-50 bp)
4. Parallel shock down (-200 bp)
5. Steepener shock (short rates down and long rates up)
6. Flattener shock (short rates up and long rates down)
7. Short rates shock up
8. Short rates shock down

Economic Value of Equity (EUR 1,000)	Impact	In relation to own funds
31 Dec 2023	-92,760	6.0%
31 Dec 2022	-33,530	2.3%

Basis risk

Basis risk refers to the impact of the relative changes in interest rates on interest rate sensitive instruments that have similar tenors but are priced using different interest rate indices. Basis risk arises from the imperfect correlation in the adjustment of the rates earned and paid on different interest rate sensitive instruments with otherwise similar rate change characteristics. Unfavourable changes in basis swap spreads may have a negative effect on MuniFin Group's NII. Maintaining a stable earnings profile, even under stressed interest rate conditions, is an important part of ensuring that MuniFin Group is able to operate according to its business model.

Basis risk at MuniFin Group refers to the single-currency basis risk arising from assets and liabilities, which are linked to different Euribor reference indices. The basis risk indicator is defined as a negative effect of an unfavourable change in basis swap spreads on NII and EVE and calculated as a proportion of either the preceding year's total NII or own funds. When measuring basis risk the Group applies two different scenarios:

1. Narrowing basis swap spreads assuming that the basis swap spreads are narrowed to zero from their current levels and
2. Widening basis swap spreads that is based on basis swap spread changes experienced during the euro area crises in 2011.

Basis risk is actively monitored and managed by Treasury both using EUR basis swaps to mitigate the risk and by matching lending and funding fixing dates. Furthermore, basis risk is controlled by the Risk Management function.

Basis risk (EUR 1,000)	Impact	In relation to NII
31 Dec 2023	-2,240	0.1%
31 Dec 2022	-8,980	3.2%

4.3.3 FX risk

Based on the Credit Risk Policy, approved by the Board, MuniFin Group's lending and other customer finance products are all denominated in euros. The Group hedges against exchange rate risks by using derivative contracts to translate all foreign currency denominated funding and liquidity investments into euros at the time of underlying transaction. The Group does not assume any material FX risk from its regular business activities. The functionality of the cross-currency derivatives markets is always assessed before entering into new funding or investment transactions in order to ensure that currency hedges can be put in place and replaced with another counterparty, if deemed necessary. Furthermore, all foreign currency denominated funding transactions with call options are fully hedged, i.e. the hedge mirrors all the features of the issued bond.

Despite this, MuniFin Group is not able to completely hedge out all FX risk, due to the need for conducting daily collateral management in foreign currency when non-euro interest rate derivatives are cleared with Central Counterparties.

MuniFin will avoid cross-currency basis risk on its foreign currency denominated funding and liquidity investments by executing hedges to the maturity date of underlying hedged item. Thus, future changes in the cross-currency bases will not affect MuniFin Group's cash-flow-based risk profile.

The currency position is calculated as the euro-denominated difference between assets and liabilities in various currencies.

Currency position (EUR 1,000)	Position
31 Dec 2023	4,721
31 Dec 2022	4,833

4.3.4 Credit spread risk

Credit spread risk (CSRBB) is related to the risk premium component of a traded instrument, indicating the additional return demanded by investors for an instrument with a specific credit rating instead of investing in the risk-free yield. MuniFin Group has concluded based on the definition of CSRBB that only the liquidity portfolio, funding and derivatives are sensitive to credit spread risk. As CVA already covers derivatives and funding is covered by business risk, CSRBB is only calculated for the liquidity portfolio. Credit spread risk refers to the risk of loss due to a negative change in the market value of the liquidity portfolio. Credit spread risk is defined as a probability of change in the market value of an instrument, if the market required return changes. The change may be caused by a change in the instrument's level of risk or a change in the risk sensitivity of the market.

MuniFin performs credit spread risk calculation (CSRBB model) using a Monte Carlo simulation model based on a multivariate distribution. The methodology models credit spread risk on an instrument level, but CSRBB model's results can be aggregated and monitored on a sub-portfolio, rating, duration class, sector, country, region, issuer or even group level.

The liquidity portfolio credit spread risk is managed in Treasury within the portfolio management framework. Main principle in portfolio management is to guarantee sufficient earnings within the liquidity requirements, such as LCR, NSFR and RAF limits.

CSRBB, which affects the market value of liquidity investments, is managed on an aggregate level by controlling the average maturity of the liquidity portfolio. Targets for average maturity and portfolio composition are decided for each year as part of Liquidity and Funding Plan, in association with business planning. Idiosyncratic spread risk is managed on transaction level by choosing low-risk issuers into the portfolio.

According to MuniFin Group's liquidity policy, all investments are classified/limited according to their liquidity, credit rating and geographic concentration. The Risk Management performs monthly credit spread risk simulation using CSRBB model. This will result in a VaR estimate in euros. The VaR result is then divided by total bond euro amounts used in the simulation to get the VaR ratio, which describes the relative risk of the liquidity portfolio. Back-testing of the CSRBB model is done and compared from the actual euro changes of the fair values including asset swap protection effect. This will provide a proxy for the credit spread risk in euros, which is then compared to the VaR results with tighter confidence levels and a shorter prediction time horizon, which will match the backtesting period.

Spread risk (EUR 1,000)	Impact	In relation to own funds
31 Dec 2023	-44,200	2.9%
31 Dec 2022	-37,200	2.5%

4.3.5 Fair Value Volatility

MuniFin Group has identified fair value volatility as a material risk for its operations. Unrealised fair value changes of financial instruments increase the volatility of profits. In addition to the profit, the Group's own funds are also affected by valuations measured at fair value through other comprehensive income (OCI). The volatility of the fair valued instruments arises from changes in market risk factors, such as tenor basis spreads as the spread between different interest rate curves changes. In accordance with the market practice and IFRS 13 standard, the Group discounts the financial assets and liabilities measured at fair value and the hedged items with the swap curve and the hedging derivatives with the OIS curve, which causes a significant part of the Group's valuation volatility. The Group continuously monitors and analyses the volatility arising from valuations and prepares for its potential profitability and solvency impacts.

The fair value volatility is regularly monitored and reported to capture any changes in the financial position or in sensitivities to market movements. MuniFin Group has set up daily and monthly controls to validate the valuations and monitor PnL, Cost-of-Hedging and own credit risk volatility. The Finance Management Team, steered by the CFO, monitors Group's fair values and is responsible for the final decision of fair values for financial reporting. Fair value risk is regularly also reported to the EMT, Risk Committee and to the Board.

4.3.6 Valuation Risk

Through fair valuations, the Group is exposed to valuation risk. Valuation risk arises from valuation uncertainties of fair valued financial instruments. The Group has implemented an efficient control and performance monitoring framework with regards to its valuation models, which aims to ensure the accuracy and appropriateness of model output. The model performance monitoring consists of four main controls:

1. Counterparty valuation control (CVC),
2. Fair value explanation,
3. Independent price verification (IPV) and
4. Independent model validation.

CVC is performed by the Risk Management, who shall assess any deviations in valuation model output compared to MuniFin Group's own earlier valuations and to counterparty valuations. The results of the assessment shall be reported monthly to the CFO and quarterly to the Finance MT. Fair value explanation process consists of daily analysis and explanation of the changes in fair values by the Risk Management and a monthly fair value explanation report to the CFO and quarterly to the Finance MT. MuniFin Group's fair valuations are produced daily by the Risk Management. Furthermore, the IPV is performed monthly as part of MuniFin Group's IPV process by a third-party service provider. The results of the control activities are reported monthly to the CFO and quarterly to the Finance MT. Based on the results, the Finance MT may require making fair value adjustments. At the end of December 2023 there are no fair value adjustments based on the IPV results. The independent model validation is performed yearly for a subset of MuniFin Group's valuation models by a third-party service provider. The results of the model validation are reported to the Finance MT.

Through fair valuations, MuniFin Group is also exposed to prudent valuation risk. Prudent valuation risk arises from valuation uncertainties of fair valued financial instruments. Prudent valuation refers to additional valuation adjustments (AVAs) that reflect valuation uncertainties of fair valued financial instruments. Fair value is considered "prudent" following the adjustments reflecting all relevant AVAs. The Group applies the Core approach for prudent valuation. MuniFin Group has set limits for prudent valuation risk in its RAF.

4.4 IBOR reform

The IBOR reform is a global change aimed at replacing Interbank Offered Rates (IBORs) with alternative nearly risk-free rates (RFR). The reason for the reform is, among other things, the revealed manipulation cases of the IBOR reference rates. In the European Union the reform is regulated by the EU Benchmark Regulation (EU BMR). At the end of 2021 the London Interbank Offered Rate (LIBOR), a panel-based benchmark that was available in five currencies (USD, GBP, EUR, CHF, JPY) was discontinued except for longer maturities (1-, 3-, 6- and 12-month) of the USD LIBOR reference rate, where the quotation expiring date was discontinued in June 2023. All MuniFin Group's liabilities and derivatives linked to the USD LIBOR reference rate have been restructured during year 2023.

4.5 Capital requirements for market risk

MuniFin Group calculates capital requirements for the overall net FX position. The Group hedges against exchange rate risks by using derivative contracts to translate all foreign currency denominated funding and liquidity investments into euros. However, a small temporary exchange rate risk may arise due to collateral management in the clearing of derivatives by CCPs. This exchange risk is actively monitored and managed.

At the end of December 2023 and 2022, the FX position was less than 2% of own funds. There was no capital requirement for market risk since the FX net position did not exceed 2% of the total own funds based on CRR (575/2013), Article 351.

In the evaluation of the credit risk exposure, MuniFin Group uses accounting credit valuation adjustment (accounting CVA) and regulatory CVA (CVA VaR). MuniFin Group calculates CVA VaR in accordance with the standardised approach and it is an estimate of potential unexpected losses.

4.6 Stress testing

MuniFin Group's stress-testing framework documented in the Stress Testing Programme has been developed to be in line with the EBA Guidelines on institutions' stress testing, taking into consideration the principle of proportionality in both the quantitative and the qualitative aspects of stress testing within MuniFin Group. The Group's stress testing performed for market risks covers IRRBB related stress test for earnings or NII and economic value following EBA/RTS/2022/10 and RAF calibration related to IRRBB, FX risk, credit spread risk and fair valuation risk. Market risk is also part of the comprehensive annual ICAAP stress testing exercises and ECB SSM stress tests.

Stress testing enables MuniFin Group to gain a more in-depth understanding of its individual risk profile (e.g. related to interest rate risk) and thus enhance its risk management activities. Stress testing allows the Group to gain insights into how key measures predicted as part of the planning process could change under different stress situations.

Market risk stress testing is carried out regularly and results are reported to the Risk MT, Risk Committee and to the Board.

4.7 Market risk reporting

The market risk related RAF indicators and limits form an important part of the regular market risk monitoring process of MuniFin Group. Performance against the limits and thresholds are monitored on a regular basis and reported to the EMT, Risk MT, Capital Markets MT monthly and to the Risk Committee at each meeting and ultimately to each meeting of the Board.

Monthly reports of market risk development are delivered to the Board, Risk Committee and EMT as part of regular risk reporting. All changes in MuniFin Group's market risk profile or position and necessary actions, which are taken in order for the Group to remain within set risk appetite, are reported to the Board. In addition to regular reporting, ad-hoc reporting is prepared to the Board as needed.

For operational purposes, MuniFin Group has daily market risk dashboards to monitor and follow-up the development of certain market risk indicators such as EVE and NII risk (balance sheet interest rate sensitivities).

5. Liquidity risk

Liquidity and funding risk is the risk that MuniFin Group is unable to meet its financial obligations as they become due, resulting in an inability to support normal business activities, or a failure to meet regulatory liquidity requirements or rating agency expectations. The Group is exposed to liquidity risk in its customer financing, funding, liquidity portfolio investments and other operations.

MuniFin Group strives to ensure liquidity adequacy under all market conditions by maintaining a sufficient number of liquidity sources (e.g. short-term and long-term funding). The objective of MuniFin Group's liquidity and funding risk management is to maintain an adequate liquidity buffer and a sustainable funding position and profile, even in stress periods.

MuniFin Group has identified sub-sets of material liquidity and funding risks in the RAF. When identifying liquidity and funding risks, the Group considers the connection between liquidity and funding risk and other risks, such as interest rate risk, credit risk, operational and reputational risk as these risks may have an effect on MuniFin Group's liquidity position.

The table below introduces the material risks and risk indicators set in the RAF for liquidity and funding risk.

Material risks	Risk appetite indicators
Liquidity risk (short term)	Liquidity Coverage Ratio (LCR)
Stable funding risk (longer term)	Net Stable Funding Ratio (NSFR)
Refinancing risk	Financing gap Funding related risk indicators
Risk of insufficient market access	Survival Horizon

5.1 Governance of liquidity risk

1st LoD - Treasury and Capital Market Services unit, Funding and Sustainability unit and ALM unit

In the first line of defence, MuniFin Group's Capital Markets and Sustainability division that covers Treasury and Capital Market Services (Treasury), Funding and Sustainability and ALM units is responsible for managing liquidity and funding risk within limits set by the Board. Capital Markets and Sustainability as first line risk owners are also responsible for ensuring that liquidity guidelines, instructions and processes are in place and that the Group is operating in line with the defined risk appetite at any given time. The annual Liquidity and Funding Plan is prepared in cooperation with all units in the Capital Markets and Sustainability division.

Treasury is responsible for planning and managing MuniFin Group's day-to-day liquidity and funding position. Treasury ensures that there is a sufficient amount of liquidity to cover daily and intraday needs using liquidity forecasts with sufficient time horizon. The front-office function is in charge of daily and forward looking liquidity management whereas the payments function monitors and manages the intraday payment transactions and cash management.

The Funding and Sustainability unit is in charge of drafting and implementing the long-term funding (over 12 months) plan. It is also responsible for all long-term funding operations of MuniFin Group.

The ALM unit is responsible for funds transfer pricing, liquidity projections and supporting both Treasury and Funding in liquidity and funding related planning.

2nd LoD - the Risk Management and Compliance division

The Risk Management and Compliance division, as an independent control function in the second line of defence, is responsible for the risk management policies and framework. The Risk Management function identifies, measures, monitors and reports liquidity risk independently from the business units. It ensures that risks remain within the set limits and that the Risk Management Framework is in line with MuniFin Group's risk strategy and appetite, and provides recommendations for updates and revisions where necessary.

The Risk Management function is responsible for the day-to-day risk management and oversight of liquidity and funding risk in MuniFin Group. It is also responsible for validation of the FTP (Fund-Transfer-Pricing) methodologies and calculations implemented by the first line of defence. The Risk Management and Compliance division includes also MuniFin Group's compliance function which is responsible for monitoring the Group's compliance with external and internal regulation.

3rd LoD - Internal Audit

The third line of defence, the Internal Audit function, conducts risk-based and general audits, independently reviews and provides objective assurance to the Board on the quality and effectiveness of the internal control system.

Board of Directors and the Risk Committee

The Board is responsible for setting the scope and general requirements for the liquidity risk measurement and assessment, defining the principles for organising liquidity and funding risk management, confirming the risk limits and risk appetite based on the Group's strategy and business plan and approving the Liquidity and Funding Plan. Also, the Contingency Funding Plan as part of the ILAAP framework for recognising, managing and responding to the possible future liquidity and funding stress situations, is approved by the Board. In addition, the Board approves new debt programs and sets the total amount of debt programs. The Risk Committee assists the Board in the matter of liquidity and funding risks.

Executive Management Team (EMT) and division-level management teams

The EMT's responsibility is to ensure that all material liquidity and funding risk related processes are clearly defined and documented in the Group's internal operational guidelines. Furthermore, the EMT ensures that the processes contained within the Group's process documents are up to date and contain the duties and responsibilities for each of MuniFin Group's divisions, units or responsible persons. The EMT is also responsible for developing and organising the operational work in order to enable an efficient liquidity and funding risk identification, measurement, management, monitoring and reporting. The EMT makes decisions on updating the debt programmes, provided that the size of the debt program is not increased and no material changes are made to the content of the debt program. In the case of material changes, the decision is made by the Board.

The EMT has delegated part of its duties to two executive decision-making bodies: the Risk MT and the Capital Markets MT. The Capital Markets MT is responsible for the first line liquidity and funding risk management related to monitoring and decisions of quality and quantity of liquidity and funding. It also reviews quarterly the Liquidity and Funding Plan and makes decisions on the short-term liquidity plan taking into account the RAF indicators. The Risk MT ensures from the second line perspective that risks of MuniFin Group remain within the risk appetite and at a level sufficient to maintain the Group's business continuity, strong credit rating and compliance with relevant regulatory requirements. It monitors the limits for liquidity and funding risks and reports any material deviations from the risk management policies and guidelines.

5.2 Management of liquidity risk

MuniFin Group's liquidity risk management is based on the Liquidity and Funding Risk Policy. The purpose of the Liquidity and Funding Risk Policy is to set high-level principles by which the liquidity and funding risk is to be identified, measured, managed, monitored and reported within MuniFin Group.

MuniFin Group conducts systematic liquidity and funding planning. The Liquidity and Funding Plan is prepared annually, in connection with the business planning process, and the development of the Liquidity and Funding Plan is reviewed quarterly. The Liquidity and Funding Plan and the quarterly review of the plan include regular back testing. The Liquidity and Funding Plan is an integral part of the Group's ILAAP and it includes forecasting and planning of funding and liquidity position. The Liquidity and Funding Plan is aligned with the ICAAP baseline scenario during the annual business planning process. The plan aims at keeping the level of the Group's liquidity and funding within its risk appetite defined by the Board. It also takes into account economic perspective to ensure a sufficient long-term profitability for the Group. In addition, the plan is complemented by a rolling short-term 3-month operational plan for liquidity management.

The Group has set risk indicators defining the tolerance for liquidity and funding risk in its RAF. At least on a yearly basis, the risk indicators, limits and threshold values are reviewed and calibrated in order to align the RAF with the Group's strategy and external and macro-economic developments. MuniFin Group has set targets and early-warning threshold levels which, when breached, will trigger corrective actions in order to ensure that the Group remains within its risk appetite.

MuniFin Group has implemented a comprehensive Fund Transfer Pricing (FTP) framework based on the matched-maturity, marginal cost principle. The purpose of the FTP framework is to ensure that all users and providers of liquidity are fully aware of the related costs and benefits, to support timely and accurate pricing decisions when transacting new business, and to quantify and ensure awareness of the contribution to profitability arising from the maturity mismatch of assets and liabilities and from interest rate risk. Furthermore, the FTP framework allows business units to be appropriately and correctly incentivised with regards to liquidity and interest rate risk. The FTP framework supports the overall risk management of MuniFin Group in relation to liquidity and interest rate risk and supports sustainable profitability.

MuniFin Group's liquidity risk posture is conservative. The Group strives to ensure liquidity adequacy under all market conditions by maintaining sufficient number of liquidity sources. The primary sources of liquidity are short-term and long-term funding, liquidity buffer (including cash) and repo markets. The secondary sources of liquidity are Central Bank operations and liquidity facility.

MuniFin Group follows the principle of prefunding and acquires its funding in the form of short and long-term funding. For this purpose, the required minimum amount for the liquidity buffer is determined through scenario analyses to meet internal and regulatory liquidity requirements. In the case that the Group needed to acquire additional liquidity, it would first assess the availability of funding from the capital markets in the form of short-term or long-term funding. If this is not available, the Group could utilise its liquidity buffer as a source of liquidity by selling assets or using them as collateral in the repo markets. MuniFin Group has existing agreements in place with counterparties to enter into bilateral repurchase agreements (repo agreements). These repo arrangements could be used to cover funding redemptions in short-term and to cover any unexpected changes in the liquidity position.

The overall liquidity portfolio mainly consists of prefunding that is raised from the markets, but not yet utilised for customer financing. In case of a sudden outflow of funds, the Group holds a liquidity portfolio at such a level that its Liquidity Coverage Ratio (LCR) and Survival Horizon have a sufficient buffer to continue normal operations even under such conditions. Net Stable Funding Ratio (NSFR) is used to measure stable funding risk.

MuniFin Group also maintains a sufficient liquidity portfolio of unencumbered, highly liquid assets to be able to meet its financial obligations even under severe market distress for at least a period of time defined in the RAF without any new funding.

The secondary source of liquidity is a Central Bank liquidity facility in the form of the existing Central Bank open market operations and standing credit facilities. These are considered as an alternative, if primary sources were either not sufficient, available in a timely manner or the cost of using primary sources of liquidity were considered too high in comparison. MuniFin Group may participate in Eurosystem's open market operations and use standing facilities. The minimum reserve requirement applies to MuniFin Group, and thus is required to deposit a certain amount of funds with the Bank of Finland (31 Dec 2023 EUR 35 million). MuniFin Group has pledged part of its lending portfolio to the Bank of Finland in order to ensure access to this secondary source of liquidity (31 Dec 2023 EUR 4,599 million).

MuniFin Group's funding is acquired mainly from international capital markets. The Group's funding strategy is to diversify its funding sources, which aims to ensure the availability of funding under all market conditions. MuniFin Group actively diversifies its funding across different currencies, markets, maturities, geographical areas and investor types. Active long-term cooperation with investors has increased name recognition of MuniFin Group in different markets. The Group has a number of debt programmes that enables to have access to funding at all time at competitive price. MuniFin Group has following programmes available for long-term funding:

- Medium Term Note (MTN) programme of EUR 45 billion. Green bonds and Social bonds are issued under this programme.
- AUD debt programme of AUD 2 billion (Kangaroo – Kauri programme), specifically for the Australian and New Zealand market.

For short-term funding, MuniFin Group has following programmes and arrangements available:

- Euro Commercial Paper (ECP) programme of EUR 10 billion.
- Repo transactions with selected interbank counterparties under the Global Master Repurchase Agreement (GMRA), where Group's debt securities in the liquidity portfolio may use as collateral.

MuniFin Group's funding is guaranteed by the Municipal Guarantee Board (MGB), which has the same credit ratings from Moody's and Standard & Poor's as MuniFin and the State of Finland. The MGB is a public-law institution whose members are all Finnish mainland municipalities. The MGB has granted guarantees for the debt programmes, as well as for funding arrangements outside the programmes. Based on this, debt instruments issued by MuniFin are classified as zero-risk when calculating the capital adequacy of credit institutions and solvency of insurance companies, and as Level 1 liquid assets in liquidity calculation in the EU. As defined in the Act on the Municipal Guarantee Board (487/1996) MuniFin has pledged a sufficient amount of loans for the MGB's guarantee.

5.3 Contingency Funding Plan

The MuniFin Group maintains a Contingency Funding Plan (CFP), which will be activated in the event of a liquidity crisis. The CFP provides a framework for recognizing, managing and responding to possible future liquidity and funding stress events. The objectives of the CFP are to:

- Ensure that the Group can meet its commitments as and when they fall due;
- Identify specific triggers that prompt liquidity management activity;
- Provide a escalation methodology;
- Provide a range of management actions available in the event of a liquidity crisis;
- Provide a clear mechanism for communication and coordination under a liquidity stress with specified roles and responsibilities; and
- Clearly defining and documenting the circumstances when the plan should be involved.

Furthermore, the CFP addresses the risks identified in MuniFin Group's ILAAP and presents possible management actions that could be implemented in such liquidity stress periods.

The risk indicators, limits and thresholds used for the CFP purposes are leveraged from MuniFin Group's RAF. It should be noted that a breach of any of the thresholds for liquidity and funding risk indicators in itself does not indicate that MuniFin Group should automatically implement CFP operational actions, rather it should be used as an indicator that the Group may be experiencing a level of liquidity stress, which may need prompt actions.

The governance processes to manage the Group's liquidity and funding risk profile under a liquidity crisis situation is aligned with the existing governance structures and processes.

5.4 Measurement and reporting of liquidity risk

For each liquidity risk driver, which are assessed as relevant to MuniFin Group's business, a set of qualitative mitigation processes and quantitative measures are in place to ensure that liquidity and funding risk is managed within its risk appetite.

For quantitative measures of the liquidity and funding risk, MuniFin Group monitors short-term and long-term liquidity (stable funding risk), refinancing risk and risk of insufficient market access under stressed conditions.

For measuring short-term liquidity risk, MuniFin Group uses Liquidity Coverage Ratio (LCR) as a risk indicator. LCR measures the adequacy of the Group's high-quality liquid assets (HQLA) against total net cash outflows over a 30-day period under regulatory defined stress assumptions. The regulatory minimum requirement for the LCR is 100%. The ratio measures MuniFin Group's ability to operate even under negative market conditions. Due to the amount of callable funding, the Group's net outflow fluctuations cause volatility to the ratio. Thus, large enough liquidity buffers are maintained to keep the LCR at an acceptable level.

Stable funding risk (long term) is the risk that MuniFin Group does not have sufficient stable funding available to cover its funding needs in the long term. To mitigate this, the Group ensures that it has sufficient long-term funding to cover the funding needs of its assets (e.g. loans and liquidity portfolio). This is measured by the Net Stable Funding Ratio (NSFR), where the amount of long-term stable funding is weighted against funded assets and off-balance sheet liquidity exposures. MuniFin Group complies with the NSFR minimum requirement of 100%.

Refinancing risk occurs when MuniFin Group is holding assets with a longer-term maturity than that of its liabilities. The risk is that liabilities will need to be refinanced at a much higher cost or, in extreme cases, cannot be refinanced at all. Refinancing risk is measured using three different indicators: financing gap, short-term callable funding and secondary market spread of MF bonds. The financing gap risk indicator measures the difference between the average maturity of assets, i.e. customer financing and liquidity portfolio, and the average maturity of liabilities, i.e. the funding portfolio. MuniFin Group also analyses the call probability related to short-term callable funding (call date within the next 12-month period) and limits the amount of callable funding as a proportion of the total funding portfolio. The secondary market spread of MuniFin bonds risk indicator is measured by calculating the average spread of MuniFin Group's secondary-market bond spread relative to that of the State of Finland.

One goal of MuniFin Group's risk appetite limits is to ensure that it has sufficient liquidity under both normal and stressed market conditions. The Group aims to have a sufficient liquidity buffer to be able to commit its financial obligations under extraordinary circumstances in which its access to the funding markets has temporarily ceased. Liquidity buffers are of the utmost importance in times of stress, when MuniFin Group has an urgent need to raise liquidity within a short timeframe, and normal funding sources are no longer available or do not provide enough liquidity. These buffers, composed of cash and other highly liquid unencumbered assets, should be sufficient to enable the Group to be able to commit its financial obligations during its defined survival horizon. This risk is included in the RAF and measured by the Survival Horizon risk indicator.

Liquidity and funding risk indicators are reported to the Board and the EMT regularly. Both bodies are informed of any material changes in MuniFin Group's liquidity risk profile or position and of any necessary actions, which should be taken in order for the Group to remain within the set risk appetite. In addition to this, ad-hoc reporting is prepared in the event that any liquidity and funding risk appetite thresholds are breached. These breaches are reported immediately to the CRO, who in turn escalates the issue according to the escalation processes set out in the RAF.

For operational purposes, MuniFin Group has daily liquidity risk dashboards for liquidity management and planning purposes. Daily liquidity projections are produced and they are taking into account forecasted new business and the latest call forecast. The Risk Management monitors, on a daily basis, the development of the RAF liquidity risk indicators.

5.5 Internal Liquidity Adequacy Assessment Process (ILAAP)

In the ILAAP performed annually, MuniFin Group assesses the adequacy of its liquidity resources to cover forecasted liquidity needs under the business-as-usual and stress scenarios. The ILAAP is an integral part of MuniFin Group's risk management framework.

Stress tests are required to assess the Group's liquidity adequacy in a comprehensive, integrated and forward-looking manner. The ILAAP consists of a baseline scenario and adverse scenarios and is fully aligned with the ICAAP baseline scenario; the only exception being the assumed restricted access to funding markets. All liquidity risk indicators from the RAF and other liquidity indicators used by MuniFin Group are included in the ILAAP.

5.6 Liquidity stress testing

Liquidity stress testing is a key tool used by MuniFin Group to assess liquidity adequacy and these stress tests are mainly performed on a monthly basis. The main objective is to determine whether the Group has sufficient liquidity to continue its normal business operations under both business-as-usual or baseline scenario and stress scenarios. Stress-testing scenarios are also used to calibrate the RAF threshold values for liquidity and funding indicators. In addition, the Group applies liquidity and funding risk related stress testing in order to define a downward scenario for the Liquidity and Funding Plan.

The scenarios used in the stress test have been designed with due consideration of the scope and specifities of the Group's operations. The scenarios are reviewed regularly and updated whenever market conditions change.

5.7 Liquidity risk statement

The EMT of MuniFin Group acknowledges that the liquidity risk position of MuniFin Group is strong and that the key ratios for liquidity has remained within the set risk appetite during year 2023. The EMT also assures that the liquidity risk management systems put in place are adequate with regard to the Group's profile and strategy.

Key liquidity ratios as of 31 December 2023:

LCR	409%
NSFR	124%
Survival Horizon	15 months

6. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, personnel, systems or from external events. Legal and compliance risks are included in operational risks. Strategic risks are excluded from operational risks.

MuniFin Group has a low risk appetite for operational risks. However, operational risks are closely related to all business operations, and they cannot be totally eliminated. Therefore, MuniFin Group aims to minimise operational risks related to its business and operations by carefully identifying and analysing the impact and probability of these risks.

6.1 Governance of operational risk

In accordance with the Risk Management Policy, the management of operational risks is organized into three lines of defence. MuniFin Group's divisions and units are accountable for the operational risks related to their areas of responsibility. They are also responsible for managing operational risks within the limits set by the RAF.

MuniFin Group's independent Risk Management and Compliance division is responsible for developing and maintaining the framework for managing operational risk and for supporting and controlling the first line of defence in their implementation of the operational risk framework. The Compliance and Operational Risks function maintains adequate operational risk policies and procedures. In addition, the function monitors and reports the adequacy and effectiveness of the operational risk framework on a regular basis to the Board.

The same function is responsible for developing and maintaining the framework for managing compliance risk. It also supports the first line of defence in their implementation of the compliance risk framework.

The Compliance and Operational Risks function reports to the Risk MT on a regular basis on all operational risk incidents and controls needed. The Risk MT decides if any further actions are needed. It also reviews and approves the findings of the annual operational risk self-assessment process. Given the scale of the matter, the issue may be referred by the Risk MT to the EMT or, where appropriate, to the Board. In addition, to ensure the independence of the Compliance function, the Head of Compliance may report directly to the Board's Audit Committee and to the CEO.

Internal Audit performs regularly risk-based audits in the operational risk area in accordance with the annual plan approved by the Board.

The Board approves the principles of operational risk management. The Risk Committee of the Board assists the Board on matters concerning the Group's risk strategy and risk appetite level, for example, by evaluating changes in the operational risk management policy. The Risk Committee supports the Board in the supervision that the Group adheres to the risk strategy approved by the Board.

6.2 Management and measurement of operational risk

Operational risks are recognised as part of the Group's daily operations and processes. This has been supplemented by an annual operational risk assessment, which is carried out by units through a self-assessment led by the Compliance and Operational Risks function. The assessment of risks is conducted by assigning the probability of the occurrence and the impact on the materialisation of the event. In addition, mitigation actions are recognised and agreed.

Each division's and unit's responsibilities include a continuous management of operational risks. In addition, the Group's Risk Management and Compliance division supports other divisions and units and have the responsibility at the Group level for coordinating the management of operational risks.

MuniFin Group uses various methods for managing operational risks. The Group has internal policies approved by the Board and supplementing internal guidelines approved by the management in order to guide operations. Operational risks are also covered by the RAF approved by the Board. Internal instructions and processes are updated on a regular basis, and the compliance with them is supervised. The tasks related to business activities, risk control, back-office functions and financial accounting are separated. The Group has adequate backup systems to ensure the continuity of key functions. The expertise of the personnel is maintained and developed through regular development discussions and training plans.

The Group has a contingency plan for situations in which business operations are interrupted. The plan is designed to ensure that the Group is able to continue functioning and to limit its losses in different disruptive scenarios. The business continuity and crisis management also include a disaster recovery plan for technical infrastructure and IT systems. MuniFin Group's business continuity is the responsibility of the EMT. The annual operational risk survey and the operational risk-event reporting process support the Group's continuity planning. In addition, the Group has insurance policies related to its operations and the level of the insurance coverage is assessed on a regular basis.

MuniFin Group's Compliance function continuously monitors the development in 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 regulation concerning the operations of credit institutions have faced significant changes during the past few years and will continue to change in the future, which creates challenges for the Group's Compliance unit. The Group mitigates this risk by maintaining active contacts with the authorities and interest groups as well as through the organisation of the Group's internal Compliance function (incl. system support, reporting and evaluation of effects).

MuniFin Group has a whistleblowing process in place for reporting potential internal or external misconducts, breaches of ethical standards and internal or external rules. The whistleblowing channel for employees and other stakeholders is a safe way to report any misconduct. Concerns can be raised anonymously and confidentially through MuniFin's website.

MuniFin Group has significant information system and business process related projects aimed at improving the quality, efficiency and regulatory compliance of current operations. The extent of these projects creates operational risks that the Group strives to minimise by developing and implementing models related to project management and monitoring (incl. regular reporting) and ensuring sufficient resources. The risks related to development projects are surveyed and monitored regularly. In addition, project audits are in scope of the internal audit when included in the annual audit plan.

The Group has an approval process for new products and services. The process aims to ensure that all material risks and operational requirements are taken into account when developing new products and services. The process applies also to material adjustments of the existing products and services.

The realisation of operational risks is monitored with systematic operational risk event reporting, which is used to change operating principles or implement other measures to reduce operational risks where necessary. Operational risk events are reported to the EMT and the Board. Only small losses from operational risks have been realized during 2023.

6.3 Minimum own funds requirement for operational risk

MuniFin Group calculates the minimum own funds requirement for operational risk using the basic indicator approach. Under the basic indicator approach, the own funds requirement for operational risk equals to 15% of the average over three years of the relevant indicator (as set out in the CRR, Art. 316).

7. Information on governance arrangements

Information on governance arrangements is described in a separate document, Corporate Governance Statement 2023, which is available on MuniFin's website at www.munifin.fi.

8. Remuneration policy

8.1 Remuneration of the Board of Directors

In accordance with MuniFin's articles of association, the fees paid to the members of the Board are decided by the Annual General Meeting (AGM). The remuneration of a Board member consists of a fixed annual fee and meeting fees. The remuneration of each Board member is paid for a term starting from the end of an AGM and ending at the end of the next AGM. In 2023, the Board members were paid in accordance with the resolution of the AGM 2022 until the AGM held on 28 March 2023 and thereafter in accordance with the resolution of the AGM 2023.

The AGM 2022 confirmed the following fees for the Board members:

- Annual fee for the Chair of the Board EUR 40,000;
- Annual fee for the Vice-Chair of the Board EUR 26,000;
- Annual fee for the Chair of the Audit Committee and the Chair of the Risk Committee EUR 28,000;
- Annual fee for a member of the Board EUR 23,000
- To the members, a fee of EUR 500 per a Board and a committee meeting attended; and to the chairs, EUR 800 per meeting attended. Such fees are also paid per each meeting required by authorities.

The AGM 2023 resolved that the annual fee of the Chair of the Board is increased by EUR 2,000, the annual fee of the Vice-Chair and the Chairs of the Audit Committee and the Risk Committee is increased by EUR 1,500 and annual fee of a member of the Board is increased by EUR 1,000. The AGM also increased the meeting fees. The AGM confirmed the following fees:

- Annual fee for the Chair of the Board EUR 42,000;
- Annual fee for the Vice-Chair of the Board EUR 27,500;
- Annual fee for the Chair of the Audit Committee and the Chair of the Risk Committee EUR 29,500;
- Annual fee for a member of the Board EUR 24,000
- To the members, a fee of EUR 600 per a Board and a committee meeting attended; and to the chairs, EUR 950 per meeting attended. Such fees are also paid per each meeting required by authorities.

Travel expenses and per diem allowances are paid in accordance with the Company's travel policy.

Remuneration paid to the members of the Board (EUR 1,000)	2023	2022
Kari Laukkanen, the Chair	63	54
Maaria Eriksson, the Vice Chair	42	35
Markku Koponen	45	43
Vivi Marttila, member until the AGM held on 28 March 2023	9	33
Tuomo Mäkinen	36	31
Minna Smedsten	36	34
Denis Strandell	34	34
Leena Vainiomäki	46	40
Kimmo Viertola, member until the AGM held on 24 March 2022	-	7
Arto Vuojolainen, member from the AGM held on 28 March 2023	27	-
Total	**339**	**310**

More quantitative information on the remuneration is presented in other parts of this Report. For the sake of clarity, the Board is the management body in its supervisory function of MuniFin and any reference to the remuneration of such a body means the remuneration of the Board. The members of the Board are not employed (i.e. are all non-executive members) by the Company and are not covered by the Company's Remuneration Policy.

At the end of 2023, the members of the Board were Kari Laukkanen (the Chair), Maaria Eriksson (the Vice Chair), Markku Koponen, Tuomo Mäkinen, Minna Smedsten, Denis Strandell, Leena Vainiomäki and Arto Vuojolainen. In 2023, the Board convened 12 times. The Board has established an Audit Committee, a Risk Committee and a Remuneration Committee and their roles in relation to remuneration are explained under the section 8.2.1 Remuneration Governance. During 2023, the Audit Committee convened 10 times, the Risk Committee 9 times and the Remuneration Committee 4 times. Furthermore, MuniFin has a Shareholders' Nomination Committee established by the AGM and its members are not paid any remuneration.

8.2 Remuneration of the Executive Management and the Employees

8.2.1 Remuneration Governance

Role of the Board of Directors and the Remuneration Committee

MuniFin has a Remuneration Policy approved by the Board, which applies both to the executive management and to all employees. One remuneration framework applies to the executive management and the entire staff, unless otherwise decided due to the nature of employment (e.g. temporary employments). The Remuneration Policy applies to the subsidiary Financial Advisory Services Inspira Ltd (Inspira).

The Board decides all principles related to variable remuneration including the Remuneration Policy and changes thereto, setting of the company level targets, assessment of the achievement of company-level targets and subsequent performance pay, variable remuneration paid to the CEO and persons reporting to the CEO and any changes to their fixed remuneration. The Board also follows the total remuneration of the entire personnel with the assistance of the Remuneration Committee. In addition, the Board assesses the Remuneration Policy annually and determines the payment of deferred remuneration in accordance with the regulations. The Board is entitled to decide on any changes or termination of the Remuneration Policy at any time.

The Board decides the remuneration paid to the CEO and their deputy, and the terms of their employment. Furthermore, the Board confirms the remuneration paid to the employees who report directly to the CEO (excluding the Head of Internal Audit, whose remuneration is decided by the Audit Committee) based on a proposal made by the CEO. The key employee responsible for internal control (Executive Vice President, Risk Management and Compliance) is part of the EMT and the remuneration of EMT members is conditional to Board-supervision. The Board also monitors the remuneration of the material risk takers (including the remuneration of the internal control functions such as compliance).

The purpose of the Remuneration Committee is to prepare all remuneration related Board-level matters for the Board discussion and decision-making, and to advice the Board. The main duties of the committee include but are not limited to:
- overseeing the remuneration process with the assistance of the HR and internal control functions,
- preparing the Board decisions on remuneration,
- preparing setting and assessment of the achievement of company level targets, and
- preparing and monitoring of the remuneration of the CEO, the Deputy to the CEO, and the members of the EMT (also independent control functions) and the employees who report directly to the CEO, as well as of other identified employees.

At the end of 2023, the members of the Remuneration Committee were Kari Laukkanen (Chair), Leena Vainiomäki and Maaria Eriksson.

Other stakeholders
The Risk Committee monitors the setting of targets and variable remuneration to ensure compliance with the Company's risk appetite. The CRO and the Head of Compliance and Operational Risk Unit also provide the Board and its Committees with statements on whether the targets and remuneration are consistent with the company's risk appetite and regulations.

The Audit Committee's role is to assist the Board in duties related to internal controls, financial reporting and internal and external auditing which are all relevant also for remuneration related processes. In addition, after the amendments made to the Remuneration Policy in 2023, the Audit Committee decides on the remuneration of the head and employees of internal audit function.

The internal audit provides the Remuneration Committee and the Board with an annual statement on whether or not the Remuneration Policy has been complied with. In addition, the internal audit regularly assesses the Remuneration Policy and the related documentation and the processes to the extent required by the legislation. From 2024 onwards, the employees of internal audit are not included in the variable remuneration framework. The amendment strengthens the independency of internal audit.

8.2.2 Structure of the Remuneration System

Fixed remuneration, benefits and pensions
Remuneration paid to the executive management and to the employees comprises of fixed remuneration (salary in money and benefits in kind) and variable remuneration. A car benefit may be part of an individual's fixed total salary in defined positions. MuniFin does not offer any unusual benefits in kind. A fixed total salary forms the major portion of the total annual remuneration paid to the executive management and to other employees.

The pensionable age and pensions of the executive management and the employees are determined in accordance with the Employees' Pensions Act. Some members of the EMT (starting in the position before 2018) have a contribution-based group pension insurance taken out by the company. Pension can be paid from the insurance to members who have turned 63. In 2023, the CEO and the members of the EMT entitled to this pension at 1 Jan 2023 were paid a total of EUR 59,072.23 in pension insurance (EUR 59,072.23). The contribution-based pension benefit is part of fixed remuneration and not dependent on performance.

If the Company dismisses the CEO, the period of notice is six months. The CEO's benefits in kind (car, meal and telephone benefit) are cancelled at the end of the period of notice. Should the company give notice to the CEO for reasons beyond him or her, the Company shall pay the CEO's salary for the period of notice and a severance pay corresponding to the CEO's total salary of six months.

In accordance with MuniFin's strategy approved by the Board, MuniFin follows the development of salaries and remuneration in the finance sector and the operating environment. An evaluation has been carried out for each position to establish sufficient comparability with market data. The help of KornFerry Hay Group Oy has been used for market comparisons that have been based on evaluation of each position and related classification of positions. The Company has also obtained benchmark data of the remuneration of the management roles by participating in the remuneration study of Evli Alexander Incentives Oy. The purpose of using external support is to ensure that the remuneration framework is consistent with the market practise.

Variable remuneration

MuniFin's business model and strategy are the key drivers of its financial success. Variable remuneration is always based on performance supporting MuniFin's business model, strategy and annual planning. The purpose of the variable remuneration is to promote achievement of challenging targets, to ensure availability and retention of skilled employees and to ensure and promote sound and effective management of remuneration process and practices considering MuniFin's business model, risk profile (including all risk types), corporate values, and the size of the organisation.

Within the remuneration framework, all targets have a maximum level, a target level and a minimum level and the remuneration amount is paid based on achieving those levels. Even if the maximum level of a target is exceeded, the variable remuneration cannot exceed the maximum amount of remuneration and correspondingly, if the minimum level is not reached, no remuneration will be paid. The target and maximum remuneration levels vary by the remuneration category. In accordance with the Remuneration Policy, a maximum of the variable pay cannot exceed 100% of the fixed pay. The General Meeting can decide to increase the ratio to 200%, but such a decision requires a majority of the shareholders' votes in accordance with the national laws. No proposal to increase the ratio has made to the General Meeting.

The targets and the weights of the targets related to the variable remuneration framework are set for each calendar year (earnings year). Across all pay grades, the variable remuneration is based on both company level and individual performance targets. The targets are set to support the Company's strategy, operational targets and efficient risk management. The targets may not encourage employees to take risks that exceed the confirmed risk appetite. The weight of company and individual level targets varies between the remuneration categories. The CEO and the members of the EMT have company level targets, in addition to which they have their individual performance targets, relating to each member's respective area of responsibility, set by the Board. The targets for the other staff are also set on the company level, in addition to which individual targets are set. Excellent individual performance in individual targets may be rewarded with special remuneration and poor individual performance may decrease the outcome of the company level performance targets.

A company level performance appraisal is approved by the Board, and personal performance appraisals are approved by the supervisors. Remuneration of the persons working in the key control functions is not linked to the business operations they are controlling, but only to the performance of the entire company, their own unit and the person in question. Their company level target is the Company's operating profit and Company's ESG target. The Board approves the remuneration of the CEO, the employees reporting directly to the CEO and the persons working in internal audit. From 2024 onwards, the employees of internal audit are not included in the variable remuneration framework. The CEO approves the remuneration paid to the other employees. In accordance with the Remuneration Policy, the set performance targets may be adjusted (by the same body having approved the original target) in case of substantial extraordinary events during the performance year. This kind of event may be e.g., extraordinary changes in the business or market environment, an acquisition or a divestment, a considerable investment, an incidental capital gain or loss, an outside and unforeseen circumstance that has an impact upon fulfilment of the targets or any other circumstance that could not be considered upon election of performance criteria but has a material impact on the achievement of the targets. Furthermore, the CEO or the Board has the right to decide on the non-payment or reduction of variable remuneration at any time, as described in more detail in the section "Risk Adjustments - Ex Post Risk Adjustments".

Variable remuneration based on company level targets is paid annually, after the Financial Statements have been adopted for the earnings year. The recipients of remuneration may not use the financial instruments to protect themselves against personal risk related to variable remuneration. All variable remuneration is paid in cash. Therefore, due to the Finnish labour law, MuniFin does not have a clawback right on any paid remuneration. However, this would be possible through a court claim if there was evidence that a person has gained variable remuneration unlawfully. Special remuneration based on excellent performance in individual targets may be paid during the year at the end of each assessment period.

MuniFin does not give guaranteed variable remuneration in any form.

There are no shareholding requirements of any kind that may be imposed on the identified employees or any other employee or management.

Deferral of variable remuneration and application of other regulatory requirements

As referred to in point (k) of Article 450(1) CRR, MuniFin benefits from a derogation laid down in Article 94(3) of CRD on the basis of point (b), according to which certain (for example deferral of payment and the use of other instruments) remuneration requirements of Article 94(1) CRD) do not apply to a staff member whose annual variable remuneration does not exceed EUR 50,000 and does not represent more than one third of the staff member's total annual remuneration. Pursuant to the Article 94(3) point (b), MuniFin derogates from the points (l) and (m) of Article 94(1). In 2023, 178 (172) persons benefitted from the derogation and their total fixed remuneration was EUR 12,854,652.40 (EUR 12,815,118.93) and variable remuneration EUR 1,705,703.32 (EUR 1,490,870.31).

If an individual's variable remuneration for the earnings year is EUR 50,000 or more, 60% of the remuneration shall be paid over the following year, and 40% shall be deferred and paid in instalments of equal amounts over the four years following the payment year. However, the deferral period for the CEO and other members of the EMT is five years. The limit of EUR 50,000 applies to all individuals, regardless of their position in the Company. In addition, if the variable remuneration exceeds EUR 135,000, 40% of the remuneration shall be paid over the following year and 60% of the remuneration shall be deferred.

Furthermore, if the variable remuneration of an employee exceeds one-third (1/3) of the total remuneration, including the fixed salary and variable remuneration of an employee, the payment of the variable remuneration shall be deferred. The minimum time for deferral is four years.

Variable remuneration is invariably paid in money. The Company does not have any share- or option-based remuneration due to the specific business model and the ownership restrictions laid down in MuniFin's Articles of Association, which prevent all employees and management from holding or acquiring the shares of the Company.

For those who the deferral rules apply to, half of the variable remuneration is tied to the development of MunFin's Common Equity Tier 1 (CET1) capital ratio (a class of instrument used in remuneration in compliance with the regulations). According to the terms and conditions, the value of variable remuneration can be temporarily reduced if the Company's CET1 capital ratio falls below 14.90%. Finally, for those who the deferral rules apply to, variable remuneration is subject to a 12-months' waiting period, referring to the time between the remuneration decision and the payment of remuneration.

Severance Payments

The CEO, the CEO of Inspira, the members of the EMT and certain key function holders are entitled to a severance pay as determined in their director contracts. The Board approves the terms of director contracts. A fixed salary payment during the notice period is not considered to be a severance payment. In general, should MuniFin give notice to the CEO or other member of the EMT for reasons beyond them, MuniFin will award them a severance pay as per terms of the director contracts.

8.2.3 Risk Adjustments

Key Risks
The key risks of MuniFin are described in other parts of this report.

Ex Ante Risk Adjustments
MuniFin has a very simple business model having only one business line, financing its customers. Nevertheless, the business model requires other functions such as funding and liquidity portfolio management. MuniFin's aim is to keep the overall risk profile at such a low level that MuniFin's credit rating remains equal to that of the Republic of Finland and to secure customer financing even under negative market conditions. This results in a very conservative risk profile and compared to other credit institutions in general, limiting widely an individual employees' powers in functions such as treasury and liquidity portfolio management.

As described above, MuniFin's business model, alone, protects MuniFin from excessive risk taking. It is in practice, impossible, to exceed the approved risk appetite without breaching internal guidelines. MuniFin does not have trading activities or commission-based remuneration scheme. The maximum amount of variable remuneration per employee is moderate and consistent with MuniFin's low risk profile. The amounts of remuneration are well known in advance, and they cannot unexpectedly exceed the predetermined maximum amount.

The CRO reviews the performance target setting process and confirms that it does not pose a threat to MuniFin's capital or liquidity. The Compliance function reviews the target setting process to confirm the compliance with regulation.

Ex Post Risk Adjustments
Variable remuneration is based on an actual performance, and the Company does not commit to paying variable remuneration in advance. The Board is always entitled to make the final decision on changing or terminating the Remuneration Policy, or not paying variable remuneration.

After the calculation of variable remuneration, the CEO or the Board determines if the variable remuneration can be confirmed to be earned by an employee and paid. The CEO or the Board has the right to decide on the non-payment or reduction (malus) of variable remuneration at any time. The decision on non-payment can be made on the company or an individual level, depending on the reasoning. A risk-based approach may lead to the non-payment decision if the payment would endanger Company's capital adequacy, liquidity or otherwise would be against sound business practices. The risk determination has a specific focus on the RAF indicators and breaching the indicators may lead to the non-payment. The actions of individual persons are also considered in the risk-based approach. With any deferred payments, the risk determination will be done again when the deferred amounts are due.

Material Risk Takers
The Company conducts annually a self-assessment to identify all employees whose professional activities have or may have a material impact on the institution's risk profile. The self-assessment is conducted based on criteria laid down in applicable legislation.

The Company maintains a list of the persons considered as the material risk takers. The positions at the Company meeting the criteria are identified in the Remuneration Policy and are as follows:

- the CEO and all other members of the EMT;
- the CEO of Inspira;
- the heads of the following units: Customer Relations, Customer Finance Services, Funding and Sustainability, Treasury and Capital Markets Services, Risk Management and Analytics, Compliance and Operational Risks, Legal, Financial Control and Regulatory Reporting, Business System Development, ICT Services and Production and Value Added Services;
- members of the Risk management and Compliance Management Team;
- members of the Capital Markets and Sustainability Management Team;
- members of the Credit Group; and
- the following staff members of Treasury and Capital Market Services: Senior Managers, Managers and Senior Analysts.

8.2.4 Variable Remuneration in 2023

In 2023, the variable remuneration was paid based on the Board approved remuneration framework and the 2022 performance targets set therein. The company level targets of 2022, affecting the variable remuneration of all employees, focused on the Company's operating profit, and customer satisfaction of both customers and capital markets counterparties as well as the Company's external ESG risk rating (by Sustainalytics). The economic targets were in line with the Company's risk appetite and were based on the economic forecasts for the Company, taking into account the limits and the limitations of activities. In addition, in 2023 MuniFin paid remuneration that had been awarded from previous years and deferred for 2023.

In 2023, the target variable remuneration of the CEO and the members of the EMT corresponded to 2.5 months' fixed salary, with a maximum remuneration amount corresponding to 5 months' salary. For the remaining remuneration categories, the target remuneration levels varied between amounts corresponding to 1 months' and 2 months' salary, with the maximum remuneration levels of 2 to 4 months' salary. Ratio of a maximum remuneration to a fixed annual salary is 39.7%, taking into account holiday compensation, for the CEO and the other members of the EMT and between 15.7% and 31.7% for the other remuneration categories. A maximum remuneration amount can only be considered in cases of exceptional performance. In 2023, the maximum remuneration was not paid to any individuals out of all individuals covered by the Remuneration Policy. In 2023, the Company did not employ any individuals whose remuneration exceeded a million euros during the financial year. In 2023, the amount of paid variable remuneration to CEO corresponded 3.2 months' salary (3.1), for deputy to the CEO the amount of paid variable remuneration corresponded 1.7 months' salary (4.7) and for other members of the EMT the amount corresponded 2.0 months' salary (2.6). The variable remuneration paid for CEO was 25.7% (24.2%) of fixed remuneration in 2023, for the deputy of CEO 13.0% (36.6%) and for other members of the EMT 16.4% (20.70%) of fixed remuneration.

More detailed quantitative information on the remuneration paid in 2023 is disclosed in the other parts of this Report.

8.2.5 Changes to the Remuneration Policy

In late 2023, the Board, supported by the Remuneration committee, reviewed and approved changes to the Remuneration Policy.

The changes to the Remuneration Policy concerned the remuneration of the head and employees of internal audit. The decision-making authority regarding the remuneration of the head and employees of internal audit was delegated from the Board to the Audit Committee. Additionally, internal audit was excluded from the variable remuneration framework and in the future, remuneration for internal audit will consist solely of fixed remuneration.

9. Environmental, Social and Governance risks (ESG risks)

9.1 Qualitative information on Environmental risk

9.1.1 Business strategy and processes

For MuniFin Group, sustainable business refers to economically, socially and environmentally sustainable business operations that take into account stakeholder needs. Social and environmental responsibility is emphasized in both external and internal work because the Group's customers are public sector and affordable social housing organisations, whose operations are aimed at maintaining and improving the Finnish welfare state in the long run. The Group's customers play a key role in the achievement of Finland's national climate goals.

Through its business, MuniFin Group helps its customers and stakeholders to solve significant social and sustainability challenges. Furthermore, MuniFin Group helps its customers to make sustainable choices and encourages sustainable investments through information sharing, competitive pricing, impact assessment and visibility. The Group also informs its customers of the importance of ESG risk management and of the increasing ESG requirements. The better the customers can take ESG risks into account in their operations, the lower the Group's ESG risks will be. MuniFin Group sees customer engagement as an essential part of its sustainability commitments as well as risk management. The Group discusses sustainability topics with its customers and is committed to provide relevant information for its customers. For example, MuniFin Group has hosted sustainability related webinars and offers an ESG-tool for its municipality customers.

In autumn 2023 MuniFin Group updated its strategy and determined strategic priorities for the Group. One of the priorities set by the Board is sustainability. The sustainability-related priority outlines that the Group will manage all material climate-related and environmental risks related to its operations.

Along with the strategy update, the Board also approved MuniFin Group's Sustainability Agenda, which is restated as "Enabler of sustainable welfare in society". The Agenda was built around MuniFin Group's social role and business model in consultation with the Group's stakeholders. Earlier in 2023, MuniFin Group conducted a materiality analysis of sustainability topics, gauging what both external and internal stakeholder groups thought of different sustainability factors in terms of their impact materiality and financial materiality. This materiality analysis has been acting as the basis for the new Sustainability Agenda. The new Agenda focuses on MuniFin Group's business operations and the impact achieved through them. It is built around two main themes: foundation of the Finnish welfare society and driver of the green transition. In line with these themes, MuniFin Group's goal is to support the development of a sustainable welfare society and promote investments that are friendly for the climate and environment.

The Group's first long-term sustainability goals outlined in the Sustainability Agenda describe the desired direction, while the chosen indicators serve to track the progress. The amount of sustainable finance (including both green and social finance) and financed emissions has been chosen as indicators to track the progress. The amount of sustainable finance offers a clear and commensurate measure of MuniFin Group's impact because all sustainable finance projects must meet pre-determined criteria set in respected frameworks that assess how these projects promote sustainability. The share of sustainable finance also offers an overview of the sustainability of the Group's business operations, which is crucial in terms of risk management. Promoting greener investments is part of managing the Group's own and customers' climate-related and environmental risks. In the Group's experience customers are more likely to discuss sustainability from a broader perspective when they are assessing their projects against the criteria for green finance. Green projects often consider a range of sustainability aspects beyond the minimum requirements for green finance. Energy-efficient construction also makes the real estate and construction sectors less prone to transition risks.

For green finance the target is to achieve a share of 25% of MuniFin Group's long-term customer financing by 2030. The process for setting the target level included analysis of the Group's balance sheet and the current share of green finance as well as evaluation of the future development. The Group used a net growth forecast for the whole customer finance portfolio and adjusted this to the expected growth of green finance. The expected growth was based on the historical net growth of the green finance portfolio, loan maturities, total committed green finance, number of projects approved and market developments. The share of green finance of the long-term customer financing was 14.6% in the end of year 2023.

The Green Bond Framework (2022) determines what kind of projects can be financed by green finance. The eligibility criteria of the Green Bond Framework takes into account the publication date EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act with the intention to apply them on a best effort basis, where there are feasible practical applications and support by local regulation. The approach includes for example local market analysis based on the availability of needed documentation and national wide EU Taxonomy alignment interpretations made in the project category sector. The result is that in addition to mandatory requirements, the project category specific criteria may include non-compulsory criteria to be considered and promoted in order to make environmentally friendly investments more attractive to MuniFin Group's customers and facilitate the implementation of the EU Taxonomy. The second party opinion (CICERO) consist of a statement which compares the eligibility criteria against the EU Taxonomy technical screening criteria for objective 1. Climate change mitigation. The analysis results were disclosed on project category level as likely aligned, likely partially aligned or not able to assess.

The market still requires time to transition towards the EU Taxonomy. Currently the Group sees that there are various challenges in the application of the Taxonomy. Application of the Taxonomy criteria and reporting on the alignment needs to be further developed throughout the market in order for it to be more widely applied. Majority of public sector entities are not straight in the scope of taxonomy regulation, which may affect to the availability of the documentation. MuniFin Group has taken part in several local taxonomy working groups with the focus on the local taxonomy interpretations and process development, especially in the real estate and construction sector.

In addition to the green finance target, the Group has set its first financed emissions reduction target for buildings. The goal is to have an emission intensity of 8 kgCO_2e/m2 for the real estate portfolio by 2035. The goal is based on the International Energy Agency's (IEA) Beyond 2°C Scenario (B2DS) decarbonisation pathway. Buildings has been chosen as the first target as the financial sector already has an established methodology for this. Moreover, the portfolio accounts for over 50% of the long-term customer financing.

The Group sees green finance closely linked to the financed emissions goal: for example, financing targeted at more energy-efficient buildings promotes the decarbonisation of the real estate portfolio. The Group continues its development work in relation to financed emissions as part of membership commitment made for the Partnership for Carbon Accounting Financials (PCAF).

Besides the long-term targets set in the Sustainability Agenda described above, the Group has not set separate short-term or medium-term targets in relation to its customer exposures due to very limited exposure to climate-related and environmental risks as assessed in the materiality assessment conducted by the Risk Management function. However, the Group monitors the progress of the long-term targets yearly as part of its strategy. The Group considers that local and regional government exposures, as such, are low risk with no evidence of major environmental risk related challenges, unless otherwise proven in individual cases. However, despite of the described approach, the Group analyses climate-related and environmental risks of its customer groups with applicable methods further described under the following Risk management section.

The Group publicly reports on various KPIs in its sustainability scorecard published as part of the Annual Report. The scorecard includes targets set in the Sustainability Agenda as well as other business and ESG issue related targets.

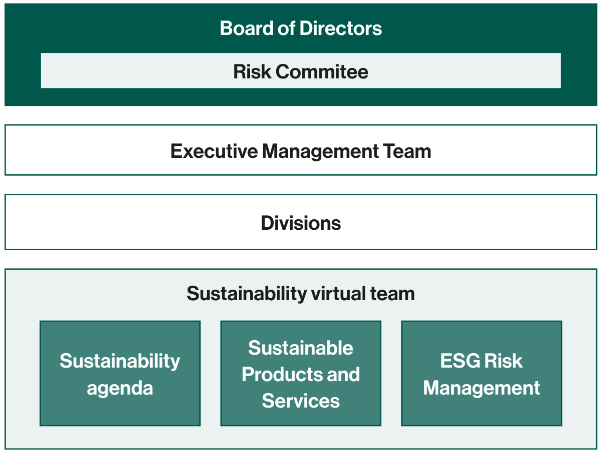
Moreover, the Group publishes separate Green and Social Impact Reports, which include amount of green and social finance (EUR), number of green and social projects and total amount of socially responsible investments, inter alia. Furthermore, MuniFin Group publishes a quarterly overview of sustainability results in the liquidity portfolio on its website.

Based on the qualitative and quantitative materiality assessment conducted by the Risk Management function, the Group is not, due to its specific business model, materially affected by other environmental impact or other environmental risks than climate risks as explained in this Report.

As an overarching theme, sustainability, including environmental aspects has been integrated into a variety of governing policies and guidelines in MuniFin Group. Most noteworthy policies include the Sustainability Policy, the RAF, risk policies and risk inventory. In addition, the Group has published a Sustainable Investment Framework which outlines its key practices on long-term liquidity management and the Green Bond Framework. In 2023 the Group also published a Supplier Code of Conduct and Principles of ESG assessment in customer finance documents. These documents supplement other policies and aim to publicly disclose the Group's ESG approach and requirements towards its partners and customers.

9.1.2 Governance

The governance for ESG risks is arranged as part of the sustainability governance model with the focus on climate-related and environmental risks, as depicted in the figure below.



Board of Directors
MuniFin Board's task is to approve the Company's strategy, which includes key strategic choices, priorities and goals related to sustainability. The Board monitors the development of the Group's operating environment and observes the sustainability-related development needs, such as regulatory changes and the expectations of its customers and key stakeholders, in MuniFin Group's strategic development.

The Board ensures that the Group's key business risks, including ESG risks, are identified and monitors the development of the Group's ESG risks to ensure that its risk profile corresponds to the Board's risk appetite and aligns with the Company's strategy, goals, corporate culture and values.

If necessary, the Board decides on essential strategic changes and other measures related to business operations or risk management based on sustainability developments in the operating environment and risks.

The Board has established committees for assistance and preparation. With regard to ESG risks, especially the Risk Committee and the Audit Committee play a key role. The Risk Committee supports the Board in duties concerning sustainability risks and reports regularly to the Board on its activities. The Committee assesses strategic risks, taking aspects of sustainability into account in its assessment.

The Executive Management Team (EMT)
MuniFin Group's EMT is tasked with the implementation of the strategy set by the Board, within the risk appetite approved by the Board. This responsibility also includes acting in accordance with the Board-approved sustainability strategy and adjusting operations to the risk limits and goals set for ESG risks. The EMT also approves the Group's Green Bond Framework, Social Bond Framework and Sustainable Investment Framework.

The EMT is tasked with monitoring and guiding the development of the Group's sustainability-related measures at the Group level and ensuring that sustainability is taken into account in accordance with the strategy in all areas of operations in a way that is appropriate for each case considering the materiality principle. This is performed e.g. through regular theme meetings focusing on sustainability development but also through standard monthly and quarterly risk and financial reporting which highlight development of MuniFin Group's sustainability indicators. As part of the regular monitoring of the Group's operations, the EMT must also ensure the identification and development of employees' competence needs related to sustainability.

Sustainability virtual team
The Group's sustainability work is coordinated by the Sustainability virtual team, which includes representatives from different divisions. The Sustainability virtual team coordinates the developments of the Group's sustainability work, follows market development and addresses development needs that concern multiple units and divisions. The Sustainability virtual team does not have decision-making powers: proposals made by the team and its working groups are presented for decision-making in accordance with MuniFin Group's governance model.

The Sustainability virtual team operates primarily through its three working groups. The working group structure allows division of responsibilities based on different topics. Each working group has a dedicated leader and a sponsor who is a member of the EMT.

The Sustainability agenda working group is responsible for companywide sustainability themes, including key principles of sustainability, sustainability agenda, targets and roadmap as well as reporting and ESG ratings. The working group is sponsored by the Head of Capital Markets and Sustainability.

The Sustainable Products and Services working group promotes the growth of MuniFin Group's sustainable products and services and actively monitors development of regulation relating to sustainable financing and funding. The working group is sponsored by the Head of Customer Solutions.

The ESG Risk Management working group develops MuniFin Group's ESG risk management including determination of material risks and consideration of these in the governance model and relevant policies. The working group is sponsored by the CRO.

In regard to the internal reporting on ESG risks, development of the climate-related and environmental risk specific RAF indicators are included in MuniFin Group's monthly risk reporting to the EMT and the Board, including its Risk Committee. The Group's liquidity portfolio's ESG score is monitored on a quarterly basis and reported through the Group's risk reporting to the EMT and to the Board.

MuniFin Group's Risk Management function in second line of defence reports risk exposures regularly to the Board's Risk Committee and may escalate identified challenges of its counterparties to the Risk Committee and, if necessary, to the Board. The Group's annual customer risk analysis, which may also highlight environmental risk-related challenges of a customer, is prepared by the Risk Management function, and reviewed by the Board's Risk Committee.

MuniFin Group considers ESG risks but also business potential related to sustainability linked products as an important development area. Therefore, MuniFin Group's organisational setup has been enhanced to support development needs. MuniFin Group's Risk Management function, which forms part of the internal control function, includes an ESG risk analyst position to support the function's identification and monitoring of ESG risks. MuniFin Group's business and support functions in the first line of defence have also specific staffing to ensure that sustainability aspects are taken into account in daily business operations and external reporting including disclosure requirements are adhered to. The Compliance function has focussed on supporting the organisation in ESG related regulatory development monitoring. In the future, once regulatory requirements are more comprehensively in place, the Compliance function's monitoring actions will increasingly take into account climate-related and environmental risks related regulatory compliance. Internal audit's annual planning has included audits focusing on climate-related and environmental risks and other aspects of sustainability and this will be the case also in the future.

Due to the Group's limited environmental risk position, its current remuneration framework does not specifically include MuniFin Group's exposures related to climate-related and environmental risks. However, MuniFin Group's current variable remuneration framework includes an ESG indicator for the Group's own ESG scoring and thus takes into account also the environmental risk aspect of MuniFin Group's operations, as defined by the external rating model. Furthermore, variable remuneration can be only achieved if operations are being aligned within the limits set by the RAF and thus within the limits set for climate-related and environmental risk indicators within the RAF.

9.1.3 Risk management

MuniFin Group's risk management approach includes a careful assessment of climate-related and environmental risks. MuniFin Group has conducted a materiality assessment to identify the Group's exposure to climate-related and environmental risks. The materiality assessment has been done for the lending portfolio, investment portfolio and for the Group's own operations, and risks are considered in all traditional risk types. The materiality assessment includes a broader qualitative analysis and a quantitative assessment of the most significant risks. In the assessment, risks are evaluated in the short, medium and long term and the assessment is reviewed on a regular basis, at least annually. Table below presents the categories of risk along with the identified transmission channels and examples of potential climate risk events.

Risk	Transmission channel	Description
Credit Risk	Lower real estate value	Increased energy consumption, renovation needs and locations at risk of extreme weather events can have a negative impact to the value of counterparties' real estate/collateral.
	Lower profitability	Higher costs for energy or GHG-intensive raw material and higher cost of land result in higher overall expenses. Also changed consumer preferences could result in an income effect for counterparties of MuniFin Group.
	Increase cost of compliance	Strengthened regulatory requirements can set new requirements for companies to renovate real estate or increase the pressure to rent or sell non-energy-efficient real estate. New legislation requires monitoring and resources and if companies fail to comply with new legislation it can have negative economic impact for the counterparty.
Market Risk	Lower asset value	Significant market shifts can create notable uncertainty and impact the value of the assets. Especially declines in value for companies operating in sectors associated with climate change are expected.
	Lower asset value	Climate events can result in big shifts in the markets creating market risk for MuniFin Group's liquidity portfolio and derivatives counterparties. They may be affected by a market risk event and a significant event could decrease the value of the bonds or derivatives.
	Increased volatility	Climate-related and environmental factors can cause significant changes or uncertainty in the market that may have a negative impact on volatility increasing the risks for MuniFin Group.
Liquidity and funding risk	Limited access to funding	Risks arising from climate-related and environmental matters may have a negative effect on MuniFin Group's ability to raise new funding or roll over existing funding transactions upon maturity. MuniFin Group's access to the funding market may be impaired by a shift in investor demand away from non-green issuers. In the case that MuniFin Group fails to increase green lending to its customers, it may not be able to issue an adequate amount of green bonds to meet its funding requirements. This could further increase MuniFin Group's exposure to wholesale funding risk.
	Lower asset value and liquidity	Climate-related and environmental risks may have a negative effect on the market price of assets held in MuniFin Group's liquidity portfolio. Investor demand may shift away from assets associated with higher C&E risks resulting in both a decline in market price and lower the liquidity of these assets.
Operational risk	Increased legal cost and cost of compliance	Climate-related and environmental matters can increase the Group's legal and regulatory compliance risk and risk of increased litigation costs if MuniFin Group fails to comply with relevant standards and legislation.
Reputational risk	Increased legal cost and cost of compliance	Climate risk events of any material customer, counterparty supplier or the Group's own actions may lead to financial impacts via reputational damages depending on the third-party connectedness to MuniFin Group and severity of the event.

Table 1 Financial risk categories and examples of identified transmission channels for MuniFin Group

The Group's exposure to climate-related and environmental risks is considered low. The view is in line with the results of the materiality assessment. This approach is a direct consequence of the Group's business model that limits the ultimate exposure only to Finnish local and central government risk. In this light, the most notable environmental risk is identified to be related to real-estate collateral received from affordable social housing organisations. However, in these cases there is always a central government deficiency guarantee in place and thus no final credit losses are expected in the case that an environmental risk event affects the collateral. Due to MuniFin Group's restricted business model and conservative risk strategy, MuniFin Group's operations cannot be broadened to new customer groups with a higher environmental risk exposure.

In terms of climate-related and environmental risks, the Group's customers and thus the Group as their financier are exposed to both physical and transition risks. However, potential environmental risk events affecting the Group's customers (where there is no collateral pledged for the benefit of MuniFin Group) are considered to have low risk impact on the Group as exposures are direct or indirect municipal risk and thus, based on Finnish legislation, no final credit losses can be expected as municipalities cannot be declared bankrupt, and they have independent and unlimited right to levy taxes.

MuniFin Group's liquidity portfolio counterparties are central banks, sovereigns, agencies, and credit institutions and the Group considers these entities to possess low risk in respect to climate-related and environmental risks due to MuniFin Group's requirement to invest only in low-risk issuers both from the credit risk and ESG risk perspectives. The Group's investments are made in accordance with MuniFin Group's Sustainable Investment Framework, which takes ESG factors into consideration. Moreover, the framework defines sustainability criteria that need to be fulfilled both in making new investments and during the lifetime of investments. The same strict credit risk and ESG risk requirements apply to the Group's derivative counterparties. Both liquidity portfolio and derivatives counterparties are regularly analysed by the Group and assigned an internal credit rating. MuniFin Group's internal policies do not allow using counterparties with a low internal rating. ESG risk score is one component affecting the internal rating.

However, in the medium to long-term time horizon, some of these risks may materialise among MuniFin Group's customers or counterparties. Therefore, climate-related, and environmental risks, although considered having low impact on the Group, will be increasingly integrated in MuniFin Group's strategy, risk appetite, credit granting process and investment activities to support decision-making and monitor and mitigate risks. MuniFin Group also recognises the uncertain nature and emerging risks of climate change and at least annually update its materiality assessment where its exposure to climate-related and environmental risks is evaluated.

The Group measures climate-related and environmental risks of its customers with different applicable methods. The Group uses an ESG score provided by an external service provider to evaluate ESG risks of municipalities. The ESG score includes several climate-related and environmental metrics that take into account both physical risks and transition risks municipalities are exposed to. For affordable social housing organisations, the Group has introduced an annual ESG questionnaire that includes questions related to the actions organisations have taken to manage and mitigate climate-related and environmental risks associated with them. In addition to that, MuniFin Group has conducted an analysis of the most relevant physical risks in Finland and included customer-level analysis of physical risks as a part of the annual risk analysis of affordable social housing customers.

MuniFin Group supports risk management with sustainability linked strategic targets and goals defined in the strategy and in the Sustainability Agenda.

MuniFin Group has a Board approved RAF reflecting the Group's conservative approach to all material risks and setting a limit framework for these risks. Climate-related and environmental risks, as explained earlier, are considered low due to the Group's specific business model. However, to mitigate the Group's future exposure to climate-related and environmental risks, the Group's Board with the support of the Risk Committee has set limits for risk indicators for environmental risk. For each risk indicator in the RAF, risk limits and threshold values are set to define the amount of risk that MuniFin Group is able and willing to take, and these risk limits and thresholds are reviewed at least annually. Indicators measure ESG risk of the investment portfolio as well as ESG risk of the whole company. The Group also follows its loan portfolio with several RAF indicators and have introduced new RAF indicators in 2023. MuniFin Group is regularly assessing its RAF with the intention of including additional indicators for climate-related and environmental risks.

In addition, as required by the Group's Sustainability Policy and EBA Loan Origination (EBA/GL/2020/06), ESG factors have been integrated in the customer lending process.

MuniFin Group has a Sustainable Investment Framework that defines the frames for investments in its liquidity portfolio. An essential part of sustainability management in the portfolio management process is the exclusion of such issuers/investments that violate MuniFin Group's ethical standards or operate in controversial fields of business. The Sustainable Investment Framework includes a list of exclusion criteria and exclusion criteria is monitored at the time of the investment as well as bi-annually for the whole portfolio. These exclusion criteria allow managing environmental risks in the liquidity portfolio as it excludes controversial sectors and allows investments only to OECD countries. The RAF also includes the ESG score risk indicator of the liquidity portfolio. The Group monitors all investments through a quarterly calculated ESG score provided by an external service provider. The Group's liquidity portfolio investments receive ESG scores on a scale of 0–10. The average score of the liquidity portfolio is also communicated to external stakeholders. The ESG score of the portfolio is compared with a benchmark that is composed of relevant market indices replicating the actual portfolio weights in each asset class. The ESG score of the portfolio compared to the sustainability benchmark is reported on material risks' dashboard.

The Group recognises data limitations associated with climate-related and environmental risk management. MuniFin Group's customers are mainly not in the scope of ESG disclosure regulation and customers disclose climate-related and environmental information mainly on voluntary basis. As the data collected from customers is limited and not consistent, the Group mainly uses the information available from public sources to conduct comparable analysis of its customers.

However, the Group engages with its customers in many ways to enhance the preparedness and awareness of the customers, which in level may vary. The municipalities are also exposed to physical and transition risks in different ways depending on their, inter alia, geographical location in Finland, size and population and other demographic aspects, economic sector distribution (e.g., agricultural dominance) and overall financial capabilities. These aspects are considered as part of normal credit risk analysis but may also have link to climate risk resilience. MuniFin Group sees that dialogue with customers and increased awareness will decrease the risks associated with customers and increase the quality and the availability of the data as the customers increasingly consider climate-related and environmental risks as well as other ESG risks in their operations.

9.2 Qualitative information on Social risk

9.2.1 Business strategy and processes

Sustainability is a core value of MuniFin Group and that includes also social risk management. The Group is committed to understanding, monitoring and managing the social impact of its own activities and the financing offered to its customers in order to contribute to the Finnish society's wider goals of sustainable development.

MuniFin Group's raison d'être and the main duty of the Group's customers is to build and develop the Finnish welfare state. The Group deems that as a public sector financier its lending activities can promote socially sustainable objectives. MuniFin Group's customers are tasked with organising the basic functions of society, such as health and social services, basic education and daycare, care for elderly, affordable housing and various sports and cultural services.

The main risk mitigation approach for social risk is already taken in the form of MuniFin Group's specific business model, which allows (as defined by the Act on Municipal Guarantee Board) to use the MGB guaranteed funding only for a limited customer base consisting of local and regional government entities and affordable social housing production entities, and thus considered low risk entities in respect of social risk. Due to this regulation, the Group's strategy cannot be broadened to any higher risk customers.

The Group considers that local and regional government exposures, as such, are low risk with no evidence of major social risk related challenges, unless otherwise proven in individual cases. Furthermore, affordable social housing production organisations are non-profit entities whose operations are monitored by The Housing Finance and Development Centre of Finland (ARA) and therefore similar general approach in relation to those is justified.

In addition, a significant perspective regarding MuniFin Group's customer finance and approach to social and administrative risks is the law on public procurement which applies to majority of the Group's customers. Public contracts are supply, service or public work contracts, into which the state, municipalities and joint municipal authorities, unincorporated state enterprises and other contracting authorities, as defined in procurement legislation, enter with external suppliers. Public procurement procedures must be carried out in accordance with national procurement legislation and the procurement directives of the European Union. The goal of the procurement legislation is to enhance the use of public funds, to promote high-quality, innovative and sustainable procurement, and to secure equal opportunities for companies and other entities to offer goods, services and construction contracts in public procurement tenders.

Finally, MuniFin Group has no historical evidence, since the establishment of the Company, on social risk related challenges among its customers having impact on the Group's exposures. However, despite of the described approach, MuniFin Group's customer risk rating model includes also monitoring customers in perspective of social risk and the annual customer analysis takes into account potential social risk related events. To allow this, the Group monitors its entire customer base through e.g., external databases to see news having potentially impact on evaluation of the customer.

Despite of MuniFin Group's business model strongly supporting socially sustainable financing MuniFin Group launched its specific social finance product in 2020, which is used to investments that produce widespread social benefits. Social finance can be granted to projects within the social housing, welfare and education categories. The financed projects must have a positive impact on individuals and communities by promoting equality, communality, safety, welfare or regional vitality. Project selection is based on the Group's Social Bond Framework.

In its recently published Sustainability Agenda, the Group has set a long-term target for the share of social finance to reach 8% of the long-term customer financing by 2030. The process for setting the target level included analysis of the Group's balance sheet and the current share of social finance as well as evaluation of the future development. The Group used a net growth forecast for the whole customer finance portfolio and adjusted this to the expected growth of social finance. The expected growth was based on the historical net growth of the social finance portfolio, loan maturities, total committed social finance, number of projects approved and market developments. The share of social finance of the long-term customer financing was 6.8% in the end of year 2023. The Group has not set any additional short-term or medium-term targets for its social finance product but monitors the progress of the long-term target yearly as part of the strategy. MuniFin Group sees that targeted finance to promote socially responsible projects limits social risks its customers and consequently the Group is exposed to.

MuniFin Group's risk approach as determined by the strategy is very conservative and therefore in relation to other counterparties (e.g., liquidity portfolio counterparties, funding dealers, derivative counterparties, suppliers etc.) there is a requirement to operate only with responsible counterparties that can be considered to meet the principles defined in MuniFin Group's Sustainability Policy.

The Sustainable Investment Framework reflects the Group's low risk appetite and conservative liquidity management strategy which limits the room of exposures to very low risk entities which in general are considered not having material social risk challenges (central banks, sovereigns, and credit institutions in OECD countries etc). The Group considers that through its role as a bond holder, MuniFin Group's social risk exposure in relation to these entities is low. Consequently, MuniFin Group deems that it has no reasons to further decrease the social risk impact arising from its liquidity portfolio exposure and has therefore set no short-, medium-, or long-term targets but reckons that the currently used ESG monitoring approach takes MuniFin Group's objectives into account appropriately. Despite of this approach MuniFin Group monitors its liquidity portfolio exposures actively and can react in case of individual social risk challenges.

Finally, the Group's own actions as a responsible counter-party, employer and contributor to society are defined in the Board approved strategy and reflected in the Sustainability Policy and Code of Conduct. In relation to other counterparties (business partners or stakeholders), the Group is mainly in a customer role and therefore social risk events in these relationships could cause reputational risk to MuniFin Group. The Group monitors its main service providers through active dialogue and external sources to see if there have been events that could be considered increasing reputational risk. In 2023 MuniFin Group published a separate Supplier Code of Conduct document which elaborates the minimum requirements towards its suppliers.

MuniFin Group has policies and processes in place for approving new customers, liquidity portfolio exposures, funding dealers, swap counterparties and stating how these are continuously monitored. The social risk aspect is included but due to explained low risk approach, its role is limited.

9.2.2 Governance

MuniFin Group has a Board approved RAF reflecting the Group's conservative approach to all material risks and setting a limit framework for these risks. Social risk, as explained, are considered quite limited due to the Group's specific business model and therefore there are no limits set for social risks as part of the RAF, nor any specific reporting on social risk is considered necessary at this stage. Social risk can be reflected through other risks (e.g., credit, market, liquidity, operational risk) as a result of transmission (see further). The Group's liquidity portfolio's ESG score is monitored on a quarterly basis and reported through the Group's standard risk reporting to the EMT and to the Board.

MuniFin Group's expectations and requirements for its counterparties in relation to activities towards the community and society, employee relationships and labour standards, customer protection and product responsibility and human rights are communicated through the Sustainability Policy and Supplier Code of Conduct. The Board approved Sustainability Policy includes the Group's own commitment to these matters, and it is communicated that the Group expects that its counterparties comply with a similar set of standards in their operations. MuniFin Group's independent Risk Management function reports regularly to the Board's Risk Committee and may escalate identified challenges of its counterparties to the Risk Committee and, if necessary, to the Board. The Group's annual customer risk analysis, which may also highlight social risk related challenges of a customer, is prepared by the Risk Management function, and reviewed by the Board's Risk Committee.

The Group's current monitoring and reporting processes related to social risk are based on internal actions supported by different type of information tools for information gathering, together with active dialogue with customers and other counterparties.

Due to the Group's limited social risk position, the Group's current remuneration framework does not specifically include MuniFin Group's social risk objectives. However, MuniFin Group's current variable remuneration framework includes an ESG indicator for the Group's own ESG scoring and thus takes into account also the social risk aspect of MuniFin Group's operations, as defined by the external rating model.

9.2.3 Risk Management

MuniFin Group evaluates its exposure to social risks regularly. MuniFin Group uses an ESG score provided by an external service provider to evaluate ESG risks of municipalities. The ESG score includes several metrics evaluating the social risks of municipalities such as metrics related to poverty, unemployment, education, and health. For affordable social housing companies, MuniFin Group has introduced an ESG questionnaire that includes questions related to the actions companies have taken to mitigate social risks associated with them. Questions are related to themes such as equality, diversity and pay ratio.

The Group has a Sustainable Investment Framework that defines the frames for investments in its liquidity portfolio. An essential part of sustainability management in the portfolio management process is the exclusion of such issuers/ investments that violate the Group's ethical standards or operate in controversial fields of business. The framework includes a list of exclusion criteria and exclusion criteria is monitored at the time of the investment as well as bi-annually to the whole portfolio. These exclusion criteria allow managing social risks in the liquidity portfolio. The framework excludes investing to business where controversial business practices, such as violation of the International Labour Organisation (ILO) labor standards, have been identified. It also excludes issuers/investments that operate in controversial fields of business, such as alcohol and gambling. In addition to exclusion criteria, the Group has integrated social factors into its investment process by using an ESG risk score provided by an external service provider. The ESG score of the portfolio is compared with a benchmark that is composed of relevant market indices replicating the actual portfolio weights in each asset class. The ESG score of the portfolio compared to the sustainability benchmark is reported on material risks' dashboard within the RAF risk indicators. The RAF indicator suggests that the average ESG score of the portfolio should be above the sustainability benchmark. This reinforces investing in instruments with an ESG score higher than the benchmark, and ultimately drives towards a best-in-class ESG portfolio. The ESG score is monitored and reported on a quarterly basis.

MuniFin Group's own actions and commitments shall give guidance to the Group's customers and counterparties on its expectations and requirements in regard to social risk management. Consequently, the Group's social financing product, disclosure activities and publicly available policies set the tone of the Group's approach and thus support dialogue with its customers and counterparties on social risk related issues. The Group is committed to the following standards to reflect its approach: UN Global Compact, and Commitment 2050 initiative of the Finnish Prime Minister's Office. MuniFin Group is also committed to observe the ILO conventions. MuniFin Group is committed to active management of its relationships with the existing counterparties and even termination of the relationship in case of counterparties' material non-compliance in the area of social responsibility.

On operational level the most important tools for identification and management of social risks are a continuous dialogue with customers and counterparties to understand their operating environment and on-going matters. MuniFin Group's customer relationship management model includes standard processes for customer dialogue, including frequency of dialogue, depending on the size of exposure. In addition to customer dialogue, the Group has automated tools in use to monitor e.g., disputes or other challenges of its customers and counterparties discussed publicly.

As described previously, MuniFin Group has not set specific limits for social risks but management of social risks is, due to low risk profile, based on case-by-case evaluation, which also determines the necessary escalation route and actions. MuniFin Group has not had any cases in history where a social risk event would be crucial, and thus it is deemed that the case-by-case evaluation model is under the current circumstances appropriate. However, MuniFin Group is committed to further develop its social risk management activities in case the existing approach would not be deemed to mitigate the risk in the future. This commitment is shown through e.g., the Group's activity in the area of social finance and in the 2022 published Sustainable Investment Framework.

MuniFin Group deems that social risk may be transmitted to credit, liquidity, funding, market, operational or reputational risks and therefore MuniFin Group does not allocate capital to social risk itself but has considered the impact of social risk through the following assessment into the said risk areas:

Transmission risk area	Transmission method
Credit risk	A social risk event may cause sanctions or reputational risk to MuniFin Group's customer or other counterparty and thus decrease its profitability or even lead to a default. However, in the case of MuniFin Group's customers, all exposures are 0% risk-weighted due to being either local or central government risk and thus this risk is considered not material.
Funding risk	A social risk event in relation to MuniFin Group's funding may be linked to e.g. a certain investor / investor type or a dealer that due to the social risk event will not be used as a funding source. However, MuniFin Group's funding is well-diversified and not focusing on singular investors or dealers and therefore social risk impact on funding is considered limited.
Liquidity risk	MuniFin Group's liquidity portfolio counterparties may be affected by a social risk event and a significant event could decrease liquidity of the bond. MuniFin Group's liquidity portfolio is very conservatively invested including mainly bonds issued by central banks, sovereigns, agencies and credit institutions, and thus the social risk transfer effects related to those is considered limited.
Market risk	MuniFin Group's liquidity portfolio and derivative counterparties may be affected by a social risk event and a significant event could decrease value of the bonds or derivatives. MuniFin Group's liquidity portfolio is very conservatively invested including mainly bonds issued by central banks, sovereigns, agencies and credit institutions, and thus the social risk transfer effects related to those is considered limited. Derivative counterparties are well-known and reputable credit institutions.
Operational risk	A social risk event of any MuniFin Group supplier may cause challenges to the service provided by it to the Group and increase operational risks derived from the third-party service. This risk is higher in cases where the external supplier service is more critical (e.g., significant outsourcing services) to MuniFin Group's operations than in those that were service model is limited.
Reputational risk	A social risk event of any material customer, counterparty or supplier may cause reputational challenges depending on the third-party connectedness to MuniFin Group. However, due to the Group's business model the risk is limited.

Table 2 Financial risk categories and examples of identified transmission channels for MuniFin Group

9.3 Qualitative information on Governance risk

9.3.1 Governance

MuniFin Group deems its governance risk very low. Due to the nature of the Group's business model and therefore the customers (municipal sector, wellbeing services counties and affordable social housing production) it finances, MuniFin Group has no integration to the governance arrangements of its customers. Compositions of municipalities' highest decision-making body, municipal council, is based on election every fourth year.

MuniFin Group's liquidity portfolio counterparties are central banks, sovereigns, agencies and larger credit institutions, and thus MuniFin Group as a bondholder has no integration to their governance arrangements. This applies also to derivative counterparties. Therefore, it should be noted that the main risk mitigation approach for governance risk is already taken in the form of MuniFin Group's specific business model, which allows (as defined by the Act on Municipal Guarantee Board) to use the MGB guaranteed funding only for limited clientele consisting of local and regional government entities and affordable social housing production entities and thus considered low risk entities in respect of governance risk. MuniFin Group's strategy cannot be broadened to any higher risk entities. However, MuniFin Group monitors also governance performance of its customers and liquidity portfolio counterparties through a scoring model that includes governance factors among other credit and ESG factors. This governance factor of ESG scoring takes also into account, if available, counterparties' non-financial reporting on their governance arrangements. Availability of such information is still quite limited in relation to small municipalities, wellbeing services counties and affordable social housing sector entities where non-financial information reporting is not compulsory.

9.3.2 Risk management

Lack of availability of non-financial information in relation to small municipalities, wellbeing services counties and affordable social housing entities challenges the Group's capability to analyse their performance in relation to ethics, strategy and risk management, inclusiveness, transparency, management of conflict of interest and internal communication on critical concerns. However, as explained, MuniFin Group's risks as a financier towards its counterparties based on this type of governance risks is considered low due to the nature of customers and business model. MuniFin Group's service model or products do not integrate the Group closely to its customers and therefore customers' risk events in these areas are not considered materially to harm the Group. However, MuniFin Group's annual monitoring process covering its customers and liquidity portfolio counterparties takes into account ESG factors and can raise material issues in these described areas if public information on challenges is available.

Part 2:
Pillar III tables

1. Key metrics and overview of risk-weighted exposure amounts

EU KM1
Key metrics template

MuniFin Group's total capital ratio was 103.35% at the end of December 2023 increasing from the year-end 2022 (97.60%).

Furthermore to the regulatory minimum capital requirements, as part of the annual Supervisory Review and Evaluation Process (SREP), the European Central Bank (ECB) has imposed a bank-specific Pillar II Requirement (P2R) of 2.00% on MuniFin Group to cover additional risks not covered in Pillar I. The minimum level of total capital ratio is 13.92% (13.81%) including P2R and other additional capital buffers. The total SREP capital requirement (TSCR) is 10.00% (10.00%).

		a	b	c	d	e
(EUR 1,000)		31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,549,809	1,483,864	1,499,983	1,475,483	1,481,610
2	Tier 1 capital	1,549,809	1,483,864	1,499,983	1,475,483	1,481,610
3	Total capital	1,549,809	1,483,864	1,499,983	1,475,483	1,481,610
	Risk-weighted exposure amounts					
4	Total risk exposure amount	1,499,550	1,457,464	1,480,157	1,551,636	1,518,036
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	103.3516%	101.8113%	101.3395%	95.0921%	97.6004%
6	Tier 1 ratio (%)	103.3516%	101.8113%	101.3395%	95.0921%	97.6004%
7	Total capital ratio (%)	103.3516%	101.8113%	101.3395%	95.0921%	97.6004%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1250%	1.1250%	1.1250%	1.1250%	1.1250%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%
EU 7d	Total SREP own funds requirements (%)	10.0000%	10.0000%	10.0000%	10.0000%	10.0000%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%	2.5000%	2.5000%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
9	Institution specific countercyclical capital buffer (%)	0.9236%	0.9908%	0.8528%	0.7892%	0.8116%
EU 9a	Systemic risk buffer (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
10	Global Systemically Important Institution buffer (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
EU 10a	Other Systemically Important Institution buffer (%)	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
11	Combined buffer requirement (%)	3.9236%	3.9908%	3.8528%	3.7892%	3.8116%
EU 11a	Overall capital requirements (%)	13.9236%	13.9908%	13.8528%	13.7892%	13.8116%
12	CET1 available after meeting the total SREP own funds requirements (%)	93.3516%	91.8113%	91.3395%	85.0921%	87.6004%

	(EUR 1,000)	a 31 Dec 2023	b 30 Sep 2023	c 30 Jun 2023	d 31 Mar 2023	e 31 Dec 2022
	Leverage ratio					
13	Total exposure measure	12,876,965	12,426,388	12,656,659	12,335,406	12,777,216
14	Leverage ratio (%)	12.0355%	11.9412%	11.8513%	11.9614%	11.5957%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
EU 14e	Overall leverage ratio requirement (%)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	10,821,073	10,845,380	11,244,484	11,594,545	12,198,793
EU 16a	Cash outflows - Total weighted value	4,528,127	4,771,894	4,941,009	4,858,837	4,743,623
EU 16b	Cash inflows - Total weighted value	1,203,931	1,162,391	1,143,406	1,140,478	1,082,195
16	Total net cash outflows (adjusted value)	3,324,196	3,609,502	3,797,602	3,718,359	3,661,429
17	Liquidity coverage ratio (%)	356.1142%	307.1250%	301.5994%	320.1957%	344.3836%
	Net Stable Funding Ratio					
18	Total available stable funding	36,278,729	34,157,252	34,894,215	33,937,035	31,966,243
19	Total required stable funding	29,244,475	27,728,360	27,462,410	27,128,209	26,582,553
20	NSFR ratio (%)	124.0533%	123.1853%	127.0617%	125.0987%	120.2527%

EU OV1
Overview of total risk exposure amounts

The total risk exposure amount decreased from the year-end 2022 EUR 1,518 million to EUR 1,500 million at the end of the year 2023. The capital requirement for credit risk is calculated using the standardised approach and the total risk exposure amount for credit risk excluding CCR increased by EUR 84 million from the year-end 2022. The total risk exposure amount for counterparty credit risk decreased to EUR 465 million (EUR 541 million), of which CVA VaR decreased to EUR 427 million (EUR 471 million).

In calculating the regulatory capital requirements for market risk, only foreign exchange risk is taken into account as the Group does not have a trading book nor share or commodity positions. As foreign exchange risk is hedged by swapping all currency denominated funding and investments into euros, the Group's foreign exchange position is small and consists of FX trades made for daily collateral management purposes in other currencies than euros. On 31 December 2023, the FX net position was EUR 4.7 million (EUR 4.8 million), which is less than 2% of total own funds. There was no capital requirement for market risk since the FX net position did not exceed 2% of the total own funds (CRR 575/2013, Art. 351) at the end of 2023 or 2022.

The capital requirement for operational risk is calculated using the basic indicator approach. The risk exposure amount of operational risk was EUR 500 million (EUR 526 million).

(EUR 1,000)		Total risk exposure amounts (TREA) a 31 Dec 2023	Total risk exposure amounts (TREA) b 30 Sep 2023	Total own funds requirements c 31 Dec 2023
1	Credit risk (excluding CCR)	534,744	482,083	42,780
2	Of which the standardised approach	534,744	482,083	42,780
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	465,009	449,489	37,201
7	Of which the standardised approach	37,522	37,353	3,002
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	563	535	45
EU 8b	Of which credit valuation adjustment - CVA	426,924	411,601	34,154
9	Of which other CCR	-	-	-
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-

(EUR 1,000)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2023	30 Sep 2023	31 Dec 2023
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	499,797	525,892	39,984
EU 23a	Of which basic indicator approach	499,797	525,892	39,984
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**1,499,550**	**1,457,464**	**119,964**

(EUR 1,000)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2022	30 Sep 2022	31 Dec 2022
1	Credit risk (excluding CCR)	451,086	459,428	36,087
2	Of which the standardised approach	451,086	459,428	36,087
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	541,057	575,686	43,285
7	Of which the standardised approach	70,039	70,663	5,603
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	467	748	37
EU 8b	Of which credit valuation adjustment - CVA	470,552	504,275	37,644
9	Of which other CCR	-	-	-
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
(EUR 1,000)		31 Dec 2022	30 Sep 2022	31 Dec 2022
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	525,892	456,587	42,071
EU 23a	Of which basic indicator approach	525,892	456,587	42,071
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**1,518,036**	**1,491,701**	**121,443**

IFRS 9-FL
Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

MuniFin Group is not applying the transitional arrangements specified in CRR Article 473a for IFRS 9 or analogous ECLs. MuniFin Group's own funds, capital and leverage ratios already reflect the full impact of IFRS 9 or analogous ECLs.

As the Group has not applied this transitional arrangement, it does not have anything to report regarding the EBA Guidelines (EBA/GL/2020/12) amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic.

2. Scope of application

EU LI1
Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

The following table provides a breakdown of the published Financial Statements into the various risk frameworks. Certain items such as foreign currency assets and liabilities are subject to both the credit risk framework and the market risk framework. Cross currency derivatives hedging these foreign currency assets and liabilities are taken into account in the market risk and counterparty credit risk frameworks.

31 Dec 2023 (EUR 1,000)	a & b	c	d	e	f	g
		Carrying values of items				
	Carrying values as reported in published financial statements & Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements						
Assets						
1 Cash and balances with central banks	2	2	-	-	-	-
2 Loans and advances to credit institution	9,187,071	8,126,158	1,060,913	-	61,547	0
3 Loans and advances to the public and public sector entities	32,021,717	32,021,717	-	-	-	-
4 Debt securities	5,144,963	5,144,963	-	-	9,620	-
5 Derivative contracts	1,856,769	-	1,856,769	-	451,254	-
6 Intangible assets	6,311	-	-	-	-	6,311
7 Tangible assets	9,648	9,648	-	-	-	-
8 Other assets	1,073,885	29,598	1,048,412	-	106,975	4,126
9 Accrued income and prepayments	435,982	251,596	184,589	-	-	202
10 Deferred tax assets	9	-	-	-	-	9
11 Total assets	**49,736,359**	**45,583,684**	**4,150,684**	**-**	**629,395**	**10,649**

31 Dec 2023 (EUR 1,000)	a & b	c	d	e	f	g
	Carrying values as reported in published financial statements & Carrying values under scope of regulatory consolidation	Carrying values of items				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by liability classes according to the balance sheet in the published financial statements						
Liabilities						
1 Liabilities to credit institutions	213,695	-	81,640	-	-	132,055
2 Liabilities to the public and public sector entities	2,588,275	-	-	-	19,924	2,568,350
3 Debt securities issued	40,601,646	-	-	-	19,926,749	20,674,897
4 Derivative contracts	3,372,514	-	3,372,514	-	959,242	3,502
5 Other liabilities	418,275	-	392,173	-	0	26,102
6 Accrued expenses and deferred income	474,620	-	124,485	-	-	350,135
7 Deferred tax liabilities	323,517	-	-	-	-	323,517
8 Total liabilities	**47,992,542**	**-**	**3,970,812**	**-**	**20,905,916**	**24,078,558**

31 Dec 2022 (EUR 1,000)		a & b	c	d	e	f	g
		Carrying values as reported in published financial statements & Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset classes according to the balance sheet in the published financial statements						
	Assets						
1	Cash and balances with central banks	2	2	-	-	-	-
2	Loans and advances to credit institution	9,625,488	8,224,929	1,400,559	-	46,664	0
3	Loans and advances to the public and public sector entities	29,144,361	29,144,361	-	-	-	-
4	Debt securities	4,786,768	4,786,768	-	-	29,392	-
5	Derivative contracts	2,707,103	-	2,707,103	-	686,884	-
6	Intangible assets	8,831	-	-	-	-	8,831
7	Tangible assets	5,062	5,062	-	-	-	-
8	Other assets	1,234,810	15,963	1,219,541	-	211,310	-694
9	Accrued income and prepayments	223,104	133,373	89,731	-	-	0
10	Deferred tax assets	763	-	-	-	-	763
11	**Total assets**	**47,736,293**	**42,310,459**	**5,416,934**	**-**	**974,250**	**8,900**

31 Dec 2022 (EUR 1,000)	a & b	c	d	e	f	g
	Carrying values as reported in published financial statements & Carrying values under scope of regulatory consolidation	Carrying values of items				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by liability classes according to the balance sheet in the published financial statements						
Liabilities						
1 Liabilities to credit institutions	2,332,623	-	244,440	-	-	2,088,183
2 Liabilities to the public and public sector entities	2,529,585	-	-	-	19,720	2,509,865
3 Debt securities issued	35,592,065	-	-	-	20,673,964	14,918,101
4 Derivative contracts	4,616,111	-	4,616,111	-	1,252,430	5,396
5 Other liabilities	593,848	-	570,922	-	0	22,925
6 Accrued expenses and deferred income	166,635	-	31,172	-	-	135,464
7 Deferred tax liabilities	291,717	-	-	-	-	291,717
8 Total liabilities	**46,122,584**	**-**	**5,462,645**	**-**	**21,946,114**	**19,971,651**

EU LI2
Main sources of differences between regulatory exposure amount and carrying values in financial statements

	a	b	c	d	e
		Items subject to			
31 Dec 2023 (EUR 1,000)	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	49,725,710	45,583,684	-	4,150,684	629,395
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	-23,913,984	-	-	-3,970,812	-20,905,916
3 Total net amount under the scope of prudential consolidation	25,811,727	45,583,684	-	179,872	-20,276,520
4 Off-balance-sheet amounts	3,071,212	3,071,212	-	-	-
5 Differences in valuations	-58,631	-58,631	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	0	-	-	-	-
7 Differences due to consideration of provisions	2,299	2,299	-	-	-
8 Differences due to the use of credit risk mitigation techniques (CRMs)	0	-	-	-	-
9 Differences due to credit conversion factors	-1,620,805	-1,620,805	-	-	-
10 Differences due to Securitisation with risk transfer	0	-	-	-	-
11 Other differences	433,333	-69,351	-	502,684	
12 Exposure amounts considered for regulatory purposes	**47,595,686**	**46,908,409**	**-**	**682,556**	**4,721**

31 Dec 2022 (EUR 1,000)	a	b	c	d	e
		Items subject to			
	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	47,727,393	42,310,459	-	5,416,934	974,250
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	-46,117,189	-	-	-5,462,645	-21,946,114
3 Total net amount under the scope of prudential consolidation	1,610,205	42,310,459	-	-45,711	-20,971,865
4 Off-balance-sheet amounts	2,463,964	2,463,964	-	-	-
5 Differences in valuations	-50,691	-50,691	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	863	863	-	-	-
8 Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	-
9 Differences due to credit conversion factors	-1,299,394	-1,299,394	-	-	-
10 Differences due to Securitisation with risk transfer	-	-	-	-	-
11 Other differences	780,239	-13,065	-	793,305	-
12 Exposure amounts considered for regulatory purposes	**44,164,563**	**43,412,137**	**-**	**747,594**	**4,833**

EU LI3
Outline of the differences in the scopes of consolidation (entity by entity)

There has been no changes in the scope of the consolidation compared to year-end 2022.

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Municipality Finance Plc	*Full consolidation*	*X*					*Credit institution*
Financial Advisory Services Inspira Ltd	*Full consolidation*	*X*					*Financial advisory services*

EU LIA
Explanation of differences between accounting and regulatory exposure amounts

a) Differences between columns (a) and (b) in template EU LI1

No differences reported between columns (a) and (b) in template EU LI1.

b) Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template EU LI2

The differences between the carrying values used in the Financial Statements and regulatory exposure amounts arise mainly from off-balance sheet items, the difference in the treatment of derivatives between the IFRS framework and regulatory framework and treatment of market risk. Off-balance sheet items include credit commitments, which are included in the regulatory exposure on row 4, but not included in the balance sheet carrying amounts in the Financial Statements. The difference in the treatment of derivatives between the IFRS and regulatory frameworks is shown on row 11 and arises from the counterparty credit risk framework and applying CRR SA-CCR method to derivatives. The derivative assets and liabilities in the Financial Statements are fair valued on instrument level, with no netting applied on counterparty level and without considering the impact of any collateral. A difference also arises from the market risk framework in comparison to the accounting framework.

In calculating the capital requirements for market risk, only foreign exchange risk is taken into account as the Group does not have a trading book nor share or commodity positions. With regard to foreign exchange risk, the accounting carrying amounts of cross currency derivatives do not represent the actual long or short positions in only foreign currency, therefore a difference exists in comparison to the treatment of foreign currency positions in CRR Article 352. As foreign exchange risk is hedged by swapping all currency denominated assets and liabilities into euros, the Group's net foreign exchange position is small. In practice, small temporary exchange rate risk may arise due to collateral management in the clearing of derivatives by central counterparties. This exchange rate risk is actively monitored and hedged. There is no capital requirement for foreign exchange risk, as the Group's net position does not exceed 2% of own funds at the end of 2023 or 2022 (CRR Article 351).

The basis of consolidation does not differ between the Consolidated Financial Statements and regulatory consolidation.

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair values of financial instruments are determined on the basis of either price quotations obtained from functioning markets or, if such markets do not exist, by applying valuation methods. A market is deemed to be functioning if price quotations are readily and consistently available, and they reflect real market transactions executed in a consistent manner between independent parties. If a quoted price in an active market is not available for a financial instrument, MuniFin Group uses valuation techniques standard across the industry and for which sufficient information is available to determine the fair value. The chosen valuation technique should include all factors that market participants would consider in pricing the financial instrument. The valuation technique uses as much observable inputs as possible and as little unobservable inputs as possible.

Financial instruments are valued in accordance with MuniFin Group's Valuation Policy. MuniFin Group assigns fair value to its financial instruments based on quotes and market data input from Bloomberg, Refinitiv and other external sources. Instruments are valued by using the quotes either directly or indirectly, i.e. using them as inputs of the valuation techniques used to assign fair value. MuniFin Group applies both market approach and income approach in its valuation of financial instruments.

MuniFin Group applies a market-based approach when the instrument has a functioning market and public price quotations are available. The market approach is used mainly for the valuation of investment bonds. All instruments for which quoted market prices are available, the Group uses quoted unadjusted market price for identical instruments in active markets that the Group can access at the measurement date. The market is considered to be active if trading is frequent and price data is regularly available. The mid price quotes are considered to represent the price for an orderly transaction between parties in the market on the valuation date.

Income approach is applied when valuation is based, for example, on determining the present value of future cash flows (discounting). The Group uses the income approach for many of its financial instruments, for example derivatives, lending and funding. If the market has a well-established valuation approach for a financial instrument that is not quoted, the fair value is based on an established, appropriate underlying valuation method provided that sufficient information is available to determine fair value for that purpose. If a valuation practice is not established on the market, the valuation model for the product concerned is based on commonly used calculation methods covering all the elements that would be taken into account by market participants when setting the price. In addition, the selected method is required to be consistent with the accepted financial methods used in pricing financial instruments.

All valuation models, both complex and simple models, use market prices and other inputs. These market prices and inputs comprise interest rates, FX rates, volatilities, correlations etc. MuniFin Group applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff structures. Valuation methods take into account an assessment of the credit risk, discount rates used, the possibility of early repayment and other factors that influence the fair value of a financial instrument reliably. Stochastic models are used to generate a distribution of future rates, FX, equity or inflation values. These values are used in the payoff of each instrument to generate a distribution of possible instrument values in the future. The future values are then discounted in order to produce valuations for the instruments.

MuniFin Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

MuniFin Group applies different models in order to derive the fair value of a certain type of instruments. The choice of base models and its calibration depends on the complexity of the financial instrument and the observability of the relevant inputs. In line with market practice, the primary choice of base model is contingent on the underlying instrument classes. Additionally, instruments are broken down into different categories granular enough to capture the most important risk drivers and different kind of calibration techniques. The specific combination of base models and the different assumptions and calibrations techniques are documented. The Group's fair value instruments that are subject to mark-to-model valuation techniques consists out of four asset classes:

- Interest rate instruments,
- FX instruments,
- Equity-linked instruments and
- Hybrid instruments.

MuniFin Group has implemented a framework for the arrangements, activities and procedures with regards to the Group's model risk management. The purpose of the model risk management framework is to ensure the effective management of model risk and mitigation of fair value uncertainty, as well as to ensure compliance with external and internal requirements. The Group ensures that all aspects of the lifecycle of valuation models (i.e. approval, design and development, testing and maintenance, monitoring and execution) are subject to effective governance, clear roles and responsibilities and effective internal control.

The Group manages and maintains a model inventory which provides a holistic view of all valuation models, their business purpose and characteristics as well as their applications and conditions for use. All approved valuation models within the model inventory are subject to annual review and re-approval by the Risk MT.

The Finance MT acts as a valuation control group for MuniFin Group's fair values and is responsible for the final approval of the Group's fair values for financial reporting. The Finance MT monitors and controls MuniFin Group's valuation process and the performance of valuation models, decides on the necessary measures and reports to the EMT. The Finance MT assesses whether the valuation models and valuation process provide sufficiently accurate information to be used in financial reporting and, based on the information received, decides on possible adjustments to the values generated by the valuation process.

The Group has implemented an efficient control and performance monitoring framework with regards to its valuation models, which aims to ensure the accuracy and appropriateness of model output. The model performance monitoring consists of four main controls:

- Counterparty valuation control (CVC),
- Fair value explanation,
- Independent price verification (IPV) and
- Independent model validation.

Counterparty valuation control is performed daily by Risk Management, who assesses any deviations in valuation model output compared to MuniFin Group's own earlier valuations and to counterparty valuations. The results of the assessment are reported monthly to the CFO and quarterly to the Finance MT. Fair value explanation process consists of a daily analysis and explain of the changes in fair values by Risk Management and a monthly fair value explain report to the CFO and quarterly to the Finance MT. The independent price verification is performed monthly as part of MuniFin Group's IPV process by a third-party service provider. The results of the control activities are reported monthly to the CFO and quarterly to the Finance MT. The independent model validation is performed annually for a subset of MuniFin Group's valuation models by a third-party service provider. The results of the model validation are reported to the Finance MT.

MuniFin Group does not have a trading book.

At year-end 2023, MuniFin Group deducted a prudent valuation adjustment totalling EUR 58.6 million (EUR 50.7 million) from Common Equity Tier 1, as shown on row 5 of the EU LI2. MuniFin Group's fair valued assets and liabilities exceed the threshold of EUR 15 billion set for applying the simplified approach and when calculating prudent valuation adjustment MuniFin Group applies core approach. EU LI2 row 11 includes in column b intangible assets (net of related tax liability), gains or losses on liabilities valued at fair value resulting from changes in own credit standing and other regulatory adjustments. In addition to the prudent valuation adjustment, MuniFin Group has calculated Credit Valuation and Debit Valuation Adjustments in accordance with IFRS 13 to account for the non-performance risk in the fair values of its derivatives. In addition, the Group calculates Funding Valuation Adjustment for those derivative contracts that do not hold cash collateral arrangements (derivatives made with MuniFin Group's customers).

EU LIB
Other qualitative information on the scope of application

a) Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group

MuniFin Group does not have any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking (MuniFin) and its subsidiaries (Inspira).

b) Subsidiaries not included in the consolidation with own funds less than required

All subsidiaries are included in the consolidation with own funds.

c) Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR

MuniFin Group does not use the derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR. MuniFin's subsidiary Inspira is not individually subject to supervision by the FIN-FSA.

d) Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation

Reference to question (b), MuniFin are including all subsidiaries in the consolidation with own funds.

EU PV1
Prudent valuation adjustments (PVA)

31 Dec 2023 (EUR 1,000)	a	b	c	d	e	EU e1	EU e2	f	g	h
	Risk category					Category level AVA - Valuation uncertainty				
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1 Market price uncertainty	15	7,301	5,822	-	-	32	38	6,604	-	6,604
2 Not applicable										
3 Close-out cost	71	35,228	28,093	-	-	1,274	142	32,403	-	32,403
4 Concentrated positions	-	-	-	-	-	-	-	-	-	-
5 Early termination	-	-	-	-	-	-	-	-	-	-
6 Model risk	8	4,128	3,292	-	-	50	-	3,739	-	3,739
7 Operational risk	4	2,168	1,729	-	-	-	-	3,901	-	3,901
8 Not applicable										
9 Not applicable										
10 Future administrative costs	13	6,660	5,311	-	-	-	-	11,984	-	11,984
11 Not applicable										
12 Total Additional Valuation Adjustments (AVAs)								**58,631**	**-**	**58,631**

31 Dec 2022 (EUR 1,000)	a	b	c	d	e	EU e1	EU e2	f	g	h
	Risk category					Category level AVA - Valuation uncertainty				
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1 Market price uncertainty	68	7,088	7,148	-	-	2,067	-	9,220	-	9,220
2 Not applicable										
3 Close-out cost	219	22,810	23,003	-	-	-	-	23,017	-	23,017
4 Concentrated positions	-	-	-	-	-	-	-	-	-	-
5 Early termination	-	-	-	-	-	-	-	-	-	-
6 Model risk	47	4,907	4,949	-	-	-	-	4,952	-	4,952
7 Operational risk	15	1,597	1,611	-	-	-	-	3,224	-	3,224
8 Not applicable										
9 Not applicable										
10 Future administrative costs	49	5,094	5,137	-	-	-	-	10,279	-	10,279
11 Not applicable										
12 Total Additional Valuation Adjustments (AVAs)								**50,691**	**-**	**50,691**

3. Own funds

EU CC1
Composition of regulatory own funds

At the end of the year, the Group's CET1 capital totalled EUR 1,550 million (EUR 1,482 million). The Group had no Additional Tier 1 instruments or Tier 2 capital at the end of financial year, so its CET1 capital was therefore equal to Tier 1 capital and total own funds, EUR 1,550 million (EUR 1,482 million).

CET1 capital includes profit for the period of 1 January–31 December 2023, as the profit has been subject to a review by the auditors, and therefore can be included in CET1 capital on the basis of permission granted by the ECB in accordance with the CRR. Deductions due to prudential filters on CET1 capital are made up of MuniFin Group's Debit Valuation Adjustment (DVA), Prudent Valuation Adjustment (PVA) and changes in fair value due to own credit risk standing. In addition, the amount of foreseeable dividend for financial year 2023 has been deducted from CET1 capital.

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	82,949	(c)
	of which: Share capital	42,583	(c)
	of which: Reserve for invested non-restricted equity	40,366	(c)
2	Retained earnings	1,465,955	(f)
3	Accumulated other comprehensive income (and other reserves)	84,388	(d)+(e)
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	44,508	(g)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,677,800**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-58,631	
8	Intangible assets (net of related tax liability) (negative amount)	-6,311	(a)
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-60,238	(e)
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-9	(h)
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-2,802	(b)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-127,991**	
29	**Common Equity Tier 1 (CET1) capital**	**1,549,809**	

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,549,809**	

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	-	
59	**Total capital (TC = T1 + T2)**	**1,549,809**	
60	**Total risk exposure amount**	**1,499,550**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	103.3516%	
62	Tier 1 capital	103.3516%	
63	Total capital	103.3516%	
64	Institution CET1 overall capital requirements	9.5486%	
65	of which: capital conservation buffer requirement	2.5000%	
66	of which: countercyclical capital buffer requirement	0.9236%	
67	of which: systemic risk buffer requirement	0.0000%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.5000%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.1250%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**93.3516%**	
National minima (if different from Basel III)			
69	Not applicable	-	
70	Not applicable	-	
71	Not applicable	-	

31 Dec 2023 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	82,949	(c)
	of which: Share capital	42,583	(c)
	of which: Reserve for invested non-restricted equity	40,366	(c)
2	Retained earnings	1,361,534	(f)
3	Accumulated other comprehensive income (and other reserves)	-2,775	(d)+(e)
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	104,421	(g)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,546,129**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-50,691	
8	Intangible assets (net of related tax liability) (negative amount)	-8,831	(a)
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	83	(e)
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-763	(h)
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-4,316	(b)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-64,519**	
29	**Common Equity Tier 1 (CET1) capital**	**1,481,610**	

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,481,610**	

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**-**	
59	**Total capital (TC = T1 + T2)**	**1,481,610**	
60	**Total risk exposure amount**	**1,518,036**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	97.6004%	
62	Tier 1 capital	97.6004%	
63	Total capital	97.6004%	
64	Institution CET1 overall capital requirements	9.4366%	
65	of which: capital conservation buffer requirement	2.5000%	
66	of which: countercyclical capital buffer requirement	0.8116%	
67	of which: systemic risk buffer requirement	0.0000%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.5000%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.1250%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**87.6004%**	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		

31 Dec 2022 (EUR 1,000)		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

EU CC2
Reconciliation of regulatory own funds to balance sheet in the audited financial statements

31 Dec 2023 (EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances with central banks	2	2	
2	Loans and advances to credit institution	9,187,071	9,187,071	
3	Loans and advances to the public and public sector entities	32,021,717	32,021,717	
4	Debt securities	5,144,963	5,144,963	
5	Shares and participations	-	-	
6	Derivative contracts	1,856,769	1,856,769	
7	Intangible assets	6,311	6,311	(a)
8	Tangible assets	9,648	9,648	
9	Other assets	1,073,885	1,073,885	
10	Accrued income and prepayments	435,982	435,982	
11	Deferred tax assets	9	9	(h)
12	**Total assets**	**49,736,359**	**49,736,359**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Liabilities to credit institutions	213,695	213,695	
2	Liabilities to the public and public sector entities	2,588,275	2,588,275	
3	Debt securities issued	40,601,646	40,601,646	
4	Derivative contracts	3,372,514	3,372,514	
4a	Of which: Debit Valuation Adjustment*	-2,802	-2,802	(b)
5	Other liabilities	418,275	418,275	
6	Accrued expenses and deferred income	474,620	474,620	
7	Deferred tax liabilities	323,517	323,517	
8	**Total liabilities**	**47,992,542**	**47,992,542**	

31 Dec 2023 (EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Shareholders' Equity			
1	Share capital	42,583	42,583	(c)
2	Reserve fund	277	277	(d)
3	Fair value reserve of investments	2,052	2,052	(d)
4	Own credit revaluation reserve	60,238	60,238	(e)
5	Cost-of-Hedging reserve	21,821	21,821	(d)
6	Reserve for invested non-restricted equity	40,366	40,366	(c)
7	Retained earnings	1,576,480	1,576,480	
7a	Of which: Retained earnings from previous years	1,465,955	1,465,955	(f)
7b	Of which: Independently reviewed interim profits	110,526	44,508	(g)
8	Total equity attributable to parent company equity holders	1,743,817	1,743,817	
9	**Total shareholders' equity**	**1,743,817**	**1,743,817**	
10	**Total liabilities and shareholder's equity**	**49,736,359**	**49,736,359**	

MuniFin Group's scope of accounting consolidation and the scope of prudential consolidation do not differ.
*DVA includes tax impact reducement of 20%.

31 Dec 2022 (EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances with central banks	2	2	
2	Loans and advances to credit institution	9,625,488	9,625,488	
3	Loans and advances to the public and public sector entities	29,144,361	29,144,361	
4	Debt securities	4,786,768	4,786,768	
5	Shares and participations	-	-	
6	Derivative contracts	2,707,103	2,707,103	
7	Intangible assets	8,831	8,831	(a)
8	Tangible assets	5,062	5,062	
9	Other assets	1,234,810	1,234,810	
10	Accrued income and prepayments	223,104	223,104	
11	Deferred tax assets	763	763	(h)
12	**Total assets**	**47,736,293**	**47,736,293**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Liabilities to credit institutions	2,332,623	2,332,623	
2	Liabilities to the public and public sector entities	2,529,585	2,529,585	
3	Debt securities issued	35,592,065	35,592,065	
4	Derivative contracts	4,616,111	4,616,111	
4a	Of which: Debit Valuation Adjustment	-4,316	-4,316	(b)
5	Other liabilities	593,848	593,848	
6	Accrued expenses and deferred income	166,635	166,635	
7	Deferred tax liabilities	291,717	291,717	
8	**Total liabilities**	**46,122,584**	**46,122,584**	

31 Dec 2022 (EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Shareholders' Equity			
1	Share capital	42,583	42,583	(c)
2	Reserve fund	277	277	(d)
3	Fair value reserve of investments	-4,457	-4,457	(d)
4	Own credit revaluation reserve	-83	-83	(e)
5	Cost-of-Hedging reserve	1,488	1,488	(d)
6	Reserve for invested non-restricted equity	40,366	40,366	(c)
7	Retained earnings	1,533,535	1,533,535	
7a	Of which: Retained earnings from previous years	1,361,534	1,361,534	(f)
7b	Of which: Independently reviewed interim profits	172,001	104,421	(g)
8	Total equity attributable to parent company equity holders	1,613,709	1,613,709	
9	**Total shareholders' equity**	**1,613,709**	**1,613,709**	
10	**Total liabilities and shareholder's equity**	**47,736,293**	**47,736,293**	

EU CCA
Main features of regulatory own funds instruments and eligible liabilities instruments

31 Dec 2023		a
		Common Equity Tier 1 capital
		Shares A and B of share capital
1	Issuer	Municipality Finance Plc
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Finnish law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as defined in Regulation No (EU) 575/2013 Article 28, Finnish Limited Liability Companies Act
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 42.583 million
9	Nominal amount of instrument	N/A
EU-9a	Issue price	N/A
EU-9b	Redemption price	Redemption price according to the Articles of Association depending of the redemption situation
10	Accounting classification	Shareholders' equity
11	Original date of issuance	N/A

31 Dec 2023		a Common Equity Tier 1 capital Shares A and B of share capital
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A

31 Dec 2023		a Common Equity Tier 1 capital Shares A and B of share capital
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	-

(1) 'N/A' if the question is not applicable.

MuniFin

31 Dec 2022		a Common Equity Tier 1 capital Shares A and B of share capital
1	Issuer	Municipality Finance Plc
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Finnish law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as defined in Regulation No (EU) 575/2013 Article 28, Finnish Limited Liability Companies Act
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 42.583 million
9	Nominal amount of instrument	N/A
EU-9a	Issue price	N/A
EU-9b	Redemption price	Redemption price according to the Articles of Association depending of the redemption situation
10	Accounting classification	Shareholders' equity
11	Original date of issuance	N/A

31 Dec 2022		a Common Equity Tier 1 capital Shares A and B of share capital
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A

31 Dec 2022		a Common Equity Tier 1 capital Shares A and B of share capital
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	-

(1) 'N/A' if the question is not applicable.

4. Capital buffers

Minimum capital requirements and capital buffers

Minimum capital requirements and capital buffers (%) 31 Dec 2023	Capital requirement	Capital conservation buffer [1]	Countercyclical buffer [2]	O-SII [3]	Systemic risk buffer [4]	Total capital buffers	Total
Common Equity Tier 1 capital (CET1)	4.5000%	2.5000%	0.9236%	0.5000%	0.0000%	3.9236%	8.4236%
Tier 1 Capital (T1)	6.0000%	2.5000%	0.9236%	0.5000%	0.0000%	3.9236%	9.9236%
Total own funds	8.0000%	2.5000%	0.9236%	0.5000%	0.0000%	3.9236%	11.9236%

Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2023	Capital requirement	Capital conservation buffer [1]	Countercyclical buffer [2]	O-SII [3]	Systemic risk buffer [4]	Total capital buffers	Total
Common Equity Tier 1 capital (CET1)	67,480	37,489	13,850	7,498	0	58,837	126,316
Tier 1 Capital (T1)	89,973	37,489	13,850	7,498	0	58,837	148,810
Total own funds	119,964	37,489	13,850	7,498	0	58,837	178,801

Minimum capital requirements and capital buffers (%) 31 Dec 2022	Capital requirement	Capital conservation buffer [1]	Countercyclical buffer [2]	O-SII [3]	Systemic risk buffer [4]	Total capital buffers	Total
Common Equity Tier 1 capital (CET1)	4.5000%	2.5000%	0.8116%	0.5000%	0.0000%	3.8116%	8.3116%
Tier 1 Capital (T1)	6.0000%	2.5000%	0.8116%	0.5000%	0.0000%	3.8116%	9.8116%
Total own funds	8.0000%	2.5000%	0.8116%	0.5000%	0.0000%	3.8116%	11.8116%

Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2022	Capital requirement	Capital conservation buffer [1]	Countercyclical buffer [2]	O-SII [3]	Systemic risk buffer [4]	Total capital buffers	Total
Common Equity Tier 1 capital (CET1)	68,312	37,951	12,320	7,590	0	57,861	126,173
Tier 1 Capital (T1)	91,082	37,951	12,320	7,590	0	57,861	148,943
Total own funds	121,443	37,951	12,320	7,590	0	57,861	179,304

1) Act on Credit Institutions (610/2014), Sect 10:3 §, the EU Capital Requirements Regulation (575/2013; CRR) as amended by CRR II (2019/876) and EU Capital Requirements Directive (2013/36; CRD) as amended by CRD V (2019/878). Valid from 1 January 2015.

2) Act on Credit Institutions (610/2014) Sect 10:4-6 §, the EU Capital Requirements Regulation (575/2013; CRR) as amended by CRR II (2019/876) and EU Capital Requirements Directive (2013/36/EU; CRD) as amended by CRD V (2019/878). On 19 Dec 2023 (16 Dec 2022), the Board of Financial Supervisory Authority (FIN-FSA) decided not to set countercyclical capital buffer requirement for credit exposures allocated to Finland. The institution-specific countercyclical capital buffer requirement is determined on the basis of the geographical distribution of the exposures. For MuniFin Group it is 0.92% (0.81%).

3) Other Systemically Important Institutions additional capital requirements: Act on Credit Institutions (610/2014) Sect 10:8 §, the EU Capital Requirements Regulation (575/2013; CRR) as amended by CRR II (2019/876) and EU Capital Requirements Directive (2013/36/EU; CRD) as amended by CRD V (2019/878). Additional capital requirement (O-SII) for MuniFin Group is 0.5% (0.5%). The decision of the Board of FIN-FSA on 28 Jun 2023, effective immediately.

4) Act on Credit Institutions (610/2014) Sect 10:6a §, the EU Capital Requirements Regulation (575/2013; CRR) as amended by CRR II (2019/876) and EU Capital Requirements Directive (2013/36/EU; CRD) as amended by CRD V (2019/878). At the end of March 2023, the FIN-FSA decided on a systemic risk buffer (SyRB) requirement of 1% for MuniFin Group. This decision is effective as of 1 April 2024 and corresponds to the requirement set for other Finnish credit institutions at the same time. Prior to April 2024, the systemic risk buffer is set at 0%. The systemic risk buffer and the O-SII buffer are parallel buffers, of which only the greater is applied.

ECB has imposed a bank-specific Pillar 2 Requirement (P2R) of 2% on MuniFin Group as part of the annual Supervisory Review and Evaluation Process (SREP). Including this P2R requirement, the total SREP capital requirement ratio (TSCR) was 10% (10%) at the end of December 2023. The minimum level of total capital ratio was 13.92% (13.81%) including P2R and other additional capital buffers.

EU CCyB1
Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Countercyclical capital buffer is calculated only for the relevant credit exposure classes as defined in Article 140(4) of the Capital Requirement Directive. Exposure classes not included in the calculation are exposures to a) central governments or central banks; b) regional governments or local authorities; c) public sector entities; d) multilateral development banks; e) international organisations; f) institutions.

At 31 December 2023, the institution-specific countercyclical buffer rate for MuniFin Group was 0.92% (0.81%).

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
31 Dec 2023 (EUR 1,000)		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
010	Breakdown by country:													
	BE	115,493	-	-	-	-	115,493	924	-	-	924	11,549	5.9822%	0.0000%
	DK	101,490	-	-	-	-	101,490	812	-	-	812	10,149	5.2569%	2.5000%
	FI	531,776	-	-	-	-	531,776	6,740	-	-	6,740	84,249	43.6387%	0.0000%
	FR	187,713	-	-	-	-	187,713	1,502	-	-	1,502	18,771	9.7231%	0.5000%
	GB	81,689	-	-	-	-	81,689	1,850	-	-	1,850	23,130	11.9806%	2.0000%
	NL	51,845	-	-	-	-	51,845	415	-	-	415	5,185	2.6854%	1.0000%
	NO	241,116	-	-	-	-	241,116	1,929	-	-	1,929	24,112	12.4892%	2.5000%
	SE	159,156	-	-	-	-	159,156	1,273	-	-	1,273	15,916	8.2439%	2.0000%
020	**Total**	**1,470,278**	**-**	**-**	**-**	**-**	**1,470,278**	**15,445**	**-**	**-**	**15,445**	**193,060**	**100.0000%**	

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
31 Dec 2022 (EUR 1,000)		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
010	Breakdown by country:													
	BE	26,850	-	-	-	-	26,850	215	-	-	215	2,685	1.5487%	0.0000%
	DK	119,172	-	-	-	-	119,172	953	-	-	953	11,917	6.8741%	2.0000%
	FI	370,697	-	-	-	-	370,697	4,604	-	-	4,604	57,552	33.1973%	0.0000%
	FR	93,793	-	-	-	-	93,793	750	-	-	750	9,379	5.4102%	0.0000%
	GB	96,014	-	-	-	-	96,014	3,297	-	-	3,297	41,210	23.7709%	1.0000%
	NL	38,399	-	-	-	-	38,399	307	-	-	307	3,840	2.2149%	0.0000%
	NO	288,749	-	-	-	-	288,749	2,310	-	-	2,310	28,875	16.6556%	2.0000%
	SE	179,056	-	-	-	-	179,056	1,432	-	-	1,432	17,906	10.3283%	1.0000%
020	**Total**	**1,212,729**	**-**	**-**	**-**	**-**	**1,212,729**	**13,869**	**-**	**-**	**13,869**	**173,365**	**100.0000%**	

EU CCyB2
Amount of institution-specific countercyclical capital buffer

31 Dec 2023 (EUR 1,000)

		a
1	Total risk exposure amount	1,499,550
2	Institution specific countercyclical capital buffer rate	0.9236%
3	Institution specific countercyclical capital buffer requirement	13,850

31 Dec 2022 (EUR 1,000)

		a
1	Total risk exposure amount	1,518,036
2	Institution specific countercyclical capital buffer rate	0.8116%
3	Institution specific countercyclical capital buffer requirement	12,320

5. Leverage ratio

EU LR1
LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

31 Dec 2023 (EUR 1,000)		a
		Applicable amount
1	Total assets as per published financial statements	49,736,359
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	-1,258,353
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,450,415
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-58,631
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	-36,992,825
13	**Total exposure measure**	**12,876,965**

31 Dec 2022 (EUR 1,000)		a Applicable amount
1	Total assets as per published financial statements	47,736,293
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	-1,930,311
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,164,571
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-50,691
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	-34,142,646
13	**Total exposure measure**	**12,777,216**

EU LR2
LRCom: Leverage ratio common disclosure

The Group's leverage ratio was 12.04% (11.60%) at the end of December 2023.

The total balance sheet exposures increased by EUR 3,298 million from previous year. Off-balance sheet exposures, loan commitments to public and public sector entities increased by EUR 286 million during the period. Tier 1 capital increased in the period by EUR 68 million.

MuniFin fulfills the CRR II definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and central government in the calculation of its leverage ratio exposure measure. The total amount exempted is EUR 35,251 million (EUR 31,853 million). It consists of loans, leasing and loan commitments to regional governments, wellbeing services counties and non-financial corporations (companies that are fully owned or under control of municipalities or wellbeing services counties) or central government subsidised housing companies.

Rows 28-31a of the table are reported annually.

(EUR 1,000)		CRR leverage ratio exposures a 31 Dec 2023	CRR leverage ratio exposures b 31 Dec 2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	47,699,354	44,939,655
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1,793,359	-2,329,364
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-6,311	-8,831
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	45,899,684	42,601,459
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	29,293	23,009
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	748,567	841,234
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	777,859	864,243
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-

(EUR 1,000)		CRR leverage ratio exposures a 31 Dec 2023	CRR leverage ratio exposures b 31 Dec 2022
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	3,071,228	2,463,964
20	(Adjustments for conversion to credit equivalent amounts)	-1,620,813	-1,299,394
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	1,450,415	1,164,571
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-35,250,993	-31,853,057
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	-35,250,993	-31,853,057
	Capital and total exposure measure		
23	**Tier 1 capital**	1,549,809	1,481,610
24	**Total exposure measure**	12,876,965	12,777,216

		CRR leverage ratio exposures	CRR leverage ratio exposures
		a	b
(EUR 1,000)		31 Dec 2023	31 Dec 2022
	Leverage ratio		
25	**Leverage ratio (%)**	12.0355%	11.5957%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	3.2202%	3.3197%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	12.0355%	11.5957%
26	Regulatory minimum leverage ratio requirement (%)	3.0000%	3.0000%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.0000%	3.0000%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12,876,965	12,777,216
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12,876,965	12,777,216
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.0355%	11.5957%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.0355%	11.5957%

EU LR3
LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

MuniFin fulfills the CRR II definition of a public development credit institution and may therefore deduct all credit receivables fom municipalities, wellbeing services counties and central government in the calculation of its leverage ratio exposure measure. The total amount exempted is EUR 35,251 million (EUR 31,853 million) at end of December 2023.

31 Dec 2023 (EUR 1,000)		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**12,105,417**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	12,105,417
EU-4	Covered bonds	1,328,736
EU-5	Exposures treated as sovereigns	8,868,248
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	54,397
EU-7	Institutions	1,432,518
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	355,355
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	66,163

31 Dec 2022 (EUR 1,000)		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**11,921,804**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	11,921,804
EU-4	Covered bonds	1,090,411
EU-5	Exposures treated as sovereigns	9,116,446
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	66,117
EU-7	Institutions	1,278,256
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	335,439
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	35,135

EU LRA
Disclosure of LR qualitative information

a) Description of the processes used to manage the risk of excessive leverage

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

b) Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The consolidated leverage ratio was 12.0355% at the end of 2023 compared to 11.5957% at the end of previous year. The balance sheet exposures increased by EUR 3,298 million during the year. Off-balance sheet exposures, loan commitments to public and public sector entities, increased by EUR 283 million during the year. Tier 1 capital increased in the period by EUR 68 million.

6. Liquidity requirements

EU LIQ1 Quantitative information of LCR

SCOPE OF CONSOLIDATION: CONSOLIDATED (EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					10,821,073	10,845,380	11,244,484	11,594,545
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	2,444,617	2,716,083	2,916,743	2,934,249	2,444,617	2,716,083	2,916,743	2,934,249
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	15,067	22,295	20,867	22,476	15,067	22,295	20,867	22,476
8	Unsecured debt	2,429,551	2,693,789	2,895,877	2,911,773	2,429,551	2,693,789	2,895,877	2,911,773
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	4,127,696	3,885,718	3,737,098	3,734,922	1,490,114	1,475,619	1,464,238	1,376,986
11	Outflows related to derivative exposures and other collateral requirements	1,201,428	1,211,356	1,214,071	1,118,352	1,197,488	1,208,183	1,211,935	1,117,070
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2,926,268	2,674,362	2,523,027	2,616,570	292,627	267,436	252,303	259,915
14	Other contractual funding obligations	31,209	32,500	28,802	30,802	26,388	27,958	24,569	26,878

SCOPE OF CONSOLIDATION: CONSOLIDATED (EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
15	Other contingent funding obligations	5,670,079	5,521,902	5,354,149	5,204,940	567,008	552,233	535,458	520,724
16	**TOTAL CASH OUTFLOWS**					**4,528,127**	**4,771,894**	**4,941,009**	**4,858,837**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	275,523	262,299	259,945	265,007	192,547	180,152	175,560	175,302
19	Other cash inflows	1,011,384	982,239	967,847	965,176	1,011,384	982,239	967,847	965,176
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**1,286,907**	**1,244,538**	**1,227,792**	**1,230,183**	**1,203,931**	**1,162,391**	**1,143,406**	**1,140,478**
EU-20a	**Fully exempt inflows**	-	-	-	-	-	-	-	-
EU-20b	**Inflows subject to 90% cap**	-	-	-	-	-	-	-	-
EU-20c	**Inflows subject to 75% cap**	**1,286,907**	**1,244,538**	**1,227,792**	**1,230,183**	**1,203,931**	**1,162,391**	**1,143,406**	**1,140,478**
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**10,821,073**	**10,845,380**	**11,244,484**	**11,594,545**
22	**TOTAL NET CASH OUTFLOWS**					**3,324,196**	**3,609,502**	**3,797,602**	**3,718,359**
23	**LIQUIDITY COVERAGE RATIO**					**356.1142%**	**307.1250%**	**301.5994%**	**320.1957%**

SCOPE OF CONSOLIDATION: CONSOLIDATED (EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					12,198,793	12,359,708	12,113,100	11,937,362
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	2,798,507	2,464,402	2,067,844	2,026,440	2,798,507	2,464,402	2,067,844	2,026,440
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	28,879	16,762	38,736	41,521	28,879	16,762	38,736	41,521
8	Unsecured debt	2,769,628	2,447,640	2,029,107	1,984,919	2,769,628	2,447,640	2,029,107	1,984,919
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	3,798,199	3,897,715	3,868,833	3,925,892	1,378,969	1,398,457	1,406,884	1,511,907
11	Outflows related to derivative exposures and other collateral requirements	1,115,246	1,125,631	1,138,264	1,246,674	1,114,456	1,125,031	1,137,609	1,246,026
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2,682,953	2,772,084	2,730,569	2,679,218	264,513	273,426	269,275	265,881
14	Other contractual funding obligations	61,386	65,771	66,771	70,095	54,418	58,951	58,489	61,970
15	Other contingent funding obligations	5,114,996	5,109,824	5,065,479	4,980,177	511,730	511,170	506,735	498,018
16	**TOTAL CASH OUTFLOWS**					**4,743,623**	**4,432,980**	**4,039,952**	**4,098,335**

SCOPE OF CONSOLIDATION: CONSOLIDATED (EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	247,529	235,416	243,578	255,811	159,829	150,467	159,109	171,417
19	Other cash inflows	922,365	874,119	886,975	900,695	922,365	874,119	886,975	900,695
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**1,169,894**	**1,109,535**	**1,130,554**	**1,156,505**	**1,082,195**	**1,024,585**	**1,046,084**	**1,072,112**
EU-20a	**Fully exempt inflows**	-	-	-	-	-	-	-	-
EU-20b	**Inflows subject to 90% cap**	-	-	-	-	-	-	-	-
EU-20c	**Inflows subject to 75% cap**	**1,169,894**	**1,109,535**	**1,130,554**	**1,156,505**	**1,082,195**	**1,024,585**	**1,046,084**	**1,072,112**
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**12,198,793**	**12,359,708**	**12,113,100**	**11,937,362**
22	**TOTAL NET CASH OUTFLOWS**					**3,661,429**	**3,408,395**	**2,993,868**	**3,026,223**
23	**LIQUIDITY COVERAGE RATIO**					**344.3836%**	**392.4069%**	**446.5775%**	**436.0400%**

EU LIQ2
Net Stable Funding Ratio

31 Dec 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	1,677,800	-	-	-	1,677,800
2	*Own funds*	1,677,800	-	-	-	1,677,800
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		7,737,605	3,362,158	32,527,043	34,208,122
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		7,737,605	3,362,158	32,527,043	34,208,122
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	131,810	68,458	-	392,808	392,808
12	*NSFR derivative liabilities*	131,810				
13	*All other liabilities and capital instruments not included in the above categories*		68,458	-	392,808	392,808
14	**Total available stable funding (ASF)**					**36,278,729**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					236,966
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-

MuniFin

31 Dec 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
17	Performing loans and securities:		3,199,185	995,591	29,939,713	28,275,200
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		108,212	-	29,155	39,976
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,495,163	962,894	29,630,504	27,182,924
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		203,827	821,933	23,953,988	20,484,355
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,595,810	32,697	280,055	1,052,300
25	Interdependent assets		-	-	-	-
26	Other assets:	-	2,002,789	1,842	138,431	578,748
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		386,000			328,100
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,551,867			77,593
31	*All other assets not included in the above categories*		64,922	1,842	138,431	173,054
32	Off-balance sheet items		364,014	173,622	2,533,592	153,561
33	**Total RSF**					**29,244,475**
34	**Net Stable Funding Ratio (%)**					**124.0533%**

30 Sep 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	1,573,784	-	-	-	1,573,784
2	*Own funds*	1,573,784	-	-	-	1,573,784
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		8,630,523	1,035,132	31,679,095	32,196,661
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		8,630,523	1,035,132	31,679,095	32,196,661
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	227,874	54,381	-	387,078	386,806
12	*NSFR derivative liabilities*	227,874				
13	*All other liabilities and capital instruments not included in the above categories*		54,381	-	387,078	386,806
14	**Total available stable funding (ASF)**					**34,157,252**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					220,659
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-

30 Sep 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
17	Performing loans and securities:		1,633,048	579,730	30,005,640	26,700,620
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		49,798	-	29,419	34,398
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		254,141	499,355	29,673,140	25,703,860
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		72,724	358,392	24,450,164	20,541,105
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,329,109	80,375	303,082	962,362
25	Interdependent assets		-	-	-	-
26	Other assets:	-	2,516,623	656	131,944	623,263
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		431,000			366,350
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		2,041,670			102,084
31	*All other assets not included in the above categories*		43,953	656	131,944	154,830
32	Off-balance sheet items		1,134,624	149,375	2,392,362	183,818
33	**Total RSF**					**27,728,360**
34	**Net Stable Funding Ratio (%)**					**123.1853%**

30 Jun 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	1,499,983	-	-	-	1,499,983
2	*Own funds*	1,499,983	-	-	-	1,499,983
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		6,533,771	3,422,307	31,267,598	32,978,751
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		6,533,771	3,422,307	31,267,598	32,978,751
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	173,110	64,749	-	415,564	415,481
12	*NSFR derivative liabilities*	173,110				
13	*All other liabilities and capital instruments not included in the above categories*		64,749	-	415,564	415,481
14	**Total available stable funding (ASF)**					**34,894,215**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					220,547
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-

30 Jun 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
17	Performing loans and securities:		1,444,037	596,365	29,917,390	26,609,507
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		46,875	-	29,413	34,101
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		193,211	528,174	29,571,825	25,670,606
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		22,823	384,417	24,398,136	20,563,782
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,203,951	68,191	316,152	904,800
25	Interdependent assets		-	-	-	-
26	Other assets:	-	2,671,167	78	2,013	503,378
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		431,000	-	-	366,350
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		2,189,215			109,461
31	*All other assets not included in the above categories*		50,952	78	2,013	27,567
32	Off-balance sheet items		278,392	97,891	2,203,282	128,978
33	**Total RSF**					**27,462,410**
34	**Net Stable Funding Ratio (%)**					**127.0617%**

31 Mar 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	1,475,483	-	-	-	1,475,483
2	*Own funds*	1,475,483	-	-	-	1,475,483
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		6,090,595	4,423,384	29,846,903	32,058,595
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		6,090,595	4,423,384	29,846,903	32,058,595
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	219,708	133,277	-	403,510	402,956
12	*NSFR derivative liabilities*	219,708				
13	*All other liabilities and capital instruments not included in the above categories*		133,277	-	403,510	402,956
14	**Total available stable funding (ASF)**					**33,937,035**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					225,717
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-

31 Mar 2023 (EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
17	Performing loans and securities:		1,578,767	620,665	29,332,708	26,295,440
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		82,290	-	32,489	40,718
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		198,970	549,925	29,002,847	25,317,832
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		25,959	388,781	23,378,618	19,813,035
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,297,507	70,740	297,372	936,890
25	Interdependent assets		-	-	-	-
26	Other assets:	-	2,604,083	90	3,095	468,362
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		391,000	-	-	332,350
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		2,167,435			108,372
31	*All other assets not included in the above categories*		45,648	90	3,095	27,640
32	Off-balance sheet items		300,950	64,297	2,408,540	138,689
33	**Total RSF**					**27,128,209**
34	**Net Stable Funding Ratio (%)**					**125.0987%**

EU LIQB
On qualitative information on LCR, which complements template EU LIQ1

(a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The main items which effect the outflows of MuniFin Group's LCR are funding outflows and the impact of an adverse market scenario on derivatives transactions. On the inflow side larger than normal principal payments of loan contracts and non-ISIN short-term papers may have impact on the LCR ratio.

(b) Explanations on the changes in the LCR over time

MuniFin Group has had steady figures in LCR for over a year.

(c) Explanations on the actual concentration of funding sources

MuniFin Group acquires funding from international capital markets, mainly with unsecured public bond issues. While there is a high concentration on the unsecured wholesale funding, the Group has diversified its funding extensively across markets, currencies, durations and maturities.

(d) High-level description of the composition of the institution`s liquidity buffer.

MuniFin Group holds a diversified liquidity buffer of Level 1 and Level 2A investments. The liquidity buffer is composed of the following Level 1 assets: withdrawable central bank reserves, coins and banknotes, central government assets, regional government / local authority assets, public sector entity assets, multilateral development bank and international organisation assets and extremely high quality covered bonds. The liquidity buffer is composed of the following Level 2 assets: regional government / local authorities or public sector entity assets (Member State, risk-weight 20%), central bank or central / regional government or local authorities or public sector entity assets (Third Country, risk-weight 20%), high quality covered bonds (CQS2) and high quality covered bonds (Third Country, CQS1). MuniFin Group holds a liquidity buffer in EUR and USD.

(e) Derivative exposures and potential collateral calls

MuniFin Group has made CSA agreements including daily margin calls with most of its derivative counterparties. The Group calculates the largest cash collateral movement with the historical look-back approach and considers this as an outflow for the potential collateral calls.

(f) Currency mismatch in the LCR

MuniFin Group monitors and calculates LCR in all significant currencies on a regular basis. The Group hedges against exchange rate risks by using derivative contracts to translate all foreign currency denominated funding into euros. MuniFin Group does not bear any material foreign exchange risk.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

Outflows from unsecured wholesale funding with call maturity options are treated in the LCR calculation according to the next possible call date.

7. Credit risk quality

EU CRB
Additional disclosure related to the credit quality of assets

(a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition default in accordance with Article 178 CRR.

Definition of default: A default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place: (i) the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security; (ii) the obligor is past due more than 90 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.

Past due: A credit obligation is recognised past due when any amount of principal, interest or fee has not been paid at the date it was due according to the latest (modified) schedule of payments.

The definitions of past due and default for accounting and regulatory purposes are the same.

Impaired: At the end of each reporting period, MuniFin Group assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and this loss event has an impact on the estimated future cash flows that can be reliably estimated. Objective evidence of impairment of an item or group recognised under financial assets can include information on the following loss events: the issuer or debtor is experiencing significant financial difficulty, or breach of contract terms, such as default or delinquency in interest or principal payments.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

All past-due exposures (more than 90 days) are impaired. There are no past-due exposures that would not be considered impaired.

(c) Description of methods used for determining general and specific credit risk adjustments.

MuniFin Group is only applying specific credit risk adjustments (SCRA). All SCRA for stage 3 assets under IFRS 9 are considered to be a result of a significant perceived decline in the credit quality of a credit obligation and hence are treated as an indication of unlikeliness to pay. If exposure losses recognised in the profit or loss account or losses are result of current or past events, exposure is treated as credit-impaired under SCRA and it is considered defaulted.

(d) The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

MuniFin Group does not have an own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR. The definition of a restructured exposure correspond to the definition of a forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

EU CR1
Performing and non-performing exposures and related provisions.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
31 Dec 2023 (EUR 1,000)			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	8,053,766	8,053,766	-	-	-	-	-1	-1	-	-	-	-	-	-	-
010	Loans and advances	35,174,800	33,540,938	1,575,702	151,028	-	148,911	-2,101	-208	-1,893	-214	-	-211	-	18,285,681	150,713
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	15,987,754	15,670,826	294,408	-	-	-	-165	-88	-78	-	-	-	-	1,788,632	-
040	Credit institutions	1,139,249	1,139,249	-	-	-	-	-72	-72	-	-	-	-	-	-	-
050	Other financial corporations	1,049,747	1,049,747	-	-	-	-	-6	-6	-	-	-	-	-	-	-
060	Non-financial corporations	16,646,493	15,343,569	1,273,170	149,809	-	147,692	-1,838	-41	-1,798	-213	-	-209	-	16,147,956	149,495
070	Of which SMEs	3,758,369	3,403,747	354,622	84,811	-	84,811	-585	-8	-577	-114	-	-114	-	3,734,858	84,690
080	Households	351,557	337,548	8,124	1,219	-	1,219	-19	-1	-18	-1	-	-1	-	349,093	1,218
090	Debt securities	5,170,006	1,948,874	1,152	-	-	-	-1	-1	0	-	-	-	-	317,579	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,126,350	1,356,831	673	-	-	-	-1	-1	0	-	-	-	-	60,846	-

31 Dec 2023 (EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
120 Credit institutions	2,504,053	359,559	-	-	-	-	-	-	-	-	-	-	-	101,229	-
130 Other financial corporations	322,152	15,513	-	-	-	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	217,451	216,972	479	-	-	-	0	0	0	-	-	-	-	155,503	-
150 Off-balance sheet exposures	3,071,228	3,017,822	53,406	-	-	-	15	15	0	-	-	-		86,579	-
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170 General governments	669,031	662,674	6,357	-	-	-	3	3	0	-	-	-		-	-
180 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200 Non-financial corporations	2,389,988	2,343,720	46,268	-	-	-	12	12	0	-	-	-		86,579	-
210 Households	12,209	11,428	781	-	-	-	0	0	0	-	-	-		-	-
220 Total	**51,469,800**	**46,561,400**	**1,630,260**	**151,028**	**-**	**148,911**	**-2,087**	**-194**	**-1,893**	**-214**	**-**	**-211**	**-**	**18,689,839**	**150,713**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	8,192,632	8,192,632	-	-	-	-	0	0	-	-	-	-	-	-	-
010	Loans and advances	33,387,488	32,793,102	534,564	7,256	-	4,990	-1,091	-407	-684	-21	-	-13	-	16,861,752	7,099
020	Central banks	28,685	28,685	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	14,947,875	14,641,332	284,432	-	-	-	-202	-73	-129	-	-	-	-	1,532,900	-
040	Credit institutions	1,435,339	1,435,339	-	-	-	-	-109	-109	-	-	-	-	-	-	-
050	Other financial corporations	1,220,259	1,220,259	-	-	-	-	-203	-203	-	-	-	-	-	-	-
060	Non-financial corporations	15,400,331	15,122,597	246,471	7,256	-	4,990	-574	-21	-553	-21	-	-13	-	14,978,781	7,099
070	Of which SMEs	3,682,346	3,493,887	188,459	2,676	-	2,676	-490	-4	-486	-13	-	-13	-	3,646,872	2,664
080	Households	354,998	344,890	3,661	-	-	-	-3	-1	-3	-	-	-	-	350,070	-
090	Debt securities	4,799,062	1,625,062	-	-	-	-	-1	-1	-	-	-	-	-	249,200	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,048,883	1,307,164	-	-	-	-	-1	-1	-	-	-	-	-	42,229	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
31 Dec 2022 (EUR 1,000)			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
120	Credit institutions	2,218,581	124,384	-	-	-	-	-	-	-	-	-	-	-	98,073	-
130	Other financial corporations	342,976	4,892	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	188,622	188,622	-	-	-	-	0	0	-	-	-	-	-	108,898	-
150	Off-balance sheet exposures	2,463,978	2,447,584	16,394	-	-	-	14	11	2	-	-	-		595,073	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	877,470	872,284	5,186	-	-	-	4	4	0	-	-	-		-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200	Non-financial corporations	1,574,168	1,562,960	11,208	-	-	-	10	7	2	-	-	-		585,723	-
210	Households	12,340	12,340	-	-	-	-	0	0	-	-	-	-		9,350	-
220	**Total**	**48,843,159**	**45,058,380**	**550,958**	**7,256**	**-**	**4,990**	**-1,079**	**-397**	**-681**	**-21**	**-**	**-13**	**-**	**17,706,025**	**7,099**

EU CR1-A
Maturity of exposures

Table CR1-A shows breakdown by residual maturity for on- and off balance sheet exposures. At the end of December 2023, 69.7% (69.6%) of the exposures were within the "> 5 years" bucket.

		a	b	c	d	e	f
31 Dec 2023 (EUR 1,000)		**Net exposure value**					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	2,142,724	865,867	5,529,884	29,856,250	0	38,394,725
2	Debt securities	25,282	2,209,654	2,434,360	500,709	0	5,170,005
3	**Total**	**2,168,006**	**3,075,521**	**7,964,243**	**30,356,960**	**0**	**43,564,729**

		a	b	c	d	e	f
31 Dec 2022 (EUR 1,000)		**Net exposure value**					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	2,645,484	705,934	4,577,720	27,928,485	-	35,857,624
2	Debt securities	-	2,239,394	2,210,621	349,046	-	4,799,060
3	**Total**	**2,645,484**	**2,945,328**	**6,788,341**	**28,277,531**	**-**	**40,656,684**

EU CR2
Changes in the stock of non-performing loans and advances

31 Dec 2023 (EUR 1,000)		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**7,256**
020	Inflows to non-performing portfolios	148,911
030	Outflows from non-performing portfolios	-5,140
040	Outflow due to write-offs	-
050	Outflow due to other situations	-5,140
060	**Final stock of non-performing loans and advances**	**151,028**

31 Dec 2022 (EUR 1,000)		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**129,996**
020	Inflows to non-performing portfolios	638
030	Outflows from non-performing portfolios	-123,378
040	Outflow due to write-offs	-
050	Outflow due to other situations	-123,378
060	**Final stock of non-performing loans and advances**	**7,256**

EU CQ1
Credit quality of forborne exposures

Total amount of forborne exposures at the end of December 2023 increased by EUR 425 million compared to previous year. Performing forborne exposures grew by EUR 304 million and non-performing forborne exposures grew by EUR 121 million.

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
31 Dec 2023 (EUR 1,000)		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	383,823	124,012	124,012	124,012	-452	-118	506,668	123,826
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	382,441	124,012	124,012	124,012	-447	-118	505,289	123,826
070	*Households*	1,383	-	-	-	-4	-	1,378	-
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**Total**	**383,823**	**124,012**	**124,012**	**124,012**	**-452**	**-118**	**506,668**	**123,826**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	80,252	2,623	2,623	2,623	-470	-8	81,406	2,511
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	80,252	2,623	2,623	2,623	-470	-8	81,406	2,511
070	*Households*	-	-	-	-	-	-	-	-
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**Total**	**80,252**	**2,623**	**2,623**	**2,623**	**-470**	**-8**	**81,406**	**2,511**

EU CQ3
Credit quality of performing and non-performing exposures by past due days

The following table shows the counterparty breakdown for the gross carrying amount of performing and non-performing exposures. The gross NPL ratio is 0.43% (0.02%).

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
31 Dec 2023 (EUR 1,000)			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	8,053,766	8,053,766	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	35,174,800	35,174,725	74	151,028	139,499	11,529	-	-	-	-	-	151,028
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	15,987,754	15,987,754	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,139,249	1,139,249	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	1,049,747	1,049,747	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	16,646,493	16,646,493	-	149,809	138,280	11,529	-	-	-	-	-	149,809
070	*Of which SMEs*	3,758,369	3,758,369	-	84,811	73,282	11,529	-	-	-	-	-	84,811
080	*Households*	351,557	351,483	74	1,219	1,219	-	-	-	-	-	-	1,219
090	Debt securities	5,170,006	5,170,006	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	2,126,350	2,126,350	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,504,053	2,504,053	-	-	-	-	-	-	-	-	-	-

31 Dec 2023 (EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
130	*Other financial corporations*	322,152	322,152	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	217,451	217,451	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	3,071,228			-								-
160	*Central banks*	-			-								-
170	*General governments*	669,031			-								-
180	*Credit institutions*	-			-								-
190	*Other financial corporations*	-			-								-
200	*Non-financial corporations*	2,389,988			-								-
210	*Households*	12,209			-								-
220	**Total**	**51,469,800**	**48,398,498**	**74**	**151,028**	**139,499**	**11,529**	**-**	**-**	**-**	**-**	**-**	**151,028**

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
31 Dec 2022 (EUR 1,000)			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	8,192,632	8,192,632	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	33,387,488	33,387,488	-	7,256	5,845	-	1,412	-	-	-	-	7,256
020	*Central banks*	28,685	28,685	-	-	-	-	-	-	-	-	-	-
030	*General governments*	14,947,875	14,947,875	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	1,435,339	1,435,339	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	1,220,259	1,220,259	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	15,400,331	15,400,331	-	7,256	5,845	-	1,412	-	-	-	-	7,256
070	*Of which SMEs*	3,682,346	3,682,346	-	2,676	2,676	-	-	-	-	-	-	2,676
080	*Households*	354,998	354,998	-	-	-	-	-	-	-	-	-	-
090	Debt securities	4,799,062	4,799,062	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	2,048,883	2,048,883	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,218,581	2,218,581	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	342,976	342,976	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	188,622	188,622	-	-	-	-	-	-	-	-	-	-

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		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
31 Dec 2022 (EUR 1,000)			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
150	Off-balance-sheet exposures	2,463,978			-								-
160	*Central banks*	-			-								-
170	*General governments*	877,470			-								-
180	*Credit institutions*	-			-								-
190	*Other financial corporations*	-			-								-
200	*Non-financial corporations*	1,574,168			-								-
210	*Households*	12,340			-								-
220	**Total**	**48,843,159**	**46,379,181**	**-**	**7,256**	**5,845**	**-**	**1,412**	**-**	**-**	**-**	**-**	**7,256**

EU CQ4
Quality of non-performing exposures by geography

The Group's non-domestic original exposures are 11.4% (13.2%) of total exposures on 31 Dec 2023. 5 largest countries are reported below. Other countries include exposures in following countries: AT, AU, BE, DK, ES, IE, JP, KR, LU, LV, NL, NO, NZ and SE.

		a	b	c	d	e	f	g
		Gross carrying/nominal amount						
			Of which non-performing					
31 Dec 2023 (EUR 1,000)				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On-balance-sheet exposures**	**40,495,833**	**151,028**	**151,028**	**37,217,694**	**-2,316**		**-**
020	FI	35,544,959	151,028	151,028	34,978,542	-2,287		-
030	GB	1,304,518	-	-	1,286,170	-11		-
040	FR	738,657	-	-	268,047	-8		-
050	CA	487,053	-	-	63,001	-1		-
060	DE	457,711	-	-	251,255	-6		-
070	Other countries	1,962,935	-	-	370,680	-3		-
080	**Off-balance-sheet exposures**	**3,071,228**	**-**	**-**			**15**	
090	FI	3,071,228	-	-			15	
150	**Total**	**43,567,061**	**151,028**	**151,028**	**37,217,694**	**-2,316**	**15**	**-**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f	g
		Gross carrying/nominal amount						
			Of which non-performing					
				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On-balance-sheet exposures**	**38,193,806**	**7,256**	**7,256**	**34,959,985**	**-1,113**		**-**
020	FI	32,814,671	7,256	7,256	32,346,052	-851		-
030	GB	1,602,947	-	-	1,580,292	-220		-
040	DE	707,760	-	-	318,511	-13		-
050	FR	547,621	-	-	48,566	-1		-
060	CA	509,280	-	-	309,470	-14		-
070	Other countries	2,011,525	-	-	357,093	-14		-
080	**Off-balance-sheet exposures**	**2,463,978**	**-**	**-**			**14**	
090	FI	2,463,978	-	-			14	
150	**Total**	**40,657,784**	**7,256**	**7,256**	**34,959,985**	**-1,113**	**14**	**-**

EU CQ5
Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing				
31 Dec 2023 (EUR 1,000)				Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	5,890	-	-	5,890	0	-
040	Electricity, gas, steam and air conditioning supply	288,947	-	-	288,947	-2	-
050	Water supply	841,500	-	-	831,410	-5	-
060	Construction	134,380	1,359	1,359	134,380	-1	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	98,847	-	-	98,847	-1	-
090	Accommodation and food service activities	4,327	-	-	4,327	0	-
100	Information and communication	10,600	-	-	10,600	0	-
110	Real estate activities	15,215,804	147,402	147,402	15,196,140	-2,017	-
120	Financial and insurance activities	11,177	-	-	11,177	0	-
130	Professional, scientific and technical activities	16,229	-	-	16,229	-2	-
140	Administrative and support service activities	21,250	-	-	21,250	0	-
150	Public administration and defense, compulsory social security	1,727	-	-	1,727	0	-
160	Education	-	-	-	-	-	-
170	Human health services and social work activities	101,904	-	-	101,904	0	-
180	Arts, entertainment and recreation	43,717	1,048	1,048	43,717	-23	-
190	Other services	-	-	-	-	-	-
200	**Total**	**16,796,301**	**149,809**	**149,809**	**16,766,547**	**-2,051**	**-**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing				
				Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	-	-	-	-	-	-
020	Mining and quarrying	1,186	-	-	1,186	-	-
030	Manufacturing	6,570	-	-	6,570	-	-
040	Electricity, gas, steam and air conditioning supply	289,273	-	-	289,273	-1	-
050	Water supply	649,426	-	-	639,966	-3	-
060	Construction	169,361	-	-	169,361	-	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	92,341	-	-	92,341	-	-
090	Accommodation and food service activities	4,343	-	-	4,343	-	-
100	Information and communication	754	-	-	754	-	-
110	Real estate activities	13,994,910	5,568	5,568	13,973,106	-585	-
120	Financial and insurance activities	12,044	-	-	12,044	-	-
130	Professional, scientific and technical activities	18,491	-	-	18,491	-2	-
140	Administrative and support service activities	22,725	-	-	22,725	-	-
150	Public administration and defense, compulsory social security	1,813	-	-	1,813	-	-
160	Education	-	-	-	-	-	-
170	Human health services and social work activities	99,952	-	-	99,952	-	-
180	Arts, entertainment and recreation	44,397	1,689	1,689	44,397	-2	-
190	Other services	-	-	-	-	-	-
200	**Total**	**15,407,588**	**7,256**	**7,256**	**15,376,324**	**-595**	**-**

8. Use of credit risk mitigation techniques

EU CR3
CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

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

On 31 December 2023, unsecured debt securities include covered bonds by EUR 1,329 million (EUR 1,090 million) and commercial papers to municipalities and wellbeing services counties by EUR 1,318 million (EUR 1,246 million).

	31 Dec 2023 (EUR 1,000)	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	24,940,884	18,436,394	12,484,151	5,952,243	-
2	Debt securities	4,852,426	317,579	-	317,579	-
3	**Total**	**29,793,310**	**18,753,973**	**12,484,151**	**6,269,822**	**-**
4	Of which non-performing exposures	101	150,713	122,579	28,134	-
EU-5	Of which defaulted	101	150,713			

	31 Dec 2022 (EUR 1,000)	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	24,717,412	16,868,850	11,478,865	5,389,985	-
2	Debt securities	4,549,861	249,200	-	249,200	-
3	**Total**	**29,267,273**	**17,118,050**	**11,478,865**	**5,639,185**	**-**
4	Of which non-performing exposures	136	7,099	2,553	4,546	-
EU-5	Of which defaulted	136	7,099			

9. Credit risk standardised approach

EU CRD
Qualitative disclosure requirements related to standardised approach

The capital requirement for credit risk is calculated using the standardised approach. In the standardised approach external credit assessment may be used according to the Capital Requirements Regulation. MuniFin Group uses external credit assessment institutions (ECAI) recognised by EBA to determine the risk-weight for liquidity portfolio issuers and issues. MuniFin Group uses three EBA-recognised ECAI for this purpose: Standard & Poor's, Moody's Investor Services and Fitch Ratings. The mapping of the alphanumeric scale of each ECAI used with the credit quality steps are aligned with the standard association published by the EBA. There were no changes in the ECAI used compared with year-end of 2022.

31 Dec 2023 and 31 Dec 2022 Asset class (debt securities)	External rating equivalent		
	Standard & Poor's	Moody's	Fitch
Exposures to central governments or central banks	x	x	x
Exposures to regional governments or local authorities	x	x	x
Exposures to public sector entities	x	x	x
Exposures to multilateral development banks	x	x	x
Exposures to international organisations	x	x	x
Exposures to institutions	x	x	x
Exposures to corporates	x	x	x
Exposures in the form of covered bonds	x	x	x
Exposures in other items	x	x	x

EU CR4
Standardised approach – Credit risk exposure and CRM effects

This table shows on- and off-balance sheet exposures, except items treated within the scope of counterparty credit risk are excluded.
Total on- and off-balance sheet exposure amount post CCF and CRM was EUR 47,034 million at the end of December 2023 increasing by EUR 3,559 million from the year-end 2022.

31 Dec 2023 (EUR 1,000)	a	b	c	d	e	f
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1 Central governments or central banks	8,149,371	-	21,709,400	1,149,070	-	0.0000%
2 Regional government or local authorities	16,153,608	704,628	20,690,968	301,337	5,372	0.0256%
3 Public sector entities	225,075	-	203,820	-	5,507	2.7019%
4 Multilateral development banks	93,031	-	93,031	-	-	0.0000%
5 International organisations	127,234	-	127,234	-	-	0.0000%
6 Institutions	1,432,518	-	1,331,289	-	345,124	25.9240%
7 Corporates	6,093,478	2,366,584	39,355	1	8,812	22.3900%
8 Retail	-	-	-	-	-	-
9 Secured by mortgages on immovable property	11,779,567	-	-	-	-	-
10 Exposures in default	141,215	-	-	-	-	-
11 Exposures associated with particularly high risk	-	-	-	-	-	-
12 Covered bonds	1,328,736	-	1,328,736	-	132,874	10.0000%
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	-	-	-	-	-	-
16 Other items	59,852	-	59,852	-	37,056	61.9123%
17 TOTAL	**45,583,684**	**3,071,212**	**45,583,684**	**1,450,408**	**534,744**	**1.1369%**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	8,294,139	-	20,578,173	869,012	-	0.0000%
2	Regional government or local authorities	14,615,347	845,466	18,887,493	295,558	5,240	0.0273%
3	Public sector entities	293,300	-	273,223	-	7,983	2.9219%
4	Multilateral development banks	108,801	-	108,801	-	-	0.0000%
5	International organisations	121,432	-	121,432	-	-	0.0000%
6	Institutions	1,278,256	-	1,180,182	-	290,285	24.5966%
7	Corporates	5,600,553	1,618,498	44,440	-	15,424	34.7063%
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	10,874,824	-	-	-	-	0.0000%
10	Exposures in default	7,092	-	-	-	-	0.0000%
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	1,090,411	-	1,090,411	-	109,041	10.0000%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	26,304	-	26,304	-	23,113	87.8710%
17	**TOTAL**	**42,310,459**	**2,463,964**	**42,310,459**	**1,164,571**	**451,086**	**1.0376%**

EU CR5
Standardised approach

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

The largest change took place in the 0% risk weight bucket, which increased by EUR 3,171 million. 94.1% (94.5%) of the total exposure amount is risk-weighted by 0%.

31 Dec 2023 (EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Risk weight																
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
1 Central governments or central banks	22,858,470	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,858,470	-
2 Regional government or local authorities	20,965,443	-	-	-	26,862	-	-	-	-	-	-	-	-	-	-	20,992,305	20,619,435
3 Public sector entities	176,285	-	-	-	27,535	-	-	-	-	-	-	-	-	-	-	203,820	-
4 Multilateral development banks	93,031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,031	-
5 International organisations	127,234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	127,234	-
6 Institutions	-	-	-	-	1,068,402	-	262,887	-	-	-	-	-	-	-	-	1,331,289	29,393
7 Corporates	-	-	-	-	36,222	-	3,133	-	-	1	-	-	-	-	-	39,356	-
8 Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Covered bonds	-	-	-	1,328,736	-	-	-	-	-	-	-	-	-	-	-	1,328,736	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other items	18,097	-	-	-	5,873	-	-	-	-	35,881	-	-	-	-	-	59,852	41,756
17 TOTAL	**44,238,560**	**-**	**-**	**1,328,736**	**1,164,894**	**-**	**266,020**	**-**	**-**	**35,882**	**-**	**-**	**-**	**-**	**-**	**47,034,092**	**20,690,584**

31 Dec 2022 (EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Risk weight																
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
1 Central governments or central banks	21,447,185	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,447,185	-
2 Regional government or local authorities	19,156,850	-	-	-	26,201	-	-	-	-	-	-	-	-	-	-	19,183,052	18,774,738
3 Public sector entities	233,307	-	-	-	39,916	-	-	-	-	-	-	-	-	-	-	273,223	-
4 Multilateral development banks	108,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,801	-
5 International organisations	121,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,432	-
6 Institutions	-	-	-	-	999,353	-	180,829	-	-	-	-	-	-	-	-	1,180,182	32,440
7 Corporates	-	-	-	-	22,655	-	21,785	-	-	-	-	-	-	-	-	44,440	-
8 Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Covered bonds	-	-	-	1,090,411	-	-	-	-	-	-	-	-	-	-	-	1,090,411	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other items	9	-	-	-	3,976	-	-	-	-	22,318	-	-	-	-	-	26,304	26,296
17 TOTAL	**41,067,585**	**-**	**-**	**1,090,411**	**1,092,102**	**-**	**202,614**	**-**	**-**	**22,318**	**-**	**-**	**-**	**-**	**-**	**43,475,030**	**18,833,474**

10. Exposures to counterparty credit risk

EU CCR1
Analysis of CCR exposure by approach

MuniFin Group has 36 counterparties with which it has active derivative contracts in the interbank financial markets. The Group limits the credit risk arising from these derivative contracts with ISDA Credit Support Annexes. The Group has the above-mentioned collateral agreement with all of these counterparties. Additionally, the MGB's guarantees are used for reducing the derivative counterparty risk of certain counterparties. In addition to the interbank counterparties, MuniFin has derivative contracts with its clients. The counterparty credit risk RWEA has decreased to EUR 38 million (EUR 70 million) when excluding CCP exposures. With CCP exposures the RWEA is 38 million. The change is due to decreased exposure at default. The decrease was influenced by two SA-CCR model changes deployed into production in June 2023.

		a	b	c	d	e	f	g	h
	31 Dec 2023 (EUR 1,000)	**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	20,923	448,670		1.4	1,205,566	657,430	654,419	37,522
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,205,566**	**657,430**	**654,419**	**37,522**

The table above represents counterparty credit risk exposures without exposures to CCP. With CCP exposures included, the exposure value is EUR 683 million and RWEA is EUR 38 million.

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	16,435	500,897		1.4	1,017,970	724,265	724,265	70,039
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,017,970**	**724,265**	**724,265**	**70,039**

The table above represents counterparty credit risk exposures without exposures to CCP. With CCP exposures included, the exposure value is EUR 1,041 million and RWEA is EUR 71 million. Exposure value post-CRM and Exposure value updated for reference period to include exposure at default amount for derivatives with guarantees.

EU CCR2
Transactions subject to own funds requirements for CVA risk

The CVA capital charge has decreased due to lower exposure at default. The decrease was influenced by two SA-CCR model changes deployed into production in June 2023. MuniFin Group manages the CVA capital charge with comprehensive use of CSAs and CCP clearing.

31 Dec 2023 (EUR 1,000)		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	620,832	426,924
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**620,832**	**426,924**

31 Dec 2022 (EUR 1,000)		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	698,235	470,552
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**698,235**	**470,552**

EU CCR3
Standardised approach – CCR exposures by regulatory exposure class and risk weights

Table shows classification of counterparty credit risk exposure value in exposure classes and risk weights after credit risk mitigation. MuniFin Group applies SA-CCR method in calculating the counterparty credit risk. After credit risk mitigation, 82.6% (77.9%) of the total exposure value is in the 0% risk weight bucket. Credit risk mitigation techniques applied are guarantees granted by the MGB and municipalities.

31 Dec 2023 (EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	35,196	-	-	-	-	-	-	-	-	-	-	35,196
3	Public sector entities	528,570	-	-	-	-	-	-	-	-	-	-	528,570
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	28,137	-	-	3,186	45,132	-	-	-	-	-	76,455
7	Corporates	-	-	-	-	22,829	19,506	-	-	-	-	-	42,335
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**563,766**	**28,137**	**-**	**-**	**26,015**	**64,638**	**-**	**-**	**-**	**-**	**-**	**682,556**

31 Dec 2022 (EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
Exposure classes		**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	**Total exposure value**
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	26,030	-	-	-	-	-	-	-	-	-	-	26,030
3	Public sector entities	556,350	-	-	-	-	-	-	-	-	-	-	556,350
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	23,329	-	-	3,013	87,299	-	-	-	-	-	113,640
7	Corporates	-	-	-	-	-	51,574	-	-	-	-	-	51,574
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**582,380**	**23,329**	**-**	**-**	**3,013**	**138,872**	**-**	**-**	**-**	**-**	**-**	**747,594**

EU CCR5
Composition of collateral for CCR exposures

The amount of collaterals posted for derivative transactions at the end of December 2023 was EUR 2,178 million (EUR 2,645 million). MuniFin holds a strong credit rating (Aa1/AA+). The impact of a possible credit downgrade lower than four notches of MuniFin's rating would not have any impact on the collateral posted.

31 Dec 2023 (EUR 1,000)	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	-	473,813	316,000	1,686,384	-	-	-	-
2 Cash – other currencies	-	-	-	106,975	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	68,517	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	**-**	**473,813**	**384,517**	**1,793,359**	**-**	**-**	**-**	**-**

31 Dec 2022 (EUR 1,000)	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	-	815,362	291,000	2,118,055	-	-	-	-
2 Cash – other currencies	-	-	-	211,310	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	25,000	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	**-**	**815,362**	**316,000**	**2,329,364**	**-**	**-**	**-**	**-**

EU CCR8
Exposures to CCPs

Exposures for qualified central clearing counterparties increased to EUR 28 million (EUR 23 million). The increase was due to higher amount of exposure at default.

31 Dec 2023 (EUR 1,000)		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**563**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	28,137	563
3	(i) OTC derivatives	28,137	563
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	384,517	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

31 Dec 2022 (EUR 1,000)		a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		**467**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	23,329	467
3	(i) OTC derivatives	23,329	467
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	291,000	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

MuniFin

11. Use of standardised approach and internal model for market risk

EU MR1 - Market risk under the standardised approach

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

The foreign exchange risk position was EUR 4.7 million at the end of December 2023 (EUR 4.8 million). Since the foreign exchange risk position was less than 2% of the own funds, there was no capital requirement for it (CRR 575/2013, Art. 351).

MuniFin Group does not hold trading book exposures.

31 Dec 2023 (EUR 1,000)		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	4,721
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**4,721**

31 Dec 2022 (EUR 1,000)		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	4,833
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**4,833**

12. Disclosure of operational risk

EU OR1
Operational risk own funds requirements and risk-weighted exposure amounts

31 Dec 2023 (1,000 EUR))	a	b	c	d	e
	Relevant indicator				
Banking activities	Year-3	Year-2	Last year	Own funds requirements	Risk exposure amount
1 Banking activities subject to basic indicator approach (BIA)	305,340	293,942	200,393	39,984	499,797
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3 Subject to TSA:	-	-	-	-	-
4 Subject to ASA:	-	-	-	-	-
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

31 Dec 2022 (1,000 EUR)	a	b	c	d	e
	Relevant indicator				
Banking activities	Year-3	Year-2	Last year	Own funds requirements	Risk exposure amount
1 Banking activities subject to basic indicator approach (BIA)	242,146	305,340	293,942	42,071	525,892
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3 Subject to TSA:	-	-	-	-	-
4 Subject to ASA:	-	-	-	-	-
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

13. Remuneration policy

EU REM1
Remuneration awarded for the financial year

31 Dec 2023 (EUR 1,000)			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	9	1	7	19
2		Total fixed remuneration	339	361	1,441	2,290
3		Of which: cash-based	339	361	1,441	2,290
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				

31 Dec 2023 (EUR 1,000)			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
9	Variable remuneration	Number of identified staff	9	1	7	19
10		Total variable remuneration	-	104	404	454
11		Of which: cash-based	-	52	225	454
12		Of which: deferred	-	21	72	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	52	179	-
EU-14y		Of which: deferred	-	52	179	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**339**	**466**	**1,845**	**2,744**

31 Dec 2022 (EUR 1,000)			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	9	1	7	19
2		Total fixed remuneration	310	350	1,388	2,375
3		Of which: cash-based	310	350	1,388	2,375
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	9	1	7	19
10		Total variable remuneration	-	80	276	399
11		Of which: cash-based	-	40	225	399
12		Of which: deferred	-	16	21	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	40	51	-
EU-14y		Of which: deferred	-	40	51	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**310**	**431**	**1,664**	**2,774**

EU REM2
Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	31 Dec 2023 (EUR 1,000)	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	0	0	0
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	0	0
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

31 Dec 2022 (EUR 1,000)		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	0	0	0
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	1
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	69
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	0	0
7	Severance payments awarded during the financial year - Total amount	-	-	-	0
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	0

EU REM3
Deferred remuneration

31 Dec 2023 (EUR 1,000) Deferred and retained remuneration	a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU - h Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function								
2 Cash-based	-	-	-	-	-	-	-	-
3 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5 Other instruments	-	-	-	-	-	-	-	-
6 Other forms	-	-	-	-	-	-	-	-
7 MB Management function								
8 Cash-based	55	21	34	-	-	-	17	-
9 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11 Other instruments	103	52	51	-	-	-	42	48
12 Other forms	-	-	-	-	-	-	-	-

	31 Dec 2023 (EUR 1,000) Deferred and retained remuneration	a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU - h Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
13	Other senior management								
14	Cash-based	127	72	56	-	-	-	18	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	253	179	73	-	-	-	50	125
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff								
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**537**	**324**	**213**	**-**	**-**	**-**	**127**	**173**

31 Dec 2022 (EUR 1,000) Deferred and retained remuneration		a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU - h Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function								
8	Cash-based	51	16	34	-	-	-	18	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	93	40	52	-	-	-	43	42
12	Other forms	-	-	-	-	-	-	-	-

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31 Dec 2022 (EUR 1,000) Deferred and retained remuneration		a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU - h Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
13	Other senior management								
14	Cash-based	73	21	53	-	-	-	20	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	124	51	72	-	-	-	95	50
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff								
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**340**	**128**	**212**				**176**	**92**

EU REM4
Remuneration of 1 million EUR or more per year

MuniFin Group does not have any high earners as set out in Article 450(i) CRR.

EU REM5
Information of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
31 Dec 2023 (EUR 1,000)		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										36
2	Of which: members of the MB	9	1	10							
3	Of which: other senior management				-	-	-	4	1	2	
4	Of which: other identified staff				-	-	-	5	4	10	
5	Total remuneration of identified staff	339	466	805	-	-	-	1,848	801	1,940	
6	Of which: variable remuneration	-	104	104	-	-	-	366	114	377	
7	Of which: fixed remuneration	339	361	700	-	-	-	1,482	686	1,563	

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
31 Dec 2022 (EUR 1,000)		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										36
2	Of which: members of the MB	9	1	10							
3	Of which: other senior management				-	-	-	4	1	2	
4	Of which: other identified staff				-	-	-	5	4	10	
5	Total remuneration of identified staff	310	431	740	-	-	-	1,735	803	1,900	
6	Of which: variable remuneration	-	80	80	-	-	-	290	111	274	
7	Of which: fixed remuneration	310	350	660	-	-	-	1,445	691	1,626	

14. Encumbered and unencumbered assets

EU AE1
Encumbered and unencumbered assets

Presented figures for years 2023 and 2022 are based on median values of quarterly data on a rolling basis over previous twelve months.

31 Dec 2023 (EUR 1,000)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**20,249,897**	**58,643**			**28,219,568**	**10,762,312**		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	25,198	25,198	25,198	25,198	4,747,775	3,068,486	4,747,775	3,068,486
050	of which: covered bonds	-	-	-	-	1,200,441	1,200,441	1,200,441	1,200,441
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	25,198	25,198	25,198	25,198	1,947,313	706,076	1,947,313	706,076
080	of which: issued by financial corporations	-	-	-	-	2,683,857	2,308,007	2,683,857	2,308,007
090	of which: issued by non-financial corporations	-	-	-	-	134,534	-	134,534	-
120	Other assets	20,201,960	33,587			23,556,482	7,749,671		

31 Dec 2022 (EUR 1,000)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**19,216,864**	**36,401**			**28,663,392**	**7,091,225**		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	34,993	34,993	34,993	34,993	4,790,135	2,984,837	4,790,135	2,984,837
050	of which: covered bonds	-	-	-	-	1,047,691	1,047,691	1,047,691	1,047,691
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	25,283	25,283	25,283	25,283	2,096,464	854,155	2,096,464	854,155
080	of which: issued by financial corporations	-	-	-	-	2,527,981	2,165,602	2,527,981	2,165,602
090	of which: issued by non-financial corporations	-	-	-	-	171,913	-	171,913	-
120	Other assets	19,216,864	35,295			23,852,101	4,106,419		

EU AE2
Collateral received and own debt securities issued

Collateral received is cash collateral related to CSA agreements on derivatives. Presented figures for years 2023 and 2022 are based on median values of quarterly data on a rolling basis over previous twelve months.

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
31 Dec 2023 (EUR 1,000)		010	030	040	060
130	**Collateral received by the disclosing institution**	-	-	605,560	605,560
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	605,560	605,560
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and securitisations issued and not yet pledged**			-	-
250	**Total collateral received and own debt securities issued**	**20,249,897**	**58,643**		

31 Dec 2022 (EUR 1,000)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	010	030	040	060
130 Collateral received by the disclosing institution	-	-	1,118,387	1,118,387
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	-	-	-	-
170 of which: covered bonds	-	-	-	-
180 of which: securitisations	-	-	-	-
190 of which: issued by general governments	-	-	-	-
200 of which: issued by financial corporations	-	-	-	-
210 of which: issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	1,118,387	1,118,387
230 Other collateral received	-	-	-	-
240 Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241 Own covered bonds and securitisations issued and not yet pledged			-	-
250 Total collateral received and own debt securities issued	**19,216,864**	**36,401**		

EU AE3 Sources of encumbrance

Presented figures for years 2023 and 2022 are based on median values of quarterly data on a rolling basis over previous twelve months.

31 Dec 2023 (EUR 1,000)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
010 Carrying amount of selected financial liabilities	45,618,851	20,214,570

31 Dec 2022 (EUR 1,000)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
010 Carrying amount of selected financial liabilities	42,271,908	19,181,569

EU AE4
Accompanying narrative information

(a) General narrative information on asset encumbrance

The above disclosures represents the median values of quarterly data, on a rolling basis over the previous twelve months. The same scope of regulatory consolidation is used for the disclosures on asset encumbrance as for the liquidity requirements used to define HQLA eligibility. Only the assets of the Parent Company entail asset encumbrance.

(b) Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.

Financial assets classified as encumbered assets relate to loans that have been pledged to the MGB as counter collateral for guarantees it has given to Municipality Finance's funding, loans that are pledged to the central bank for possible monetary policy operations and cash collateral pertaining to derivatives. MuniFin does not have any covered bond or asset-backed security issuances.

During the reporting period, the medium values of encumbered assets related to loans pledged to MGB (EUR 12,681 million), loans pledged to Central Bank for possible monetary policy operations (EUR 4,894 million), cash collateral related to derivatives (EUR 2,900 million) and minimum reserves held at the central bank (EUR 34 million).
During the reporting period, all encumbered assets have been EUR nominated.

MuniFin maintains a sufficient liquidity portfolio of unencumbered, highly liquid assets at all times. MuniFin constantly monitors the amount of encumbered assets within the liquidity portolio. MuniFin uses cash and securities for derivatives collateral management. However, the source of asset encumbrance in the liquidity portfolio was mostly repo related collateral management. During the reporting period, most of the assets within liquidity portfolio were unencumbered, of which EUR 10,762 million were HQLA eligible.

Other assets within template A, that have been classified as unencumbered, include cash with central banks, loans and advances, derivative contracts, intangible assets, tangible assets and other fixed assets.

The additional columns for asset quality indicators have been disclosed according to Article 2 (1) of the EBA/RTS/2017/03 to the templates A and B as of 31 December 2023.

15. Disclosure of exposures to interest rate risk on positions not held in the trading book

EU IRRBB1
Interest rate risks of non-trading book activities

Current period is as of 31 December 2023. Last period is 31 December 2022. In current and last period, a 50% weight is used to positive EVE changes when summing up the EVE, inline with the Supervisory outlier test specifications in EBA/GL/2018/02 . Most of all EVE risk comes from EUR.

	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios	Current period	Last period	Current period	Last period
1 Parallel up	-92,820	-33,689	-8,020	25,895
2 Parallel down	58,826	47,970	9,344	-25,155
3 Steepener	17,668	5,327		
4 Flattener	-48,814	-13,633		
5 Short rates up	-75,951	-25,621		
6 Short rates down	40,353	13,809		

16. ESG risks

Template 1
Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

MuniFin Group followed the Partnership for Carbon Accounting Financials (PCAF) methodology for calculating GHG financed emissions. For the assets in scope of template 1, the Group has utilised different methodologies for real estate related loans, business loans and motor vehicle loans. PCAF data quality scores reflect the type of data that was available to estimate financed emissions. PCAF data quality score 1–2 include reported emissions, scores 2–3 physical activity-based emissions, and scores 4–5 economic activity-based emissions, as per PCAF guidance.

Real estate loans
PCAF's Global Standard section 5.5 methodology was followed. PCAF data quality score ranged from 3 to 4 for financing granted to finance real estate. Where available, MuniFin Group has used actual energy efficiency and area data of the property financed. Where this data was not available, these values were estimated using average energy efficiency and average property price per square meter. As per PCAF guidance, financed emissions for real estate cover scopes 1 and 2. Estimates are physical activity-based. Data sources used included Statistics Finland, IEA, UK BEIS and PCAF database (CRREM Global Pathways emission factors).

Business loans
PCAF's Global Standard section 5.2 methodology was followed. PCAF data quality score for assets with other purposes ranged from 4 to 5. For business loans, as reported emission data or the specific purpose of the financing were not available, economic activity-based estimates for sector-specific emission factors were used. Where financial information was not available, potential revenue generated from the outstanding loan was estimated using an asset turnover ratio that was based on sector/industrial activity. Financed emissions for business loans cover scopes 1 and 2. Data source for business loans included an external consultant's internal data base.

Motor vehicle loans

PCAF's Global Standard section 5.6 methodology was followed. PCAF data quality score for motor vehicle loans was 5. Estimates for financed emissions are physical activity-based estimates for the type of the vehicle, typical fuel type used and average distance travelled had to be used in lack of actual data. Data sources used included Statistics Finland and UK BEIS. The share of emissions belonging as MuniFin Group financed emissions were attributed based on the outstanding debt per property value, the outstanding debt amount per the total debt plus equity of the counterparty, and based on outstanding debt amount per the vehicle value, for real estate loans, business loans and motor vehicle loans, respectively.

Because financed emission calculation requires up to date emission factors and as the Group's calculation practices are still developing the Group had to manage the timing difference of the emission calculation and the Pillar 3 ESG reporting. The financed emissions used in the reporting were based on the latest available calculations. Due to the changes in outstanding values of the financing, the Group scaled the financed emissions to reflect the outstanding amount of the reporting date. As some lending has been granted after the emission calculation, financed emissions figures are not yet available for such assets but this is an area of future development.

It should be noted that the current emission calculation methodology does not cover scope 3 financed emissions of the counterparties as reliable methodology to assess these is yet to be developed. This means that column j is empty since the financed emissions reported includes only scope 1 and 2 financed emissions. MuniFin Group will start to disclose the information in column j as of 30 June 2024 (first reference date).

MuniFin Group has reviewed its counterparties and can conclude that it does not have any exposure towards companies excluded from the EU Paris-aligned Benchmarks. The Group has conducted a portfolio and market analysis considering the information to be reported in column c ("of which environmentally sustainable (CCM)"). MuniFin Group does not at the moment have a reliable way to prove its counterparties alignment with the EU Taxonomy as the Group's counterparties (mostly consisting of municipalities, joint municipal authorities, wellbeing services counties and corporate entities under their control) do not report this information and this information has not been collected from these counterparties in the past. This means that column c is reported as 0.

It should be noted that the data for the comparative period (31 Dec 2022) for row 54 ("K - Financial and insurance activities") has been revised since MuniFin Group did previously use the non-financial corporations scope for the whole template (including row "K - Financial and insurance activities"). The scope has now been updated to include also financial corporations (limited to row 54).

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
31 Dec 2023 (EUR million)		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
Sector/subsector			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	16,806	-	-	1,261	149	-1	-1	0	0	-	0	702	1,605	2,239	12,261	26
2	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	*B.05 - Mining of coal and lignite*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	*B.07 - Mining of metal ores*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	*B.08 - Other mining and quarrying*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	*B.09 - Mining support service activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	C - Manufacturing	6	-	-	-	-	0	-	-	0	-	0	-	6	-	-	8
10	*C.10 - Manufacture of food products*	6	-	-	-	-	0	-	-	0	-	0	-	6	-	-	8
11	*C.11 - Manufacture of beverages*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	*C.12 - Manufacture of tobacco products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	*C.13 - Manufacture of textiles*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	*C.14 - Manufacture of wearing apparel*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	*C.15 - Manufacture of leather and related products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
31 Dec 2023 (EUR million) Sector/subsector			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
17	*C.17 - Manufacture of pulp, paper and paperboard*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	*C.18 - Printing and service activities related to printing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	*C.19 - Manufacture of coke oven products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	*C.20 - Production of chemicals*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	*C.21 - Manufacture of pharmaceutical preparations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	*C.22 - Manufacture of rubber products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	*C.23 - Manufacture of other non-metallic mineral products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	*C.24 - Manufacture of basic metals*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	*C.26 - Manufacture of computer, electronic and optical products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	*C.27 - Manufacture of electrical equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 Dec 2023 (EUR million)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
30 *C.30 - Manufacture of other transport equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 *C.31 - Manufacture of furniture*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 *C.32 - Other manufacturing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 *C.33 - Repair and installation of machinery and equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34 D - Electricity, gas, steam and air conditioning supply	303	-	-	2	-	0	0	-	0	-	0	146	91	55	11	7
35 *D35.1 - Electric power generation, transmission and distribution*	193	-	-	-	-	0	-	-	0	-	0	112	67	14	1	5
36 *D35.11 - Production of electricity*	72	-	-	-	-	0	-	-	0	-	0	49	11	12	0	5
37 *D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38 *D35.3 - Steam and air conditioning supply*	110	-	-	2	-	0	0	-	0	-	0	35	24	41	10	9
39 E - Water supply; sewerage, waste management and remediation activities	933	-	-	7	-	0	0	-	0	-	0	149	342	317	125	13
40 F - Construction	134	-	-	4	1	0	0	0	0	-	0	1	50	17	66	20
41 *F.41 - Construction of buildings*	130	-	-	4	1	0	0	0	0	-	0	0	48	16	65	20
42 *F.42 - Civil engineering*	3	-	-	-	-	0	-	-	0	-	0	0	0	1	1	17
43 *F.43 - Specialised construction activities*	2	-	-	-	-	0	-	-	0	-	0	0	2	-	-	9

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
31 Dec 2023 (EUR million) Sector/subsector			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	H - Transportation and storage	99	-	-	-	-	0	-	-	0	-	0	15	36	33	15	12
46	*H.49 - Land transport and transport via pipelines*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	*H.50 - Water transport*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	*H.51 - Air transport*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	*H.52 - Warehousing and support activities for transportation*	99	-	-	-	-	0	-	-	0	-	0	15	36	33	15	12
50	*H.53 - Postal and courier activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	I - Accommodation and food service activities	4	-	-	-	-	0	-	-	0	-	0	-	-	-	4	31
52	L - Real estate activities	15,327	-	-	1,249	147	-1	-1	0	0	-	0	392	1,080	1,817	12,039	27
53	**Exposures towards sectors other than those that highly contribute to climate change***	5,160	-	-	13	1	0	0	0				2,502	386	38	2,234	11
54	K - Financial and insurance activities	4,963	-	-	0	-	0	-	-				2,493	348	8	2,114	11
55	Exposures to other sectors (NACE codes J, M - U)	196	-	-	13	1	0	0	0				9	38	30	120	22
56	**TOTAL**	**21,966**	**-**	**-**	**1,274**	**150**	**-2**	**-1**	**0**	**0**	**-**	**0**	**3,204**	**1,991**	**2,277**	**14,495**	**22**

* In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
	31 Dec 2022 (EUR million) Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	15,395	-	-	236	6	-1	-1	0	283,145	0	0	571	1,577	2,072	11,175	26
2	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	B - Mining and quarrying	1	-	-	-	-	0	-	-	1,869	-	0	1	-	-	-	1
4	*B.05 - Mining of coal and lignite*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	*B.07 - Mining of metal ores*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	*B.08 - Other mining and quarrying*	1	-	-	-	-	0	-	-	1,869	-	0	1	-	-	-	1
8	*B.09 - Mining support service activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	C - Manufacturing	7	-	-	-	-	0	-	-	474	-	0	-	7	-	-	9
10	*C.10 - Manufacture of food products*	7	-	-	-	-	0	-	-	474	-	0	-	7	-	-	9
11	*C.11 - Manufacture of beverages*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	*C.12 - Manufacture of tobacco products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	*C.13 - Manufacture of textiles*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	*C.14 - Manufacture of wearing apparel*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	*C.15 - Manufacture of leather and related products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 Dec 2022 (EUR million)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
Sector/subsector			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures			Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
17	C.17 - Manufacture of pulp, paper and paperboard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	C.18 - Printing and service activities related to printing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	C.19 - Manufacture of coke oven products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	C.20 - Production of chemicals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
31 Dec 2022 (EUR million) Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
30 *C.30 - Manufacture of other transport equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 *C.31 - Manufacture of furniture*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 *C.32 - Other manufacturing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 *C.33 - Repair and installation of machinery and equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34 D - Electricity, gas, steam and air conditioning supply	322	-	-	-	-	0	-	-	64,491	-	0	134	130	47	12	7
35 *D35.1 - Electric power generation, transmission and distribution*	214	-	-	-	-	0	-	-	44,472	-	0	109	93	10	1	5
36 *D35.11 - Production of electricity*	88	-	-	-	-	0	-	-	17,836	-	0	49	31	8	-	5
37 *D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38 *D35.3 - Steam and air conditioning supply*	108	-	-	-	-	0	-	-	20,019	-	0	25	36	37	10	10
39 E - Water supply; sewerage, waste management and remediation activities	754	-	-	2	-	0	0	-	43,680	-	0	168	342	208	35	10
40 F - Construction	169	-	-	0	-	0	0	-	2,909	-	0	1	40	22	106	23
41 *F.41 - Construction of buildings*	128	-	-	0	-	0	0	-	1,696	-	0	1	39	21	67	21
42 *F.42 - Civil engineering*	2	-	-	-	-	0	-	-	6	-	0	0	0	1		11
43 *F.43 - Specialised construction activities*	40	-	-	-	-	0	-	-	1,207	-	0	-	1	-	39	32

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
31 Dec 2022 (EUR million) Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environ-mentally sustainable (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		Of which Stage 2 exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 H - Transportation and storage	96	-	-	1	-	0	0	-	937	-	0	13	33	45	6	10
46 *H.49 - Land transport and transport via pipelines*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 *H.50 - Water transport*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 *H.51 - Air transport*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49 *H.52 - Warehousing and support activities for transportation*	96	-	-	1	-	0	0	-	937	-	0	13	33	45	6	10
50 *H.53 - Postal and courier activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51 I - Accommodation and food service activities	4	-	-	-	-	0	-	-	207	-	0	-	-	-	4	32
52 L - Real estate activities	14,042	-	-	233	6	-1	-1	0	168,579	0	0	254	1,026	1,749	11,013	27
53 **Exposures towards sectors other than those that highly contribute to climate change***	5,358	0	0	10	2	0	0	0				2,239	308	47	2,764	12
54 K - Financial and insurance activities	5,170	0	0	0	0	0	0	0				2,235	269	10	2,656	12
55 Exposures to other sectors (NACE codes J, M - U)	189	0	0	10	2	0	0	0				4	39	37	109	22
56 TOTAL	**20,754**	**0**	**0**	**246**	**7**	**0**	**-1**	**0**	**283,145**	**0**	**0**	**2,810**	**1,886**	**2,119**	**13,940**	**22**

* In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Template 2
Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

MuniFin Group reports the actual energy efficiency information of the collateral to the extent information has been received from customers or received using a public source (the energy performance certificate register maintained by the Housing Finance and Development Center of Finland (ARA)). There are several versions of energy performance certificates used in Finland and reported energy efficiency information includes information calculated using standards of 2007, 2013 and 2018.

For collaterals, where information was not received or available, energy efficiency has been estimated. Estimation has been done in line with thresholds in the latest energy performance certificate in Finland. Estimation of the energy efficiency of the immovable property is based on the building type as well as the year of construction. The Housing Finance and Development Center of Finland (ARA) maintains energy performance certificate register and statistical information regarding the average energy efficiency has been collected from the register. There are some collaterals where energy efficiency information was not available and therefore columns b-g do not equal column a.

31 Dec 2023 (EUR million)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total gross carrying amount amount															
		Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
Counterparty sector		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1 **Total EU area**	13,055	5,453	6,247	739	119	38	38	1,332	3,179	3,655	1,091	659	311	206	2,624	99%
2 Of which Loans collateralised by commercial immovable property	1	-	1	-	-	-	-	-	-	-	-	-	-	-	1	100%
3 Of which Loans collateralised by residential immovable property	13,054	5,453	6,246	739	119	38	38	1,332	3,179	3,655	1,091	659	311	206	2,623	99%
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	2,586	1,664	904	18	-	-	-								2,586	100%
6 **Total non-EU area**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
31 Dec 2022 (EUR million) **Counterparty sector**			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	12,066	4,795	6,162	743	119	38	38	1,009	2,869	3,660	1,097	645	319	202	2,264	99%
2	Of which Loans collateralised by commercial immovable property	1	-	1	-	-	-	-	-	-	-	-	-	-	-	1	100%
3	Of which Loans collateralised by residential immovable property	12,062	4,793	6,160	743	119	38	38	1,009	2,868	3,660	1,097	645	319	202	2,262	99%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	2,248	1,379	851	18	-	-	-								2,248	100%
6	**Total non-EU area**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-

Template 4
Banking book - Climate Change transition risk: Exposures to top 20 carbon-intensive firms

As of 31 December 2023, MuniFin Group does not have any exposures towards the top 20 carbon-intensive firms in the world. The list considered to identify the top 20 carbon-intensive firms in the world is the Carbon Majors Database and the reference date of the list is end of year 2018.

Template 5
Banking book - Climate change physical risk: Exposures subject to physical risk

MuniFin Group uses dedicated external data sources recognised by EBA or provided by national governmental institutes to determine risks associated with climate change related hazards. The scope of acute physical risks includes the most common acute risks recognised in Finland where all MuniFin Group's exposures in the scope are located. These risks are floods, precipitation, and wildfires. The most significant flood risk areas for 2018–2024 in Finland are defined by Ministry of Agriculture and Forestry. Finnish Environmental Institute provides data of these areas and that data was used to identify collaterals located on significant flood risk areas. Analysis is done on postal code level. Flood risk includes coastal flooding and river flooding. The data source for extreme precipitation is Prepdata and the analysis for MuniFin Group's banking book is conducted on county/region level. The baseline information was compared with 2030 prediction in low emission scenario. The data source for wildfire is ThinkHazard and the analysis is conducted on country/region level. ThinkHazard classifies risks based on future occurrences of certain hazard.

The scope of chronic physical risks includes the most common physical risks which are water scarcity and extreme heat. Sea level rise is not included as separate acute risk as costal flooding is included in acute risks. The data source for both water scarcity and extreme heat is ThinkHazard and the analysis for MuniFin's banking book is conducted on county/region level. ThinkHazard classifies risks based on future occurrences of certain hazard. The physical risk reported in the template consists only of flood risk since other physical risks did not exceed internally defined risk thresholds and hence are not reported.

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
31 Dec 2023 (EUR million) **Finland**		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 C - Manufacturing	6	-	-	-	-	-	-	-	-	-	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	303	22	20	11	3	7	-	56	-	-	-	0	-	-
5 E - Water supply; sewerage, waste management and remediation activities	933	25	31	115	23	14	-	195	-	1	-	0	0	-
6 F - Construction	134	0	5	13	8	17	-	26	-	-	0	0	-	0
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 H - Transportation and storage	99	7	-	-	-	3	-	7	-	-	-	0	-	-
9 L - Real estate activities	15,327	78	215	218	1,245	25	-	1,756	-	205	50	0	0	0
10 Loans collateralised by residential immovable property	13,054	4	135	85	1,176	30	-	1,400	-	119	28	0	0	0
11 Loans collateralised by commercial immovable property	1	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Repossessed colalterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

a		b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
31 Dec 2022 (EUR million) **Finland**			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity				Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	1	-	-	-	-	-	-	0	-	-	-	-	-	-
3	C - Manufacturing	7	-	-	-	-	-	-	0	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	322	19	37	11	3	7	-	70	-	-	-	0	-	-
5	E - Water supply; sewerage, waste management and remediation activities	754	30	24	122	23	14	-	200	-	0	-	0	0	-
6	F - Construction	169	0	4	14	18	22	-	37	-	-	-	0	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	96	8	-	-	-	4	-	8	-	-	-	0	-	-
9	L - Real estate activities	14,042	73	203	211	1,204	25	-	1,684	-	24	1	0	0	-
10	Loans collateralised by residential immovable property	12,062	3	139	83	1,153	32	-	1,378	-	-	1	0	-	-
11	Loans collateralised by commercial immovable property	1	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed colalterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 6
Summary of GAR KPIs

	KPI			
31 Dec 2023	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	0.00%	0.00%	0.00%	3.73%
GAR flow				

* % of assets covered by the KPI over banks´ total assets.

Template 7
Mitigating actions: Assets for the calculation of GAR

Since financial corporations have limited disclosure requirements for the Q4/2023 reference period under the Non-financial Reporting Directive (NFRD), all taxonomy-related data collected from financial corporations have been solely disclosed in the TOTAL (CCM + CCA) columns. MuniFin Group's all household exposures (exposures to non-profit institutions serving households) are reported on row 24 "Households". Row 44 'Other assets' includes exposures to financial corporations not subject to NFRD, tangible assets, intangible assets, tax assets and other assets in the Group's balance-sheet.

31 Dec 2023 (EUR million)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator																
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,854	271	-	-	-	-	-	-	-	-	-	347	-	-	-	-
2 **Financial corporation**	1,261	-	-	-	-	-	-	-	-	-	-	75	-	-	-	-
3 Credit institutions	1,239	-	-	-	-	-	-	-	-	-	-	75	-	-	-	-
4 Loans and advances	624	-	-	-	-	-	-	-	-	-	-	42	-	-	-	-
5 Debt securities, including UoP	615	-	-	-	-	-	-	-	-	-	-	33	-	-	-	-
6 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
7 Other financial corporations	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-

31 Dec 2023 (EUR million)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Disclosure reference date T															
	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
20 **Non-financial corporations (subject to NFRD disclosure obligations)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24 **Households**	353	32	-	-	-	-						32	-	-	-	-
25 of which loans collateralised by residential immovable	226	32	-	-	-	-						32	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-						-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-						-	-	-	-	-
28 **Local governments financing**	240	240	-	-	-	-	-	-	-	-	-	240	-	-	-	-
29 Housing financing	240	240	-	-	-	-	-	-	-	-	-	240	-	-	-	-
30 Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 TOTAL GAR ASSETS	1,854	271	-	-	-	-	-	-	-	-	-	347	-	-	-	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
			Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	31 Dec 2023 (EUR million)	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)																	
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	17,014															
34	Loans and advances	16,796															
35	Debt securities	217															
36	Equity instruments	-															
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	-															
38	Loans and advances	-															
39	Debt securities	-															
40	Equity instruments	-															
41	Derivatives	1,682															
42	On demand interbank loans	63															
43	Cash and cash-related assets	0															
44	Other assets (e.g. Goodwill, commodities etc.)	2,907															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	23,520															

•••

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
			Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	31 Dec 2023 (EUR million)	**Total gross carrying amount**			**Of which specialised lending**	**Of which transitional**	**Of which enabling**			**Of which specialised lending**	**Of which adaptation**	**Of which enabling**			**Of which specialised lending**	**Of which transitional/ adaptation**	**Of which enabling**
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	17,874															
47	Central banks exposure	7,991															
48	Trading book	354															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	26,219															
50	**TOTAL ASSETS**	49,739															

Template 8 GAR (%)

MuniFin Group will start to disclose the information in columns q - af ("KPIs on flow") as of 30 June 2024.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Disclosure reference date T: KPIs on stock															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
31 Dec 2023 (EUR million) **% (compared to total covered assets in the denominator)**			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
1 GAR	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.47%	0.00%	0.00%	0.00%	0.00%	3.73%
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.47%	0.00%	0.00%	0.00%	0.00%	3.73%
3 Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.32%	0.00%	0.00%	0.00%	0.00%	2.54%
4 Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.32%	0.00%	0.00%	0.00%	0.00%	2.49%
5 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%
6 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Non-financial corporations subject to NFRD disclosure	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Households	0.13%	0.00%	0.00%	0.00%	0.00%						0.13%	0.00%	0.00%	0.00%	0.00%	0.71%
11 of which loans collateralised by residential immovable property	0.13%	0.00%	0.00%	0.00%	0.00%						0.13%	0.00%	0.00%	0.00%	0.00%	0.45%
12 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Local government financing	1.02%	0.00%	0.00%	0.00%	0.00%						1.02%	0.00%	0.00%	0.00%	0.00%	0.48%
15 Housing financing	1.02%	0.00%	0.00%	0.00%	0.00%						1.02%	0.00%	0.00%	0.00%	0.00%	0.48%
16 Other local governments financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T: KPIs on flow															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
31 Dec 2023 (EUR million) **% (compared to total covered assets in the denominator)**			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1 GAR																
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																
3 Financial corporations																
4 Credit institutions																
5 Other financial corporations																
6 of which investment firms																
7 of which management companies																
8 of which insurance undertakings																
9 Non-financial corporations subject to NFRD disclosure																
10 Households																
11 of which loans collateralised by residential immovable property																
12 of which building renovation loans																
13 of which motor vehicle loans																
14 Local government financing																
15 Housing financing																
16 Other local governments financing																
17 Collateral obtained by taking possession: residential and commercial immovable properties																

Template 10
Other climate change mitigating actions that are not covered in the EU Taxonomy

Column f: Qualitative information on the nature of the mitigating actions

Bonds (rows 1-7)

MuniFin Group's sustainable investments are executed according to the Group's Sustainable Investment Framework. Sustainable investments are internally divided into three categories: green, social, and sustainable bonds. The Sustainable Investment Framework requires investments to be aligned with the core components of the respective International Capital Markets Association (ICMA) principles to be included in the thematic portfolio. ESG performance of issuers was incorporated into the Group's liquidity portfolio management in 2016 and the framework was first published in 2021.

Many of the eligible assets in MuniFin Group's liquidity portfolio address EU Taxonomy's environmental objectives 1 and 2 (climate change mitigation and climate change adaptation). Asset categories financed include renewable energy, energy efficiency, green buildings, pollution prevention and control, clean transportation, sustainable management of living natural resources etc. Underlying issuer frameworks seem to focus on transition risks rather than physical risks. Some rare mentions of physical risks can be found in relation to new building projects, where new buildings are built in such a manner that they are not prone to significant physical climate risks (e.g., flooding, storm surges, landslides).

Reflecting the current state of the market, issuers of the bonds in the liquidity portfolio consider EU taxonomy but have not yet aligned their frameworks accordingly. This leads to portfolio assets being on aggregate partially aligned with the taxonomy and thus cannot be classified as fully aligned. Most common reason for deviations on the issuer side is lack of data on the underlying asset pool. Also, some of the internal asset categorization done by issuers differ from the taxonomy and some project categories might not be included in regulation, which is why issuers have opted not to introduce detailed requirements into their own frameworks, until the market and regulation are more developed and coherent.

Loans (rows 8-14)

MuniFin Group's green finance is granted according to MuniFin Green Bond Framework. This framework aligns with the core components of the Green Bond Principles (June 2021) published by the International Capital Markets Association (ICMA) and seeks to comply with best market practices. MuniFin Group has granted green finance using portfolio approach since 2016 with the latest framework dated in August 2022.

The projects are classified in four categories: buildings, transportation, renewable energy, and water and wastewater management. In preparation of the eligibility criteria, MuniFin Group has taken into account the EU Green Taxonomy on a best effort basis. In addition to the mandatory requirements in the MuniFin Green Bond Framework, the project category specific eligibility criteria may include non-compulsory criteria to be considered and promoted in order to make environmentally-friendly investments more attractive to the Group's customers and facilitate the implementation of the EU Taxonomy. The second party opinion consist of a statement which compares the eligibility criteria against the EU Taxonomy technical screening criteria for objective 1. Climate Change Mitigation (CCM). The analysis results are disclosed on project category level as likely aligned, likely partially aligned or not able to assess. For the time being, the market is not ready for the full use of the EU Green Taxonomy as a criteria for all green financing. MuniFin Group's green loan portfolio consists of projects since 2016. Thus, all the information required to assess taxonomy alignment is not available.

The aim of green finance is to create positive effects for the environment and society. Green finance is granted to the Group's customers – i.e. Finnish municipalities', joint municipal authorities', municipality owned companies' and affordable social housing companies' projects that promote the transition to low carbon and climate resilient growth. The Group's portfolio includes projects such as energy efficient buildings, energy efficiency renovations, public transportation and bioenergy heating plants. The projects financed are primarily new projects.

The impacts of the projects in MuniFin Group's green portfolio include among others avoided or reduced CO_2 emissions, energy savings, and production of renewable energy. Through such impacts, the projects contribute to climate change mitigation and the physical risks climate change causes.

The idea behind green finance is that the projects are more aligned with sustainable economy. Many project characteristics that allow projects to be included in the Group green portfolio make the investments less prone to transition risks. For example, focus on energy efficiency of the buildings and the renewable methods for energy production and transportation lead into lower transition risk in comparison to more carbon intensive alternatives.

It should be noted that the data for the comparative period (31 Dec 2022) has been revised to include leasing finance in the scope of loans.

31 Dec 2023	a Type of financial instrument	b Type of counterparty	c Gross carrying amount (million EUR)	d Type of risk mitigated (Climate change transition risk)	e Type of risk mitigated (Climate change physical risk)	f Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	417	Yes	Yes	For qualitative information on the nature of the mitigation actions, please see text above "bonds (row 1-7)".
2		Non-financial corporations	-	-	-	
3		Of which Loans collateralised by commercial immovable property	-	-	-	
4		Households	-	-	-	
5		Of which Loans collateralised by residential immovable property	-	-	-	
6		Of which building renovation loans	-	-	-	
7		Other counterparties	-	-	-	
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	
9		Non-financial corporations	2,102	Yes	Yes	For qualitative information on the nature of the mitigation actions, please see text above "loans (row 8-14)".
10		Of which Loans collateralised by commercial immovable property	-	-	-	
11		Households	8	Yes	Yes	
12		Of which Loans collateralised by residential immovable property	8	Yes	Yes	
13		Of which building renovation loans	-	-	-	
14		Other counterparties	2,713	Yes	Yes	

	a	b	c	d	e	f
31 Dec 2022	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	272	Yes	Yes	For qualitative information on the nature of the mitigation actions, please see text above "bonds (row 1-7)".
2		Non-financial corporations	-	-	-	
3		Of which Loans collateralised by commercial immovable property	-	-	-	
4		Households	-	-	-	
5		Of which Loans collateralised by residential immovable property	-	-	-	
6		Of which building renovation loans	-	-	-	
7		Other counterparties	-	-	-	
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	
9		Non-financial corporations	1,389	Yes	Yes	For qualitative information on the nature of the mitigation actions, please see text above "loans (row 8-14)".
10		Of which Loans collateralised by commercial immovable property	-	-	-	
11		Households	8	Yes	Yes	
12		Of which Loans collateralised by residential immovable property	8	Yes	Yes	
13		Of which building renovation loans	-	-	-	
14		Other counterparties	1,856	Yes	Yes	

17. CRR reference table

Pillar 3 disclosures in accordance with the Articles 435–455 of CRR.

CRR ref.	High level summary	Reference
Article 435	**Disclosure of risk management objectives and policies**	
1(a)	Strategies and processes to manage risks;	Pillar III Disclosure Report 2023 Part 1, chapter 2
1(b)	Governance structure and organisation;	Pillar III Disclosure Report 2023 Part 1, chapter 2.2 Corporate Governance Statement 2023 Part B
1(c)	Scope and nature of risk reporting and measurement systems;	Pillar III Disclosure Report 2023 Part 1
1(d)	Policies for hedging and mitigating risk;	Pillar III Disclosure Report 2023 Part 1
1(e)	Declaration approved by the management body on the adequacy of risk management arrangements;	Pillar III Disclosure Report 2023 Part 1, chapter 2.5
1(f)	Concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy. i) key ratios and figures ii) information on intragroup transactions	Pillar III Disclosure Report 2023 Part 1, chapter 2.5
2(a)	Number of directorships held by members of the Board of Directors;	Corporate Governance Statement 2023, pages 9–10
2(b)	Recruitment policy for the selection of members of the Board of Directors and their actual knowledge, skills and expertise;	Corporate Governance Statement 2023, pages 7–10
2(c)	Policy on diversity with regard to selection of members of the Board of Directors;	Corporate Governance Statement 2023, pages 7–10
2(d)	Separate risk committee and the number of times the risk committee has met;	Corporate Governance Statement 2023, page 12
2(e)	Description of the information flow on risk to the management body.	Pillar III Disclosure Report 2023 Part 1

CRR ref.	High level summary	Reference
Article 436	**Disclosure of scope of application**	
(a)	The name of the institution;	Pillar III Disclosure Report 2023 Part 1, chapter 1.1 and 1.2, Annual Report 2023 and website www.munifin.fi
(b)	Reconciliation between the consolidated financial statements;	Pillar III Disclosure Report 2023 Part 2, chapter 2, templates EU LI3 and EU LIA
(c)	Breakdown of assets and liabilities of the consolidated financial statements;	Pillar III Disclosure Report 2023 Part 2, chapter 2, template EU LI1
(d)	Reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements;	Pillar III Disclosure Report 2023 Part 2, chapter 2, templates EU LI2 and EU LIA
(e)	Breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment;	Pillar III Disclosure Report 2023 Part 2, chapter 2, template EU PV1
(f)	Practical or legal impediments to transfer funds between parent and subsidiaries;	Not applicable
(g)	Capital shortfalls in subsidiaries outside the scope of consolidation;	Not applicable
(h)	If applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9.	Not applicable
Article 437	**Disclosure of own funds**	
1(a)	A full reconciliation of own funds and balance sheet;	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CC1, EU CC2
1(b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CCA
1(c)	Full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CCA
1(d) (i)-(iii)	Separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) each deduction made pursuant to Articles 36, 56 and 66; (iii) items not deducted in accordance with Articles 47, 48, 56, 66 and 79;	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CC1
1(e)	A description of all restrictions applied to the calculation of own funds;	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CC1
1(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	Pillar III Disclosure Report 2023 Part 2, chapter 3, template EU CC1

CRR ref.	High level summary	Reference
Article 437a	**Disclosure of own funds and eligible liabilities**	
	Institutions that are subject to Article 92a or 92b shall disclose information regarding their own funds and eligible liabilities.	Not applicable to MuniFin Group as MuniFin Group is not a G-SII institution.
Article 438	**Disclosure of own funds requirements and risk-weighted exposure amounts**	
(a)	A summary of the approach to assessing the adequacy of its internal capital to support current and future activities;	Pillar III Disclosure Report 2023 Part 1, chapter 2.9 Corporate Governance Statement 2023 page 20
(b)	The amount of the additional own funds requirements based on the SREP and its composition;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(c)	Upon demand from the supervisory authority, the result of the institution's ICAAP;	Not applicable. No such demand has been made by the supervisory authority.
(d)	Total risk-weighted exposure amount and the corresponding total own funds requirement;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU OV1
(e)	The on- and off-balance sheet exposures, the risk-weighted exposure amounts and associated expected losses for specialised lending and equity exposures;	Not applicable
(f)	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company;	Not applicable
(g)	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate;	Not applicable
(h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to immediately preceding disclosure period that result from the use of internal models.	Not applicable
Article 439	**Exposure to counterparty credit risk**	
(a)	A description of the methodology used to assign internal capital and credit limits for counterparty credit exposures;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(b)	A description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(c)	A description of policies for wrong-way risk;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(d)	The amount of collateral the institution would have to provide if its credit rating was downgraded;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(e)	The amount of segregated and unsegregated collateral received and posted per type of collateral	Pillar III Disclosure Report 2023 Part 2, chapter 10, template EU CCR5
(f)	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation;	Pillar III Disclosure Report 2023 Part 2, chapter 10, template EU CCR1
(g)	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation;	Not applicable

CRR ref.	High level summary	Reference
(h)	The exposure values after credit risk mitigation effects and the associated risk exposure for credit valuation adjustment capital charge;	Pillar III Disclosure Report 2023 Part 2, chapter 10, template EU CCR2
(i)	The exposure value to central counterparties and the associated risk exposures;	Pillar III Disclosure Report 2023 Part 2, chapter 10, template EU CCR8
(j)	Notional amounts of credit derivative transactions and distribution of credit derivative products;	Not applicable
(k)	The estimate of alfa if the institution has received the permission of the competent authorities to estimate alfa;	Not applicable
(l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	Pillar III Disclosure Report 2023 Part 2, chapter 10, template EU CCR3
(m)	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of on- and off-balance-sheet derivative business.	Pillar III Disclosure Report 2023 Part 2, chapter 10
Article 440	**Disclosure of capital buffers**	
(a)	The geographical distribution of credit exposures relevant for the calculation of countercyclical capital buffer;	Pillar III Disclosure Report 2023 Part 2, chapter 4, template EU CCyB1
(b)	The amount of institution specific countercyclical capital buffer.	Pillar III Disclosure Report 2023 Part 2, chapter 4, template EU CCyB2
Article 441	**Disclosure of indicators of global systemic importance**	
	Indicator values used for determining the score of the institution.	Not applicable
Article 442	**Disclosure of exposures to credit risk and dilution risk**	
(a)	The scope and definitions for accounting purposes of past due and impaired;	Pillar III Disclosure Report 2023 Part 2, chapter 7, table EU CRB
(b)	A description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Pillar III Disclosure Report 2023 Part 2, chapter 7, table EU CRB
(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures;	Pillar III Disclosure Report 2023 Part 2, chapter 7, templates EU CR1, EU CQ1, EU CQ3, EU CQ4 and EU CQ5
(d)	An ageing analysis of accounting past due exposures;	Pillar III Disclosure Report 2023 Part 2, chapter 7, template EU CQ3
(e)	The gross carrying amounts of defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs and the net carrying amounts and their distribution by geographical area;	Pillar III Disclosure Report 2023 Part 2, chapter 7, templates EU CQ4 and EU CQ5
(f)	Any changes in the gross amount of defaulted on- ja off-balance-sheet exposures;	Pillar III Disclosure Report 2023 Part 2, chapter 7, templates EU CR1 and EU CR2
(g)	The breakdown of loans and debt securities by residual maturity.	Pillar III Disclosure Report 2023 Part 2, chapter 7, template EU CR1-A

CRR ref.	High level summary	Reference
Article 443	**Disclosure of encumbered and unencumbered assets**	
	Information on encumbered and unencumbered assets.	Pillar III Disclosure Report 2023 Part 2, chapter 14
Article 444	**Disclosure of the use of the Standardised Approach**	
(a)	Names of the nominated ECAIs and ECAs and the reasons for any changes;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CRD
(b)	The exposure classes for which each ECAI or ECA is used;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CRD
(c)	A description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CRD
(d)	The association of the external rating of each nominated ECAI or ECA with the risk-weights that correspond to the credit quality steps as set out in the CRR in Part Three, Title II, Chapter 2, taking into account that this information needs not be disclosed if the institution complies with the standard association published by EBA;	Not applicable as MuniFin Group complies with the standard association published by EBA.
(e)	The exposure values and the exposure values after credit risk mitigation associated with each credit quality step prescribed in the CRR in Part Three, Title II, Chapter 2 as well as those deducted from own funds.	Pillar III Disclosure Report 2023 Part 2, chapter 9, templates EU CR4 and EU CR5
Article 445	**Disclosures of exposure to market risk**	
	Own funds requirements for market risk.	Pillar III Disclosure Report 2023 Part 2, chapter 11, template EU MR1
Article 446	**Disclosure of operational risk management**	
(a)	The approaches for the assessment of own funds requirements for operation risk that the institution qualifies for;	Pillar III Disclosure Report 2023 Part 2, chapter 12, template EU OR1
(b)	Where the institution makes use of it, a description of the methodology set out in Article 312(2);	Not applicable
(c)	In the case of partial use, the scope and coverage of the different methodologies used.	Not applicable

CRR ref.	High level summary	Reference
Article 447	**Disclosures of key metrics**	
(a)	The composition of own funds and own funds requirements;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(b)	The total risk exposure amount;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1, EU OV1
(c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(d)	Combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(e)	Leverage ratio and the total exposure amount;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(f)	Information in relation to liquidity coverage ratio;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(g)	Information in relation to net stable funding requirement;	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
(h)	Own funds and eligible liabilities ratios and components as calculated in accordance with Articles 92a and 92b.	Pillar III Disclosure Report 2023 Part 2, chapter 1, template EU KM1
Article 448	**Disclosures of exposure to interest rate risk on positions not held in the trading book**	
1(a)	The changes in the economic value of equity calculated under the six supervisory shock scenarios;	Pillar III Disclosure Report 2023 Part 2, chapter 15, template EU IRRBB1
1(b)	The changes in the net interest income calculated under the two supervisory shcok scenarios;	Pillar III Disclosure Report 2023 Part 2, chapter 15, template EU IRRBB1
1(c)	A description of key modelling and parametric assumptions to calculate in the economic value of equity and in the net interest income;	Pillar III Disclosure Report 2023 Part 1, chapter 4
1(d)	An explanation of the significance of the risk disclosed and of any significant variations of those risk measures;	Pillar III Disclosure Report 2023 Part 1, chapter 4
1(e)	The description of how institutions define, measure and mitigate and control interest rate risk of non-trading book activities;	Pillar III Disclosure Report 2023 Part 1, chapter 4
1(f)	The description of the overall risk management and mitigation strategies;	Pillar III Disclosure Report 2023 Part 1, chapter 4
1(g)	Average and longest repricing maturity assigned to non-maturity deposits.	Not applicable

CRR ref.	High level summary	Reference
Article 449	**Disclosure of exposures to securitisation positions**	
	Exposure to securitisation positions	Not applicable
Article 449a	**Disclosure of environmental, social and governance risks (ESG risks)**	
	Information on ESG risks, including physical risks and transition risks	Pillar III Disclosure Report 2023 Part 1, chapter 9 Part 2, chapter 16
Article 450	**Disclosure of remuneration policy**	
1(a)	Information concerning the decision-making process of remuneration committee;	Corporate Governance Statement 2023 pages 11-13 Pillar III Disclosure Report 2023 Part 1, chapter 8
1(b)	Information on link between pay and performance;	Pillar III Disclosure Report 2023 Part 1, chapter 8
1(c)	The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	Pillar III Disclosure Report 2023 Part 1, chapter 8
1(d)	Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of the CRDIV;	Pillar III Disclosure Report 2023 Part 2, chapter 13, template EU REM1
1(e)	Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	Pillar III Disclosure Report 2023 Part 1, chapter 8 MuniFin does not grant variable remuneration in the form of shares or options.
1(f)	The main parameters and rationale for any variable component scheme and any other non-cash benefits;	Pillar III Disclosure Report 2023 Part 1, chapter 8
1(g)	Aggregate quantitative information on remuneration, broken down by business area;	Pillar III Disclosure Report 2023 Part 2, chapter 13, template EU REM5
1(h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution;	Pillar III Disclosure Report 2023 Part 2, chapter 13, template EU REM2
1(i)	The number of individuals being remunerated EUR 1 million or more per financial year.	Not applicable. There were no individuals employed by MuniFin in 2023 being remunerated EUR 1 million or more.
1(j)	Upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management;	Not applicable. No such demand has been made by the supervisory authority.
1(k)	Information on whether the institution benefits from a derogation laid down in Article 94(3) of CRDIV.	Not applicable
2	The quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members.	Pillar III Disclosure Report 2023 Part 2, chapter 13

CRR ref.	High level summary	Reference
Article 451	**Disclosure of leverage ratio**	
1(a)	The leverage ratio and how the institution applies Article 499(2);	Pillar III Disclosure Report 2023 Part 2, chapter 5, template EU LR2 – LRCom
1(b)	A breakdown of the total exposure measure as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Pillar III Disclosure Report 2023 Part 2, chapter 5, templates EU LR1 – LRSum, EU LR2 – LRCom and EU LR3 – LRSpl
1(c)	Where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7);	Pillar III Disclosure Report 2023 Part 2, chapter 5
1(d)	A description of the processes used to manage the risk of excessive leverage;	Pillar III Disclosure Report 2023 Part 2, chapter 5, table EU LRA
1(e)	A description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Pillar III Disclosure Report 2023 Part 2, chapter 5, table EU LRA
2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1).	Pillar III Disclosure Report 2023 Part 2, chapter 5, template EU LR2 – LRCom
3	In addition to points (a) and (b) of paragraph 1 of this Article, large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).	Pillar III Disclosure Report 2023 Part 2, chapter 5, template EU LR2 – LRCom
Article 451a	**Disclosure of liquidity requirement**	
1	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	Pillar III Disclosure Report 2023 Part 2, chapter 6k
2(a) - (c)	Components of the LCR	Pillar III Disclosure Report 2023 Part 2, chapter 6, template EU LIQ1
3(a) - (c)	Components of the NSFR	Pillar III Disclosure Report 2023 Part 2, chapter 6, template EU LIQ2
4	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk.	Pillar III Disclosure Report 2023 Part 2, chapter 6

CRR ref.	High level summary	Reference
Article 452	**Disclosure of the use of the IRB Approach to credit risk**	
	IRB Approach to credit risk	Not applicable
Article 453	**Disclosure of the use of credit risk mitigation techniques**	
(a)	The core features of the policies and processes for, and an indication of the extent to which the entity makes use of, on- and off-balance sheet netting;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(b)	The core features of the policies and processes for eligible collateral valuation and management;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(c)	A description of the main types of collateral taken by the institution to mitigate credit risk;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(d)	The main types of guarantor and credit derivative counterparty and their creditworthiness;	Pillar III Disclosure Report 2023 Part 1, chapter 3
(e)	Information about market or credit risk concentrations within the credit mitigation taken;	Pillar III Disclosure Report 2023 Part 1, chapter 3 and 4
(f)	The exposure value covered/not-covered by eligible credit protection for exposures under the Standardised Approach or the IRB Approach;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CR4
(g)	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CR4
(h)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CR4
(i)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	Pillar III Disclosure Report 2023 Part 2, chapter 9, template EU CR4
(j)	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives.	Not applicable
Article 454	**Disclosure of the use of the Advanced Measurement Approaches to operational risk**	
	Advanced Measurement Approaches to operational risk	Not applicable
Article 455	**Use of Internal Market Risk Models**	
	Internal Market Risk Models	Not applicable
Article 455	**Use of Internal Market Risk Models**	
	Internal Market Risk Models	Not applicable

18. Information not disclosed due to non-materiality, proprietary or confidential nature or not applicable to MuniFin Group

Reference	Reason for not disclosing	Information provided in Pillar III Disclosure
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of risk management objectives and policies Table EU OVA (b), CRR Article 435(1)(b): The approved limits of risks to which the institution is exposed.	Risk Appetite Framework (RAF) limits and thresholds are defined strictly confidential. Limits and thresholds are of strategic nature and as such defined confidential. The Financial Supervisory Authorities have full access to MuniFin Group's RAF limits and thresholds.	RAF is described in detail in Part 1 Chapter 2. Risk management objectives and policies, subsection MuniFin Group's overall risk profile associated with the business strategy and business model.
Commission Implementing Regulation (EU) 2022/2453 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks Table 1 - Qualitative information on Environmental risk , row number (b) Table 2 - Qualitative information on Social risk, row number (b) Objectives, targets and limits to assess and address environmental and social risks.	Risk Appetite Framework (RAF) limits and thresholds are defined strictly confidential. Limits and thresholds are of strategic nature and as such defined confidential. The Financial Supervisory Authorities have full access to MuniFin Group's RAF limits and thresholds.	RAF is described in detail in Part 1 Chapter 2. Risk management objectives and policies, subsection MuniFin Group's overall risk profile associated with the business strategy and business model.
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of credit risk quality Templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8	EBA/ITS/2020/04 templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 are applicable only to significant credit institutions with a gross NPL ratio of 5% or above. As the NPL ratio does not exceed 5%, MuniFin Group has not disclosed these templates.	MuniFin Group complies with the EBA/ITS/2020/04 disclosure requirements by disclosing the templates applicable to all credit institutions.

18. Information not disclosed due to non-materiality, proprietary or confidential nature or not applicable to MuniFin Group

Reference	Reason for not disclosing	Information provided in Pillar III Disclosure
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of the use of the IRB approach to credit risk All templates	MuniFin Group does not apply IRB approach.	
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of specialised lending and equity exposures under the simple riskweighted approach Template EU CR10	MuniFin Group does not hold such exposures.	
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of exposures to counterparty credit risk Templates EU CCR4, EU CCR6 and EU CCR7	MuniFin Group does not apply IRB approach or internal model method for CCR. MuniFin Group do not hold credit derivatives.	
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of exposures to securitisation positions All templates	MuniFin Group does not hold such exposures.	

18. Information not disclosed due to non-materiality, proprietary or confidential nature or not applicable to MuniFin Group

Reference	Reason for not disclosing	Information provided in Pillar III Disclosure
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of use of standardised approach and internal model for market risk Templates EU MRB, EU MR2-A, EU MR2-B, EU MR3 and EU MR4	MuniFin Group does not apply internal model for market risk.	
EBA/ITS/2020/04 Implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 Disclosure of key metrics and overview of risk-weighted exposure amounts Templates EU INS-1 and EU INS-2	MuniFin Group is not classified as a financial conglomerate and does not have own funds instruments held in insurance.	
EBA/GL/2020/12 EBA Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic.	MuniFin Group is not applying the transitional arrangements specified in Capital Requirements Regulation's Article 473a for IFRS 9 or analogous ECLs. MuniFin Group's own funds, capital and leverage ratios already reflect the full impact of IFRS 9 or analogous ECLs. Based on this, there is nothing to report regarding EBA/GL/2020/12.	

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