

23.4.2025

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

The Board of Directors (“Board”) of Municipality Finance Plc (“MuniFin”) has confirmed the following rules of procedure:

Number of Board members, election, and composition

According to its Articles of Association, MuniFin has a Board comprising no fewer than five (5) and no more than nine (9) ordinary members. Shareholders’ Nomination Committee provides the Annual General Meeting with a proposal of the composition of the Board in accordance with the Shareholders’ Nomination Committee’s rules of procedure and applicable laws and regulations. The Board members are elected by the Annual General Meeting, and the term of each member ends at the closing of the Annual General Meeting following an election.

All proposed Board members must provide the Board with sufficient information to assess their integrity, suitability, professional competence, and independence, and must inform the company of any changes to such information.

The Board forms a quorum when more than half of the members are present.

Duties of the Board

The Board is responsible for managing the administration of the company and the appropriate arrangement of its operations. This includes monitoring and constructive challenging the strategy and actions/proposals of the executive management. The Board shall oversee and monitor executive management decision-making and actions.

Aligned with the strategy and business model the Board determines MuniFin’s risk appetite and monitors MuniFin’s risk profile compared to the set risk appetite. As a credit institution MuniFin’s risks are mainly consisting of the following risks: profitability and capital risks, liquidity and funding risks, credit risks, market risks, operational risks and ESG risks in the form of any of these risks. Furthermore, MuniFin’s operations are strongly depended on various IT systems and consequently operational risks include ICT risk management to ensure stability and continuity of MuniFin’s system environment relevant for MuniFin’s business and critical processes. The following key duties of the Board include Board’s duties and activities in the area of all these identified key risks.

The Board is responsible for the duties specified for it in the Limited Liability Companies Act, the company’s Articles of Association, and other laws and decrees and regulations issued by public authorities. The Board may establish separate

Committees to support its work under its key duties. Currently the Board has established the following Committees: Audit Committee, Risk Committee and Remuneration Committee.

The key duties of the Board:

Strategy, Operational and Financial Planning

- Determines the company's strategy (including sustainability, digital operational resilience and risk profile), corporate values and business model of MuniFin and key long-term goals and key performance indicators to support monitoring of development.
- Oversees company's strategic, business and financial development and to monitor material changes in company's business and regulatory environment (including the area of sustainability) and to agree on any potential actions based on the development.
- Accepts the company's operational budget.
- Adopts the consolidated financial statements and interim reports.
- Decides on the proposal made to the General Meeting on the handling of the profit/loss for the financial period.
- Decides on investments that are strategically and financially significant.
- Decides on any material new business operations or the closing of an essential business operation.

Risk Management, Internal Control and Capital Adequacy

- Determines the company's willingness to take risks (Risk Appetite Framework) and the key principles in its risk management for the company's various operations and risk types.
- Establishes and ensures through the Risk Appetite Framework, Risk Policies and risk reporting MuniFin's risk culture that is aligned with the strategy, objectives and corporate values.
- Decides on the key internal operating principles pertaining to the MuniFin's governance and risk management, including main risk management policies.
- Establishes and oversees the adequate and effective internal governance and internal control framework to ensure compliance with applicable requirements (e.g. including prevention of money laundering and terrorism financing).
- Ensures that MuniFin has appropriate risk data aggregation capabilities and internal risk reporting practices.
- Monitors that the risk culture of MuniFin is implemented consistently taking also into account MuniFin's Sustainability Policy and Ethical Principles.

- Monitors that MuniFin integrates climate-related and environmental risks along with other ESG risks into its overall business strategy and risk management.
- Establishes an adequate and effective internal control framework, that includes well-functioning and independent risk control, compliance and internal audit functions.
- Establishes an appropriate financial reporting and accounting framework which enables MuniFin to disclose reliable financial information.
- Monitors the effectiveness of risk management and financial reporting.

- Decides on long-term capital objectives and the principles on managing solvency.
- Ensures that company's capital meets the set requirements and assess the company's capital adequacy in relation its business model and risk.
- Decides on any issue of instruments included in the company's Common Equity Tier (CET1) capital and Additional Tier 1 (AT1) and Tier 2 capital. Any redemption of the AT1 or Tier 2 instrument requires also an approval of the Board. Issuance of CET1 instruments requires in addition to the Board an approval of the General Meeting.
- Ensures that company's liquidity meets the set requirements and assess the company's liquidity adequacy in relation its business model and risk.
- Determines the company's Recovery Plan.
- Determines the company's Stress Test Framework.

Internal and External Audit

- Appoints an internal auditor and decide on the operating principles.
- Approves an annual plan of internal audit and oversees its implementation.
- Monitors the efficiency of external auditing and internal auditing
- Decides on the proposal made to the General Meeting on and the appointment of the external auditor.

Organization and Remuneration

- Oversees the establishment of a robust and transparent organizational structure with effective communication and reporting channels.
- Decides on the remuneration framework and consequently MuniFin's Remuneration Policy, and annual company level objectives (including assessment of Performance Requirements) related to variable remuneration (more specified duties related to remuneration as described in the Remuneration Policy).
- Appoints, dismisses defined members of the executive management and determines terms of benefits of the executive management as defined in the Corporate Governance Policy.

Other duties

- Decides on the operating principles necessary to mitigate conflicts of interest.
- Makes any decisions on significant outsourcing of the operations of the company.
- Decides on the granting of authorisation requirements relating to the signing on behalf of the company's name.
- Approves the framework agreement on guarantee operations entered into with the Municipal Guarantee Board and any changes to it.
- Approves rules of procedures of the Board and its Committees
- Decides on all unusual and far-reaching matters.
- Makes decisions on matters that exceed authorizations of the executive management
- Is responsible for other duties stipulated for the Board in the Limited Liability Companies Act or other regulations.
- Decides to seek external advice when necessary to support the work of the Board.
- Decides on composition of the Board Committees.
- Oversees the decisions and actions taken by the executive management

The above is not a fully comprehensive list of the duties of the Board, the Board may also deal with other matters or tasks if deemed necessary.

MuniFin may have subsidiary companies that have their own Board of Directors, which supervises and steers subsidiary's operations.

MuniFin's Board deals with the following matters with regard to its subsidiary companies:

- The Board approves the Group's budget, which also covers subsidiary's operations.
- The Board oversees operations of subsidiary as part of the standard business, risk and financial reporting of the Group, as applicable.
- The Board approves group level internal risk and governance principles and policies and determines applicability to subsidiary.
- The Board monitors subsidiary's remuneration, if any remuneration is paid, as defined by the Remuneration Policy.
- The Board determines on authorization to represent MuniFin and use voting right at the General Meeting of a subsidiary.
- The Board deals with all other far-reaching matters concerning subsidiary's operations that may have a specific impact on the entire Group's business operations or risk position.

The CEO of MuniFin is responsible for presenting matters concerning a subsidiary to the Board and for informing Board members of the same.

Chairperson and Vice Chairperson

The Board elects a Chair and a Vice Chair from among its members for a term lasting from the election until the closing of the following Annual General Meeting.

The Shareholders' Nomination Committee makes a proposal to the Board of the Chair and Vice Chairperson to be elected by the Board.

If the Chair and Vice Chair are indisposed, those present must choose a person from among themselves to act as the Chair.

If the Chair or Vice Chair resigns in the middle of their term, the Board shall elect a new Chair or Vice Chair for the remainder of the term.

The Chair shall

- oversee that there is efficient inflow of information within the Board, between the Board and the executive management and between Board and its committees to allow constructive discussions and decision-making;
- encourage and promote open and critical discussion allowing differentiating views to be presented as part of the decision-making;
- ensure to that the meetings set out in the meetings schedule are held;
- call the Board to extra ordinary meetings when necessary;
- accept the agenda for the Board meetings and to ensure that strategic issues are discussed with priority;
- oversees that the Board receives information necessary for decision making;
- ensure that minutes are taken of every Board meeting;
- monitors that decisions made by the Board are executed;
- ensure that the work of the Board is in compliance with these rules of procedure;
- be in contact with MuniFin's major shareholders;
- be responsible for the assessment of the Board's work;
- oversee necessary information to be passed to the Shareholders' Nomination Committee to ensure compliance with regulatory requirements in the work of the Committee.

Convening, summons to a meeting, and agenda

The Board convenes, at the summons of the Chair, as often as the company's business requires. If the Chair is indisposed, the Vice Chair is responsible for convening the meeting.

As a general rule, the date and place of the next meetings of the Board and a preliminary plan of the agendas of the meeting should be agreed upon at least

until the next General Meeting following an election. The goal is that all the members of the Board are present at meetings.

The number of Board meetings held during the financial period and the average participation rate are reported, in the Corporate Governance Statement annually.

As a general rule, the notice of a meeting and necessary preparatory material shall be delivered by uploading it to the meeting portal of the Board one week before the meeting, to ensure the best possible opportunity for the Board members to familiarise themselves with the material prior the meeting.

Board meetings are held at the company's premises in Helsinki, or in another location specified by the Board. Meetings can also be arranged as remote meetings by using necessary online tools or by using other means of communication in order to handle urgent matters (e.g. email).

The meeting invitation always includes an agenda that has been approved by the Chair. In addition to the agenda, Board members are provided with proposals for decisions and essential appendices concerning matters on the agenda, so the Board members can thoroughly examine the matters and make informed decisions. Every Board member has the right to propose matters to be included on the agenda and dealt with during the meeting.

Board members also have the right, should they so wish, to contact persons employed or experts used by the company, to obtain further information. Executive management is responsible for the induction of new Board members in the company's operations.

The members of the Board may always ask for more information directly from the executive management. In general, these requests should be made to the CEO. Additionally, the secretary of the Board is always a contact point for members to ask further information or material.

Right of presence and right to speak

In addition to members of the Board, the company's CEO and the deputy to the CEO have the right to attend and the right to speak at Board meetings. In general, the Board convenes in connection to its meetings also informally without presence of the executive management. The Board may also at any time convene without the presence of the executive management, if deemed necessary.

Furthermore, the Board may invite other people to attend meetings and grant them the right to speak. In addition, the Chief Risk Officer and the Head of Com-

pliance and Operational Risks have always the right to submit reports and proposals to the Board. The secretary of the meeting, who is responsible for taking minutes, must also attend meetings.

Board meetings are presided over by the Chair of the Board or, if the Chair is indisposed, by the Vice Chairperson.

The Board meets with internal auditors, and external auditors, and other external experts when necessary. Such meetings can also be arranged without the presence of management, if necessary. The external auditor is present at the meetings at least when the year-end financial statements are approved. According to the Act on External Audit the external auditor has the right to be present and to speak in the meeting of the Board where matters relating to his or her duties are dealt with.

Dealing with matters and making decisions

The Board deals with the matters listed on the agenda. These matters are presented by the Chair of the Board, the CEO, the deputy to the CEO, or another person who is responsible for or participated in the preparation of the matter.

Matters not listed on the agenda may be dealt with at the initiative of a member of the Board, the CEO, or the deputy to the CEO.

The Board endeavours to make unanimous decisions. If a decision cannot be made unanimously, the matter is resolved by taking a vote. The decision of the Board shall be the opinion agreed on by the majority of the Board members present at the meeting. If the votes cast are equal, the decision shall be the proposal supported by the Chairperson of the meeting. The exception comprises elections, where the decision is made by the drawing of lots.

The Board, assisted by executive management and the secretary of the Board, is responsible for follow-up of the implementation of the decisions made.

Minutes

Minutes shall be taken at meetings and signed by the Chair of the meeting, at least one Board member, and the secretary of the meeting. Material used as the basis for decision-making shall be attached to the minutes as an appendix.

Minutes shall be given consecutive numbers during the calendar year. Minutes must include the date and place of the meeting, a list of those present at the meeting, and a record of the decisions made at the meeting, material remarks

made by the Board, as well as any votes taken. In addition to decisions made, the minutes shall reflect also relevant parts of discussion and challenging of the executive management. Minutes and their appendices shall be reliably stored permanently. This also applies to minutes of committees. The secretary of the Board meetings is a person designated for this duty by the Board.

Self-assessment

Every year, the Board independently assesses the efficiency of its work and the quality of its performance in fulfilling its duties. The Chair of the Board reports the results of the self-assessment and the external assessment to the Shareholders' Nomination Committee.

Confidentiality and the duty of care

Members of the Board are bound by both general provisions on trade and business secrets (e.g., the Act on Credit Institutions, the Unfair Business Practices Act, and the Criminal Code) and by specific restrictions on operations related to insider regulation with regard to information obtained by members in their duty and the handling of such information.

Since Board members regularly handle confidential information concerning the company outside of the company's premises, they must observe a heightened duty of care and adhere to detailed instructions and policies relating to the handling of confidential information.

The Board and individual Board members must, in all their activities and decision-making, act carefully and in the best interests of the company and all of its shareholders. Board members are expected to exercise "objective care". In other words, the criteria for such care is objectively assessed based on what would be reasonably required from a person in a similar position and situation.

In performing their duties, Board members shall be obliged to reimburse the company for harm or damage caused either wilfully or the result of negligence.