Published 4 March 2025

Pillar III Disclosure Report

2024

MuniFin

Table of contents

Part 1: Governance and risk methodologies

MuniFin

Municipality Finance Plc • Pillar III Disclosure Report 2024

Part 2: Pillar III tables

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 Plc (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 EUR 53.1 billion. The owners of MuniFin include 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, joint county authorities 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 investments 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 2024 discloses information on the risk management practices and regulatory capital ratios of MuniFin Group, as specified in Part 8 of the 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 in 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. Chapter 18 in Part 2 Pillar III tables 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 business and risk strategy, risk appetite, risk governance, risk culture, 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 the pursuit of its strategic objectives.
- Limits and targets are in place and embedded throughout MuniFin Group to ensure that 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 provided 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 the 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:

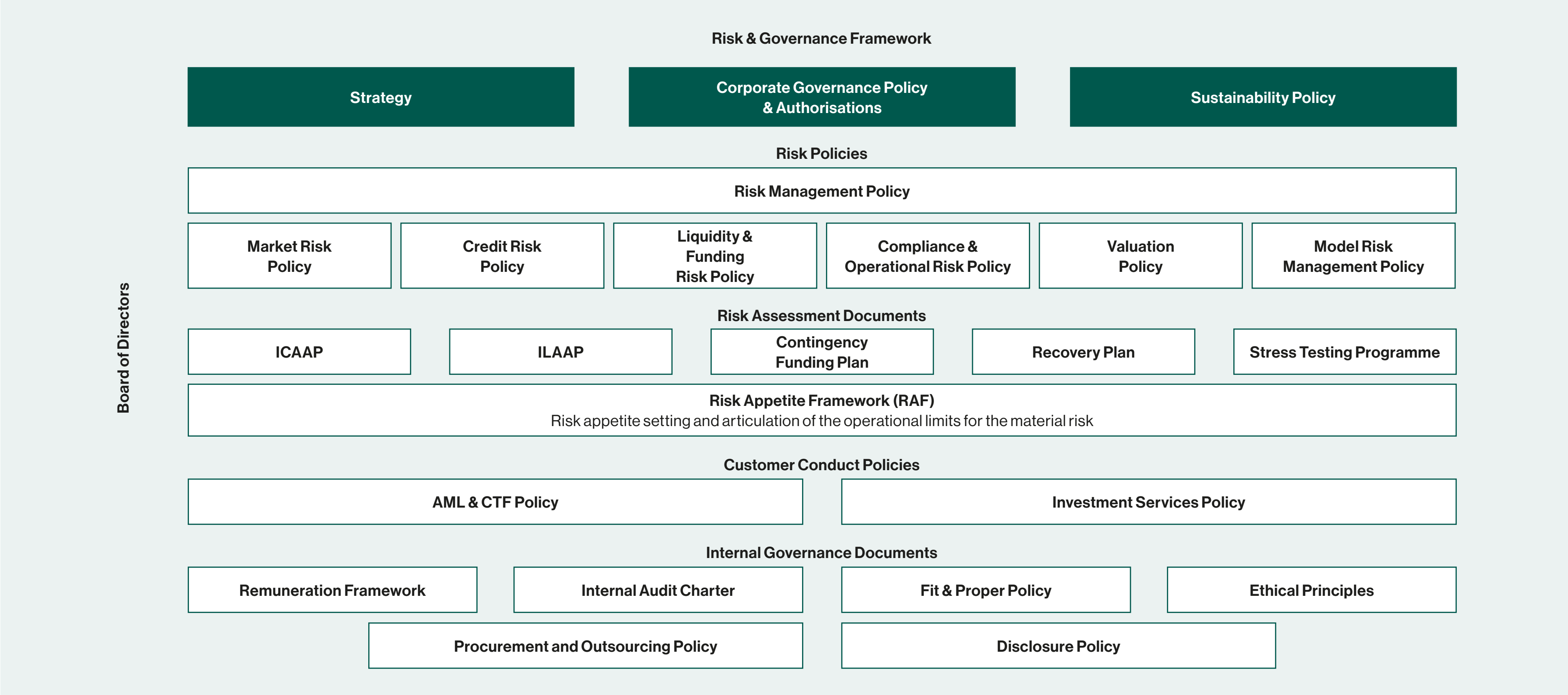

Figure 1. Risk and Governance Framework of MuniFin Group

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

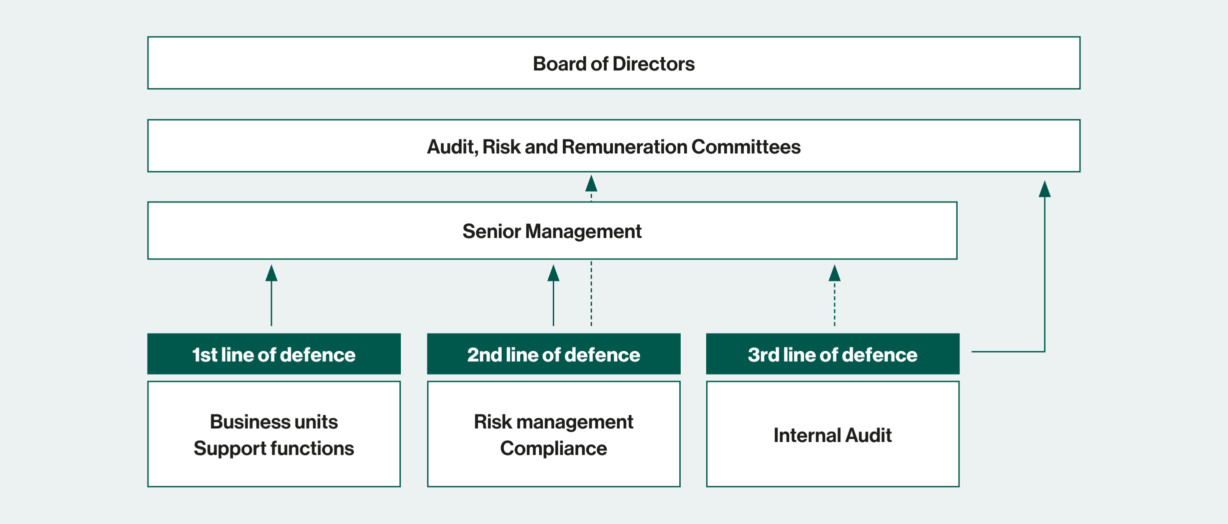

Figure 2. Three lines of defence risk governance model

1st LoD - business units and support functions

The first line of defence is represented by the business units and support functions. They are the risk owners and responsible and accountable for the ongoing identification, measurement, management, 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 processes in case of any breaches of limits and targets.

2nd LoD - Risk Management and Compliance

The Risk Management and Compliance division, headed by the CRO, serves as an independent risk management function and has the ownership of the second line of defence. The division is responsible for the ongoing identification, measurement, management, monitoring and reporting of risks independently from the business lines. This includes that the division controls and 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. In other words, the second line defence also assists and monitors the implementation of the risk management practices by the first line of defence.

3rd LoD - Internal Audit

The third line of defence, the Internal Audit function, is responsible for conducting risk-based and general audits independently from the first and second line of defences. Internal Audit provides the Board of Directors and executive management assurance on the effectiveness of risk management, control and governance 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 determines the Group's willingness to take risks (Risk Appetite Framework, RAF). Furthermore, the Board monitors the Group's overall risk appetite and strategy, taking into account all types of risks as described in respective policies to ensure that they are in line with the business strategy, objectives, corporate and risk culture and values of the Group. In addition, the Board establishes an adequate and effective internal control framework, that includes well-functioning and independent risk control, compliance and internal audit functions.

In order to organise its work as efficiently as possible and as required by the Act on Credit Institutions, the Board has established an Audit Committee, a Risk Committee, and a Remuneration Committee for assistance and for the preparation of matters. 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 advises and supports the Board regarding the monitoring of the Group's actual and future risk strategy and risk appetite, taking into account all types of risks as described in respective risk policies to ensure that they are in line with the business strategy, objectives, corporate and risk culture and values of the Group. In order to fulfil its purpose, the Risk Committee regularly assesses the Group's risk profile, risk definitions, risk-taking capabilities including the RAF, and 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.

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 the financial reporting process. The Audit Committee assesses the auditing plan prepared by internal auditor and ensures that it covers all the essential areas of risk and that cooperation with external auditor is appropriately taken into account.

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 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.

The CEO is assisted by the EMT. 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 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 represents the second line of defence and 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 risks. The EMT is currently supported by six 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.

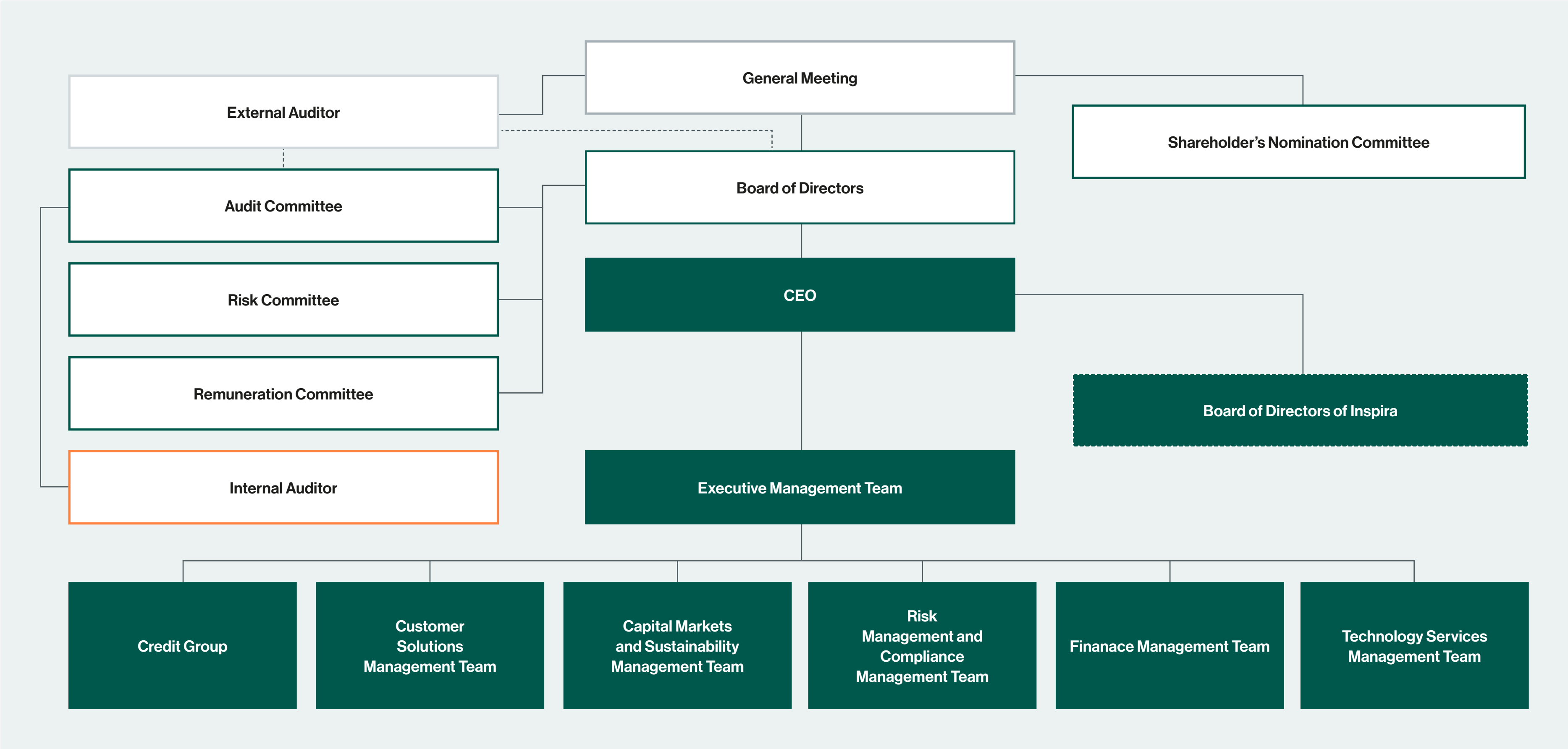

Figure 3. Risk related governance structure of MuniFin Group

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 Group'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 the Group's business model, 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 risk, credit risk, market risk and operational risks.

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

- The overall risk appetite statement;
- The risk appetite pillars: capital risk, liquidity and funding risk, credit risk, market risk and operational risk;
- For each pillar its strategic objective or risk appetite statement and material risks;
- The risk indicator(s) for each material risk;
- The 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 contains core material risks, which are considered the most important to steer the bank and trigger management action. For RAF purposes, these material risks are grouped under five risk pillars. The RAF defines risk indicators for each material risk. Risk limits and threshold values are 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 relative 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 desired risk appetite level.

The lowest risk area (blue) represents a level of risk that is below the set risk appetite, i.e. a too conservative level of risk-taking, which may have a negative effect on profitability and might lead to inefficient use of capital. When applicable, a lower threshold level for the risk appetite will be set indicating the point beyond which the risk profile is becoming too risk averse. 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 2024. 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. Unrealised fair value changes were influenced in particular by changes in interest rate expectations and credit risk spreads in the Group's main funding markets and by challenges in the banking sector. 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 Group's risk position has remained stable and at a moderate level during year 2024. MuniFin Group's risk management and internal control practices and processes are developed continuously. As part of enhancing the effectiveness of the internal control framework, the descriptions of the Group's all main processes, including the control points within them, were updated during the year.

In addition, the Group developed and documented an ICT risk management framework as part of preparing for the implementation of the DORA regulation.

The Group's risk position is regularly reported to the Board as a part of regular risk reporting. The risk reporting covers all risk areas, and the utilisation rates of the limits set for different risks. Additionally, the CRO presents a more comprehensive risk report to the Risk Committee on a quarterly basis, detailing MuniFin Group's risk position in relation to different risk areas.

The continuation of geopolitical tensions and market volatility did not affect the operational capability of MuniFin Group during 2024. In 2024, the situation in the capital markets was stable, but funding costs increased as credit risk premiums remained higher than anticipated. The Group's funding operations functioned normally. However, due to uncertainty, the Group has continued to maintain a strong liquidity buffer.

All financial risk indicators were clearly within the risk tolerance levels set by the Board of Directors at the end of 2024.

Summary of RAF risk pillars and indicators

Risk pillars	Risk indicators
Capital risk	Leverage ratio
	Change in the CET1 ratio
Liquidity and funding risk	Liquidity Coverage Ratio (LCR)
	Net Stable Funding Ratio (NSFR)
	Financing gap
	Survival horizon
Credit risk	Non-performing exposures
	Expected credit losses (ECL)
	ESG score (liquidity portfolio)
	Single-name concentration (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
Operational risks	Frequency of material IT disruption (number of incidents per month)
	IT downtime (in hour, per month)
	Number of material system, data incidents or availability of data and systems
	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. Furthermore, 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/C&E risks, but these risks have been included, as applicable, in the existing risk pillars. Considering MuniFin Group'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 capital on the Risk Appetite Dashboard	31 Dec 2024	31 Dec 2023
Change in the CET1 ratio, percentage point	4.36	5.75
Leverage ratio, %	12.34	12.03

The Board has approved this Risk Declaration and acknowledges that the 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. In addition to stress testing on the level of single risks, stress testing is also conducted on an entity-wide level and across different risk types. This way the Group aims to ensure that all material risks and their respective risk factors are properly identified. Risks are also identified as part of the annual updates of ICAAP, ILAAP and RAF and through an annual compliance and operational risk and control self-assessment process. The key input for the identification process is quantitative analyses based on historical and forecast data, and expert judgement when risk quantification is not possible.

C&E risks are identified as part of a separate materiality assessment process which is evaluated annually.

Risk measurement quantifies risks and 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 that 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. Measurement is also considering the potential impact of risk management activities that are not operating as planned.

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, within which the Group manages its risk exposures. The first line of defence risk owners are responsible for putting in place processes with controls 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 exposures under stress and to put in place processes and procedures to limit risk exposures.

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 and other risk limits.

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. The first line of defence reporting is mainly conducted through regular reporting to the Capital Markets MT and Customer Solutions MT. The key second line of defence reporting include a weekly Risk Management Dashboard report, monthly Risk Appetite Dashboard, which is based on the RAF, and quarterly Risk Report. In addition to these, the Board 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 PwC prepares interim audit reviews.

Frequency of risk reporting varies according to the materiality of risk types, e.g. liquidity portfolio and CSA collateral positions are reported on a daily basis, while other risks may be reported less frequently.

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 main purpose of the regular calibration is to ensure the alignment of the risk appetite, limits with MuniFin Group's strategy and also external and macro-economic developments.

MuniFin Group pursues stress testing activities in a manner that is suitable for its operations, business model and risk profile. The Group's Stress testing program focuses on principles of governance, stress testing scope and coverage, scenario development, stress testing programme model, methodologies and the application of stress testing programs. The Group's Stress testing program 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 capital, liquidity 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. Separate scenarios are created for capital and liquidity stress tests. The main objective of the stress testing conducted during 2024 was to analyse the development of MuniFin Group's capital and liquidity adequacy during a forecast period of three to four years. Business, market and credit risks and their estimated economic impact under different circumstances were evaluated. In addition, reverse stress testing scenarios were run to evaluate the viability of the business model under severe stress scenarios.

As expected, 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 severe stress. In terms of capital, under adverse scenarios, the Group's own funds satisfy the regulatory own funds (Common equity tier 1) and leverage ratio requirements. In terms of liquidity, under adverse scenarios, the Group has sufficient buffers to satisfy the liquidity coverage ratio and net stable funding ratio requirements.

During 2024, the Group made significant progress in developing its climate stress testing framework. The framework was designed to assess MuniFin Group's vulnerabilities to climate and environmental risks, aligning with the ECB's supervisory expectations. The results of the climate stress testing will be integrated into ICAAP 2025 and its applicable risk categories.

In the first half of 2024, MuniFin Group participated in the One-off Fit-for-55 climate risk scenario analysis, a one-off exercise for EU banks launched in December 2023. Conducted by the European Banking Authority (EBA), the exercise aimed to assess 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. The Group also took part in the ECB cyber resilience stress test, which assessed how banks under the ECB's direct supervision respond to and recover from cyberattacks.

2.8 Capital adequacy management principles

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.

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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 the 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

The purpose of the ICAAP is to ensure that MuniFin Group has a sufficient amount of capital at all times to cover the risks associated with its activities. Through ICAAP, the Group assesses and quantifies all risks that may have a material impact on its capital position or profitability and concludes whether it has sufficient capital to support its operations on an ongoing basis.

The objective of the ICAAP is to ensure that MuniFin Group has a coherent approach, processes and methods for capital planning and capital adequacy assessment, and that it is capable to reliably allocate capital using a risk-based approach. The ICAAP 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 ICAAP helps to ensure that management practices with regards to capital management comply with the risk strategy defined by the Board and reflected in the RAF, sound corporate governance and capital management principles, as well as external regulations. The ICAAP, including its internal risk assessment and stress testing, feeds into all business decision-making as well as into the update and recalibration process of the risk appetite.

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 current credit policy and guidelines,
- 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,
- Participation 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:

- Identifying, assessing, and managing credit and counterparty risks within the division's area of responsibility,
- Ensuring an effective flow of information between units and lines of defences on MuniFin Group's credit risk position and on material events related 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 decides on the key principles of credit risk management. The Board approves the Credit Risk Policy and the credit risk appetite of MuniFin Group. The Board determines the risk appetite by approving the indicators and limits related to credit risks in the RAF.

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 Board generally does not decide on individual credit risk-related matters (e.g. lending to customers or investment decisions for the liquidity portfolio). However, the executive management can escalate a matter to the Board for decision if, for example, the scope of the matter or differing opinions between risk management and business operations require it.

The Risk Committee supports the Board in tasks related to credit risk management, i.e. evaluates proposals for updating the RAF and the Credit Risk Policy before the Board approval and monitors regularly credit risk analyses and reporting through the risk indicators in the RAF, as well as various counterparty-specific and portfolio-level risk analyses.

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 rating and volume limits
- Guarantees and collateral
- Written credit agreements and contractual terms
- Written operating instructions
- Insurance for personal and property damage
- Segregations of duties to avoid hazardous job combinations
- Decision-making authorities
- 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, wellbeing services counties, joint county authorities 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 (Finnish 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. MGB is an institution governed by the public law. 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 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 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 assesses the customer's exposure to environmental, social and governance risks (ESG risks), with particular attention to the impacts of climate and environmental risks. The Group assesses ESG risks related to its lending activities based on available data, which can be either actual, forecasted, or representative estimates. The ESG risks are considered in the annual analysis and affects the internal risk rating of the customer, probability of default (PD), or loss given default (LGD), 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 prefunding 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 profitable 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.

When planning the portfolio allocation and maturity of liquidity investments, the risk appetite of the Group regarding credit risk is considered. The annual investment plan is prepared as part of the annual planning process and is part of the Liquidity and Funding Plan.

At the operational level, credit risk in liquidity investments is managed through counterparty-specific credit rating, amount, and concentration limits. Additionally, the selection of approved investment instruments is strictly limited, as described below.

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-. Additionally, the issuer must have an internal risk rating determined by Risk Management, which must always be at least 3. If the credit rating of the investment target is downgraded below the external or internal risk rating, 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'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 fixed income assets that have a maturity over one year.

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. Sustainability is an important part of the Group's liquidity investments, and the liquidity portfolio is regularly reviewed and graded with an ESG score. Investments and issuers are carefully chosen leading to exclusion of issuers and investments that violate the Group's ethical standards or operate in a controversial field of business. Liquidity portfolio ESG score is implemented as a material risk measure in the RAF.

3.3.3 Counterparty credit risk management

Counterparty credit risk refers to 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. The Group also uses derivatives for hedging balance sheet fixing risk. Furthermore, the Group offers its customers derivatives for their hedg-ing purposes and hedges itself in the markets against the market risk arising from the transactions.

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 exposureterms. 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 Group also uses cash and securities collateral in the central counterparty clearingies (CCPs) also for the securities collaterals when exchanging the initial margin.

Since 2022, MuniFin Group has had the capability to exchange initial margin for bilateral derivative agreements with securities collateral. However, for now the initial margin has not been exchanged with the securities, as the threshold limits defined in the European Commission's Delegated Regulation (2016/2251) have not been exceeded.

MuniFin Group's exposure to 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, it must be at least A-. Additionally, the issuer must have an internal risk rating determined by Risk Management, which must always be at least 3.

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 MGB'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).

MuniFin Group assesses the general wrong way risk (GWWR) related to derivative risks as part of its internal risk assessment and stress testing. Based onAccording to its own analysis, MuniFin Group has identified exposures that include general wrong-way risk. However, the Group has determined that it does not have any exposures involvingcontaining 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

Concentration risk may arise within or across different risk categories where an accumulated exposure towards any single customer, counterparty or group occurs.

Due to MuniFin Group's business model, there is a higher concentration risk related to credit risks on the customer side compared to other lenders. MuniFin Group was specifically established to finance the municipal sector and affordable social housing production, and its operations are limited by the Act on Municipality Guarantee Board. Therefore, the concentration risk cannot be significantly modified. Given the nature of MuniFin Group's operations, the Group has recognised and accepted concentration risk in its customer financing, i.e. geographically (regional operations), by industry (e.g., municipality owned entities and affordable social housing production) and by collateral type (real estate collateral). 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 therefore, the concentration risk is acceptable considering the Group's business model 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 collateral, 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 inherent to 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 if diversification is not sufficiently considered in investment targets. However, limits related to investments in liquidity portfolio guide to diversify investments between issuers, geographical areas and instrument types, among others. The Board annually approves the 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 (ECLs)

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's 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 2024 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% (0.005%). ECL in relation to the total assets and commitments included in the calculations are 0.005% (0.005%). 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 appropriate for the Group's business model. MuniFin Group's most material credit risks arise from its liquidity portfolio and derivatives counterparties. This exposure is managed through strict 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 (lending and leasing), 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 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 of real estate collaterals for loans, C&E risk score of consolidated municipality financing 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, 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 guiding principle for the calibration of the ESG score risk indicator is that the average ESG score of the portfolio should be at minimum at the same level as the benchmark score. The average score of the liquidity portfolio is communicated to external stakeholders. The ESG score for each issuer and the Sustainability benchmark is produced by an external ESG service provider.

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 may have a negative effect on the market price of assets held in the Group's liquidity portfolio. Investor demand may shift away from assets associated with higher ESG risks resulting in both decline in market price and lower the liquidity of these assets. 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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 the 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. RAF indicators.

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 include 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 the 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 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 maintain the overall risk profile at such a level that enables MuniFin Group 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.

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. Risk Management regularly monitors and reports on IRRBB, both at an aggregate level and sub-portfolio levels.

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 Final report on 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 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 models include the entire balance sheet of MuniFin Group 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 on NII	In relation to own funds
31 Dec 2024 (short rate shock up)	-44,430	2.7%
31 Dec 2023 (short rate shock up)	-18,430	1.2%

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 own funds
31 Dec 2024 (parallel shock up +200bp)	-23,170	1.4%
31 Dec 2023 (parallel shock down -200bp)	-2,790	0.2%

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 2024 (parallel shock up +200 bp)	-120,170	7.3%
31 Dec 2023 (parallel shock up +200 bp)	-92,760	6.0%

Basis risk

Basis risk refers to the impact of relative changes in interest rates on interest rate sensitive instruments that reprice at similar time but are linked/repriced using different interest rate indices. 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.

For MuniFin Group, basis risk refers to the single-currency basis risk arising from assets and liabilities, which are linked to different EUR reference indices. The basis risk indicator is defined as a negative effect of an unfavourable change in basis swap spreads on NII and calculated as a proportion of own funds. When measuring basis risk, the Group applies two different scenarios:

1. Narrowing basis swap spreads scenario (ESTER vs. 3-month Euribor and 3-month vs. 6-month Euribor)

2. Widening basis swap spreads scenario (ESTER vs. 3-month Euribor and 3-month vs. 6-month Euribor)

Basis risk is managed continuously by the Treasury unit. Furthermore, the Risk Management and Compliance function is responsible for reporting and monitoring basis risk.

Basis risk (EUR 1,000)	Impact	In relation to own funds
31 Dec 2024	-9,140	0.6%
31 Dec 2023	-2,240	0.1%

4.3.3 FX risk

MuniFin Group does not assume any material foreign currency risks from its regular business activities. All MuniFin Group's customer financing is 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 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 USD when non-euro interest rate derivatives are cleared with Central Counterparties.

The Group 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 2024	10,409
31 Dec 2023	4,784

4.3.4 Credit spread risk

Credit spread risk (CSRBB) refers 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 analysed the entire balance sheet and based on the Group's definition of CSRBB concluded that only the liquidity buffer, 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.

For MuniFin Group, CSRBB refers to the risk of loss due to a negative change in the market value or in the earnings 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 market value 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. In addition to the credit spread market value calculation, the Group also performs CSRBB earnings calculations.

The liquidity portfolio credit spread risk is managed in Treasury within the portfolio management framework. In active management the primary focus is on market value risk, as earnings risk in the liquidity portfolio are expected to be offset by the funding portfolio.

CSRBB, which affects the market value of liquidity investments, is managed on an aggregate level by controlling the average maturity and composition 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. Furthermore, Treasury manages spread risk on transaction level by choosing low-risk issuers into the portfolio.

According to MuniFin Group's liquidity policy, all liquidity investments are classified/limited according to their liquidity, credit rating and geographic concentration. Risk Management performs three types of spread risk calculations: NII, credit spread risk 1bp shock (CR01) and CSRBB VaR. CR01 and NII is analysed in absolute terms where 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 2024	-38,600	2.3%
31 Dec 2023	-44,200	2.9%

4.3.5 Fair Value Volatility

MuniFin Group has identified fair value volatility as a material risk for its operations. The Group is exposed to fair value volatility through the valuation of financial instruments. The volatility related to these unrealised changes in IFRS valuations may have a significant negative effect on the Group's profitability and own funds.

For MuniFin Group, the market risk volatility associated with fair valued instruments arises from tenor basis spreads, cross-currency basis spreads and credit spreads.

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.

Fair value volatility is regularly monitored and reported to capture any changes in the positions or sensitivities to market movements. MuniFin Group has set up daily controls to validate the IFRS 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. 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.

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 as part of the daily collateral valuation control by 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 are 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 Risk Management and a monthly fair value explanation report to the CFO and quarterly to the Finance MT.

Furthermore, the IPV is performed at least 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 2024 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 Risk MT and the Finance MT.

4.4 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 2024 and 2023, 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.

4.5 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 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 the ECB SSM stress test.

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, the Risk Committee and to the Board.

4.6 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, the Risk MT, the Capital Markets MT monthly and to the Risk Committee at each meeting and ultimately to each meeting of the Board.

Treasury continuously monitors and manages the balance-sheet interest rate risk. In addition, both Treasury and Risk Management function monitor daily the balance-sheet interest risk sensitivity through the Risk Management Dashboard application, including both EVE and NII risk.

On a weekly basis the Board receives a Risk Dashboard report. Both the Board and the EMT receive a monthly RAD report, showing the performance of the key risk indicators against the relevant threshold values, and a quarterly Risk Report providing a more comprehensive analysis on all risk types.

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 and 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
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. 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 daily liquidity to cover LCR and to mitigate the intra-day liquidity risk with efficient cash management. 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 and analysis.

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, manages, 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.

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 and for defining the principles for organising liquidity and funding risk management and related quality assurance. Furthermore, the Board confirms the risk limits and risk appetite based on the Group's strategy and business plan and approves the Liquidity and Funding Plan for maintaining liquidity adequacy proportionate to the risk appetite. 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 of the various divisions and units 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 nor 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 usage and breaches of liquidity and funding risk limits and reports of 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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 2024 EUR 32 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 2024 EUR 4,967 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 50 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 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

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 recognising, 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 an 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

MuniFin Group's risk indicators for liquidity and funding risk are set to measure the sustainability of its funding position and the adequacy of its liquidity buffer, in both normal and stress periods.

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) to cover 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 (> 1 year) to cover the funding needs of its assets (e.g. loans and liquidity portfolio). This is measured by the Net Stable Funding Ratio (NSFR), which measures the amount of long-term stable funding relative to 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 an unacceptably high cost or, in extreme cases, cannot be refinanced at all. Refinancing risk is measured using the financing gap risk indicator. 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.

One goal of MuniFin Group's risk appetite 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 continue normal operations 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 "survive" during its defined survival horizon without requiring adjustments to its business operations. 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 the forecasted liquidity needs under the business-as-usual and stress scenarios. The ILAAP is an integral part of MuniFin Group's risk management framework that includes other strategic processes such as RAF, ICAAP, Recovery Plan and remuneration 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 monthly. 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 specificities 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 2024. 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 2024:

LCR	339%
NSFR	124%
Survival Horizon	15 months

6. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events including legal, conduct and compliance 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 organised 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 realised during 2024.

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 2024, which is available on MuniFin's website.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 of Directors 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 2024, the Board members were paid in accordance with the resolution of the AGM 2023 until the AGM held on 17 May 2024 and thereafter in accordance with the resolution of the AGM 2024.

The AGM 2023 confirmed the following fees for the Board members:

- 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.

The AGM 2024 resolved that the annual fee of the Chair of the Board is increased by EUR 3,000, 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 confirmed the following fees:

- Annual fee for the Chair of the Board EUR 45,000;
- Annual fee for the Vice-Chair of the Board EUR 29,000;
- Annual fee for the Chair of the Audit Committee and the Chair of the Risk Committee EUR 31,000;
- Annual fee for a member of the Board EUR 25,000;
- 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 MuniFin's travel policy.

Remuneration paid to the members of the Board (EUR 1,000)	2024	2023
Kari Laukkanen, Chair	65	63
Maaria Eriksson, Vice Chair	43	42
Markku Koponen	47	45
Vivi Marttila, member until the AGM held on 28 March 2023	-	9
Tuomo Mäkinen	38	36
Minna Smedsten, member until the AGM held on 17 May 2024	14	36
Denis Strandell	37	34
Elina Ståhlman, member from the AGM held on 17 May 2024	23	-
Leena Vainiomäki	49	46
Arto Vuojolainen, member from the AGM held on 28 March 2023	38	27
Total	**354**	**339**

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 2024, the members of the Board were Kari Laukkanen (Chair of the Board), Maaria Eriksson, Markku Koponen, Tuomo Mäkinen, Denis Strandell, Elina Stråhlman, Leena Vainiomäki and Arto Vuojolainen. In 2024, the Board convened 13 times. The Board of Directors has established an Audit Committee, a Risk Committee and a Remuneration Committee and their roles in relation to remuneration are explained in 8.2.1 Remuneration Governance. During 2023, the Audit Committee convened nine times, the Risk Committee eight times and the Remuneration Committee four 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 Group 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 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 framework at any time.

The Board decides the remuneration paid to the CEO and his/her deputy, and the terms of their employment. Furthermore, the Board of Directors confirms the remuneration paid to the employees who report directly to the CEO (excluding the Head of Internal Audit, whose fixed 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 approval. The Board also monitors the remuneration of the material risk takers (including the remuneration of the internal control functions such as compliance). The head and personnel of Internal Audit, which is part of the Company's third line of defence, are not subject to variable remuneration.

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 2024, 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.

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 Group 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 2024, the CEO and the members of the EMT entitled to this pension at 1 Jan 2024 were paid a total of EUR 62 112,26 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 Group'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 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 Group's business model and strategy are the key drivers of its financial success. Variable remuneration is always based on performance supporting the Group'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 Group'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 sustainability target. The Board approves the remuneration of the CEO and the employees reporting directly to the CEO. 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 Board has approved the financial statements 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 Group 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 Group does not give guaranteed variable remuneration in any form.

Due to restrictions on the ownership of the Company in accordance with MuniFin's Articles of Association 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

According to Article 450(1)(k) of the Capital Requirements Regulation (CRR), MuniFin Group applies the exemption provided for in the Capital Requirements Directive (and Chapter 8, Section 1 of the Act on Credit Institutions enacted on the basis thereof), according to which the deferral of variable remuneration and the use of other instruments in the payment of variable remuneration do not apply to persons whose variable annual remuneration does not exceed EUR 50,000 and does not exceed one third of the person's fixed annual salary. Pursuant to the Article 94(3) point (b), MuniFin Group derogates from the points (l) and (m) of Article 94(1). In 2024, 174 (178) persons benefitted from the derogation and their total fixed remuneration was EUR 14,647,823.98 (EUR 12,854,652.40) and variable remuneration EUR 1,862,745.33 (EUR 1,705,703.32).

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 MuniFin's Common Equity Tier 1, CET1 (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 falls below 16.0%. 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 members of the EMT and certain key function holders are entitled to a severance pay as determined in their director contracts, if the Company terminates the contract for reasons beyond their control. The Board approves the terms of director contracts. A fixed salary payment during the notice period is not considered to be a severance payment.

8.2.3 Risk Adjustments

Key Risks

The key risks of MuniFin Group's are described in other parts of this Report.

Ex Ante Risk Adjustments

MuniFin Group has a very simple business model having only one business line, financing its customers. Nevertheless, success in business requires other functions such as funding and liquidity portfolio management. MuniFin Group'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 for risk taking is limited.

As described above, MuniFin Group's business model, alone, protects MuniFin Group from excessive risk taking. It is in practice, impossible, to exceed the approved risk appetite without breaching internal guidelines. The Group does not have trading activities or commission-based remuneration scheme. The maximum amount of variable remuneration per employee is moderate and consistent with MuniFin Group'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 Group'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 of is always entitled to make the final decision on changing or terminating the remuneration framework, 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. Depending on the employee's position, 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 heads of the following units: Customer Relations, Customer Finance Services, Funding and Sustainability, Treasury and Asset and Liability management, Capital Markets Services, Risk Management and Analytics, Compliance and Operational Risks, Credit and ESG risks, Legal, Financial Control and Regulatory Reporting, Business Planning and Data Management, Business System Development, ICT Services and Production;
- 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 Asset and Liability Management: Senior Managers, Managers and Senior Analysts.

8.2.4 Variable Remuneration in 2024

In 2024, the variable remuneration was paid based on the Board approved remuneration framework and the 2023 performance targets set therein. The company level targets of 2023, affecting the variable remuneration of all employees, focused on the Company's operating profit, and customer satisfaction 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 2024 MuniFin paid remuneration that had been awarded from previous years and deferred for 2024.

In 2024, 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 2024, the maximum remuneration was not paid to any individuals out of all individuals covered by the Remuneration Policy. In 2024 the Company did not employ any individuals whose remuneration exceeded a million euros during the financial year. In 2024, the amount of paid variable remuneration to CEO corresponded 3.2 months' salary (3.2), for deputy to the CEO the amount of paid variable remuneration corresponded 2.4 months' salary (1.7) and for other members of the EMT the amount corresponded 3.4 months' salary (2.0). The variable remuneration paid for CEO was 25.0 (25.7%) of fixed remuneration in 2024, for the deputy of CEO 18.9% (13.0%) and for other members of the EMT 26.9% (16.4%) of fixed remuneration.

More detailed quantitative information on the remuneration paid in 2024 is disclosed in the other parts of this Report.

8.2.5 Changes to the Remuneration Policy

In late 2024, the Board, supported by the Remuneration Committee, reviewed and approved changes to the Remuneration Policy.

The changes to the Remuneration Policy were technical in nature. Furthermore, Financial Advisory Services Inspira Ltd was removed from the Remunaration Policy, as the company has no longer any employees due to the decision made in 2024 to no longer offer advisory services. In addition, MuniFin's subsidiary (formerly Financial Advisory Services Inspira Oy, currently Kuntarahoituksen digitaaliset palvelut Oy), which no longer has employees after the discontinuation of the company's advisory services in 2024, was removed from the scope of the remuneration system.

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

9.1 Qualitative information on ESG risks

9.1.1 Business strategy and processes

For MuniFin Group, sustainable business operations - economically, socially and environmentally – are at the core of its strategy. The main risk mitigation approach for risks, including ESG risks, is embedded in MuniFin Group's specific business model. As defined by the Act on Municipal Guarantee Board (MGB), MGB guaranteed funding is intended exclusively for a limited customer base consisting of local and regional government entities and affordable social housing production entities, which are considered low-risk entities. Due to this regulation, the Group's strategy cannot be broadened to any higher-risk customers. MuniFin Group's customers are public sector and affordable social housing organisations, whose operations are aimed at maintaining and improving the Finnish welfare state. MuniFin Group finances both socially responsible and environmentally sustainable projects, such as schools, day-care centres, public transportation, hospitals and affordable social housing. MuniFin Group supports its customers in making sustainable choices and encourages sustainable investments through information sharing, competitive pricing, impact assessment and visibility.

The Group emphasises the importance of ESG risk management and the increasing ESG requirements to its customers. It is crucial for MuniFin Group that its customers are well-informed about ESG risks, as this awareness is essential for the Group to effectively manage its own ESG risks. MuniFin Group views customer engagement as an essential part of its sustainability commitments and risk management strategy. The Group engages in discussions on sustainability topics with its customers, hosts sustainability-related webinars, and provides an ESG tool for its municipal customers to assess their own ESG risks.

Despite MuniFin Group's low-risk business model, it systematically identifies environmental, social, and governance factors through their transmission channels. Using a double materiality assessment, the Group evaluates both positive and negative impacts on the planet and society, as well as financial impacts and considers factors on short, medium and long-term. In addition, the Risk Management function conducts a more detailed materiality analysis of risks, incorporating scenario analysis to enhance the assessment. These assessments guide MuniFin Group's sustainability efforts and ESG risk management.

MuniFin Group's strategy highlights sustainability, which is at the heart of the Group's operations. MuniFin Group's sustainability agenda, entitled 'Enabler of Sustainable Welfare in Society,' focuses especially on the Group's business operations and the impact achieved through them. The agenda takes into account the most material themes of the materiality assessment and was designed with input from MuniFin Group's stakeholders. It crystallises MuniFin Group's role and long-term sustainability goals. The agenda is built around social and environmental themes: the foundation of the Finnish welfare society and the driver of the green transition. MuniFin Group's goal is to support the development of a sustainable welfare society and promote investments that are friendly to the climate and environment.

The Group's first long-term sustainability goals outlined in the Sustainability Agenda, approved by the Board in 2023, set the desired direction, with chosen indicators to track progress. The amount of sustainable finance, including both green and social finance, and financed emissions, have been selected as key indicators. The amount of sustainable finance provides a clear and measurable gauge of MuniFin Group's impact, as all projects must meet pre-determined criteria within respected frameworks that assess their promotion of sustainability. The share of sustainable finance also offers an overview of the Group's business operations' sustainability, which is crucial for risk management. Promoting greener investments is essential for managing both the Group's and its customers' climate-related and environmental (C&E) risks. MuniFin Group sees that impacting through its customers is the most effective way and hence the targets focus on MuniFin Group's customer portfolio.

Environmental factors in business strategy and processes

MuniFin Group's target for 2030 is that 25% of its long-term customer financing is green finance. The target level was set by analysing the Group's balance sheet, current green finance share, and its future development. The share of green finance of the long-term customer financing was 19.1% in the end of year 2024. MuniFin Group offers green finance to selected projects that promote the transition to low-carbon and climate-resilient growth. These projects contribute to both climate change mitigation and adaptation. This reduces exposure to transition risks such as regulatory, market or technology risks. Projects can also include adaptation measures. The strategic target to increase the amount of green finance enables the Group to increase the share of climate resilient projects in its loan portfolio.

MuniFin Group's Green Bond Framework (2022) determines what kind of projects can be financed by green finance. The eligibility criteria of the Green Bond Framework consider 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 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) consists 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.

In addition to the green finance target, the Group has set its first financed emissions reduction target for financed projects in buildings sector. The goal is to have an emission intensity of 8 $kgCO_2e/m^2$ for the real estate portfolio by 2035. In 2023 the emission intensity was 10.8 $kgCO_2e/m^2$ and MuniFin Group is well on track to achieve the goal. The calculations for 2024 will be finalized later in 2025. The goal is based on the International Energy Agency's (IEA) Beyond 2°C Scenario (B2DS) decarbonisation pathway. Buildings have 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.

Social factors in business strategy and processes

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 2023 published Sustainability Agenda, the Group has set a target for eligible social finance to reach 8% of long-term customer financing by 2030. The target level was set by analysing the Group's balance sheet, current social finance share, and future development. The share of social finance of the long-term customer financing was 7.1% in the end of year 2024. 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 Group considers local and regional government exposures to be at 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.

Finally, the Group's own actions as a responsible counterparty, employer and contributor to society are defined in the Board approved strategy and reflected in the Sustainability Policy and Code of Conduct.

9.1.2 Governance on ESG risks

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.

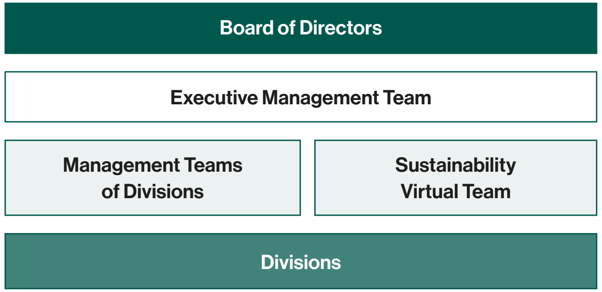

Figure 4 MuniFin Group's sustainability governance model

Board of Directors

MuniFin Board's task is to approve the Group'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. The Board also approves MuniFin Group's Sustainability Agenda, which summarises the key themes and goals of the Group's sustainability work.

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 ensuring that its risk profile corresponds to the Board's risk appetite and aligns with the Group'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 Risk Committee of the Board assists the Board in matters related to the Group's risk strategy and risk taking. The Risk Committee supports the Board in its duties concerning profitability and capital risks, liquidity and funding risks, credit risks, market risks, operational risks and ESG risks, which can occur in the form of any of these risks. Additionally, the Risk Committee has regular thematic meeting focused on ESG risks.

The Executive Management Team (EMT)

The 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 sustainability approach approved by the Board as part of the Group's strategy. It also involves 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 considered in accordance with the strategy in all areas of operations in a way that is appropriate for each case considering the materiality principle.

The EMT includes an Executive Vice President of Capital Markets and Sustainability. This individual is responsible for sustainability and the development of MuniFin Group's sustainability initiatives at the Group level.

Sustainability virtual team

The Group's sustainability work is coordinated by the sustainability virtual team, which consists of sustainability experts and other relevant persons from different divisions and functions.

The sustainability virtual team is tasked with ensuring that sustainability is considered across the Group and that sustainability-related projects are progressing in accordance with the Sustainability Agenda and the Group's strategy. The sustainability virtual team oversees the annual planning and high-level monitoring of MuniFin Group's sustainability work and coordinates its development. The team tracks projects that are currently underway at MuniFin Group and follows current market developments and expectations. The team convenes regularly and invites persons outside the core group to take part as necessary, for example when project-specific matters call for it. The team follows the development of the key sustainability indicators of the Group on a quarterly basis. The team is chaired by the Executive Vice President of the Capital Markets and Sustainability. The team can make decisions on sustainability matters specifically assigned for it in the Group's governance model.

Roles and responsibilities in divisions and functions

MuniFin Group has assessed that its existing organisation structure is serving well the identified environmental risks and therefore the Group has not reorganised its business lines and internal control functions due to these risks. However, the Group has established new roles over the past years to incorporate these risks into its operations. As explained in the Risk Management section, most of MuniFin Group's identified environmental risks pertain to long-term effects.

MuniFin Group has an independent Risk Management function including a Credit and ESG risks unit that continuously monitors both identified and potential environmental risks. The Risk Management function 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 ESG risk-related challenges of a customer, is prepared by the Risk Management function, and reviewed by the Board's Risk Committee. MuniFin Group's business and support functions in the first line of defence have specific staff dedicated to ensuring that sustainability aspects are integrated into daily business operations and that external reporting, including disclosure requirements, is properly managed. The Capital Markets and Sustainability division includes two dedicated Sustainability Managers. In addition, dedicated persons within the Customer Solutions divisions are responsible for the Group's sustainable financing products, including green and social financing.

Given the Group's low exposure to social risks, no dedicated internal resources are currently allocated for their assessment. However, the assessment of social risks is increasingly integrated into the existing risk assessment processes within MuniFin Group. Consequently, this integration extends to the tasks and responsibilities of individuals managing C&E risks.

9.1.3 ESG risks in remuneration policy

The Group has a Remuneration Policy for its executive management and employees, the terms and implementation of which are decided by the Board. MuniFin Group's variable remuneration framework includes a sustainability factor and thus indirectly considers the environmental and social risk aspect. Furthermore, variable remuneration can only be achieved if operations are being aligned within the limits set by the RAF and thus within the limits set for C&E risk indicators within the RAF. Currently, the RAF does not include specific risk indicators or limits for social risks.

9.1.4 Double Materiality Assessment (DMA)

MuniFin Group has established an annual Double Materiality Assessment (DMA) process as part of its Corporate Sustainability Reporting Directive (CSRD) implementation work. This process is designed to evaluate both the positive and negative impacts on the planet and society, as well as financial impacts of ESG risks and opportunities. The DMA process includes a thorough qualitative analysis of various ESG factors to identify material risks. This includes assessing the severity and likelihood of potential risks, as well as their actual and potential impacts. The assessment covers a wide range of ESG topics based on ESR standards and other relevant topics to MuniFin Group and its stakeholders. MuniFin Group has engaged both its internal and external stakeholders to ensure their perspectives are considered in the process.

The DMA is updated annually to ensure evolving risks and changes in the operational environment are considered. MuniFin Group's DMA is approved by the Board. Despite the relatively stable nature of its business environment, MuniFin Group recognises the uncertain nature and emerging risks of climate change, social and governance landscapes, and considers evolving risks in its assessment over the short, medium, and long-term.

The assessment identified no material environmental or social risks that would significantly impact on MuniFin Group's financial position. However, it identified several relevant environmental risk factors, including physical and transition risks related to customer financing. These risks are further considered in MuniFin Group's quantitative risk assessment on credit risk, liquidity risk, funding risk and market risk. Additionally, the DMA identified material governance risks related to compliance with regulatory requirements and standards. These risks are managed with operational and compliance risk management practices.

9.2 Qualitative information on environmental risks

9.2.1 Risk management on environmental risks

Identification, measurement and management of environmental risks

MuniFin Group's risk management approach includes a careful assessment of climate-related and environmental risks. MuniFin Group has integrated the short-, medium- and long-term impacts of climate-related and environmental risk (C&E risk) factors into its comprehensive risk management framework. The risk management framework of C&E risks follows the ECB Guide on climate-related and environmental risks. Additionally, MuniFin Group's overall Risk and Governance Framework contains risk management policies and principles for all identified risk areas, including C&E risks.

MuniFin Group evaluates C&E risks across all traditional risk categories using multiple methods. To identify relevant C&E risks and assess MuniFin Group's exposure, the Risk Management function conducts an annual C&E risks materiality assessment. The materiality assessment covers the lending portfolio, investment portfolio, critical outsourcing arrangements and MuniFin Group's own operations. It includes a qualitative analysis to identify relevant C&E risks and a quantitative analysis to measure these risks. The materiality is evaluated in the short-, medium- and long-term, utilising different forward-looking climate scenarios when applicable. The short-, medium- and long-term effects of environmental factors and risks are applied especially when assessing MuniFin Group's economic vulnerability across different scenarios and time horizons.

The table on the next page presents the risk categories, their transmission channels and examples of potential climate risk events.

Risk	Transmission channel	Potential climate risk events
Credit Risk	**Lower real estate value**	Increased energy consumption and renovation requirements to improve energy efficiency can increase the costs for property owners, which can negatively impact the financial stability of the owner and eventually the value of the property. Additionally, extreme weather events such as floods can cause damage to properties, leading to a decrease in real-estate value.
	Lower profitability	Increase in carbon price can lead to higher operational costs for energy or raw materials. Also, implementation of energy efficiency requirements increases costs. Changes in consumer preferences may decrease the revenue. Additionally, repairment and renovation costs for extreme weather events may increase the operational costs. The increase in costs and decrease in revenue can decrease profitability and impact the credit risk.
	Increased cost of compliance	Additional expenses to monitor and meet new regulatory requirements, e.g. energy efficiency may affect the operational costs and credit risk of customers or counterparties.
Market Risk	**Lower asset value**	C&E risks can negatively affect the market price of assets in MuniFin Group's liquidity portfolio. For example, companies with higher C&E risks may experience a decline in market price due to shifts in investor preferences or regulatory requirements.
	Increased volatility	Climate change can create uncertainty in the market for example due to changes in carbon pricing, new regulation and shift in investor sentiment, leading to increased market volatility. Also, C&E events can disrupt global supply chains, affecting the availability and costs of materials and services. Disruptions can cause uncertainty and volatility in the market.
Liquidity and funding risk	**Lower asset value and liquidity**	Investor demand may shift away from assets associated with higher C&E risks, which can negatively affect the market price of assets in MuniFin Group's liquidity portfolio and decrease the liquidity of the assets.
	Increased legal cost and cost of compliance	Additional expenses due to climate-related legal and regulatory compliance costs can increase MuniFin Group's operational costs and lead to decreased liquidity.
	Limited access to funding	Investors are increasingly considering ESG factors when making investment decisions. MuniFin Group's insufficient response to the investor demand may lead to reduced investor interest and demand for its sustainable products. This can limit MuniFin Group's access to funding.
Operational risk	**Increased legal cost and cost of compliance**	C&E risk events in MuniFin Group's own actions or in MuniFin Group's customers, counterparties or suppliers may lead to increased operational costs through legal costs or sanctions.
	Reputational risk	C&E risk events in MuniFin Group's own actions or in MuniFin Group's customers, counterparties or suppliers may lead to reputational damage.

Overview of MuniFin Group's climate stress testing framework

MuniFin Group continuously monitors its exposures on C&E risks in its risk reporting and the RAF using several risk reports that track C&E risk factors among its customers and liquidity portfolio. MuniFin Group follows various ESG-related metrics of customers and liquidity portfolio on its ESG dashboard. Additionally, the RAF reflects MuniFin Group's conservative approach to all material risks and sets limits for C&E risk indicators including green finance, collateral's energy efficiency, liquidity portfolio's ESG rating, municipalities' E score and MuniFin Group's ESG risk rating. While these metrics primarily reflect the present situation, they also serve as indicators of potential future risk exposure and management capabilities. If these metrics begin to trend in an unfavourable direction, it signals an increase in ESG risk levels. Especially transition risks arise for entities that are unprepared for the transition towards climate change mitigation and therefore, it is crucial to track metrics that reflect their current ESG performance and capability to address future challenges. The risk limits and thresholds, which define the amount of risk MuniFin Group is able and willing to take, are reviewed annually. MuniFin Group also regularly assesses the necessity of current and additional new RAF indicators. The risk assessment and management practices are integrated across the Group's risk categories, depending on the materiality of the anticipated risk effects.

The EMT is accountable for MuniFin Group's RAF. The EMT manages the RAF and the associated limit structures and ensures that all the associated targets and limits are cascaded throughout the Company. The Risk MT is responsible for monitoring all the RAF risk indicators and for making decisions on needed actions and / or escalation. If necessary, the matters related to the RAF are escalated to the Board. The CRO in cooperation with the Risk MT is responsible for the design, update and calibration of the RAF. The CRO also heads the Risk Management and Compliance division equipped with RAF specific tasks, such as monitoring of risk limits and thresholds.

In 2024, MuniFin Group developed a climate stress testing framework to evaluate MuniFin Group's economic vulnerabilities to shocks from climate-related and environmental events. This framework considered various transmission channels and climate scenarios, covering both physical and transition risks. The methodology aligns with the best practices of ECB and incorporates microeconomic transmission channels, including customers' operational costs and debt, and macroeconomic transmission channels, including GDP, interest rates and foreign exchange rates. MuniFin Group utilises scenario analysis to identify material C&E risks, and to conduct climate stress testing. The economic impact of C&E risks on capital adequacy is assessed in MuniFin Group's ICAAP 2025.

Stress testing elements	MuniFin Group's stress testing	Additional information
Scenarios	NGFS scenarios, including combined impacts of physical and transition risks. RCP scenarios for flood projections in Finland.	Main scenarios include Net Zero 2050, Delayed transition, Fragmented world, Nationally Determined Contributions (NDCs)
Time horizons	Short-, medium-, long-term	Short <5 years, Medium: 5-10 years, Long: over 10 years (until 2050).
Risk drivers	Physical and transition risks	*For customers:* Physical risks: floods. Transition risks: carbon price, electricity price, energy efficiency requirements. *For other counterparties:* Physical and transition risks combined (NGFS)
Transmission channels	Macroeconomic and microeconomic	Macroeconomic: GDP, interest rate, foreign exchange rate. Microeconomic: operational costs, debt/liabilities
Region	EU, Finland, and other countries relevant to MuniFin Group's liquidity portfolio	
Risk categories	Credit risk, liquidity risk, funding risk, market risk	

Exposures and mitigation actions of environmental risks

MuniFin Group's exposure to C&E risks is considered low aligning with the findings of the materiality analysis. Also, the results from the one-off Fit-for-55 climate risk scenario analysis in 2023 revealed that MuniFin Group's transition risk profile is relatively low in comparison to other participating banks. This is primarily due to MuniFin Group's business model, which limits exposure to Finnish local and central government risk. The identified material climate-related risks are expected to have a potential impact in the medium to long-term. The most notable environmental risk is associated to real-estate collaterals from affordable social housing organisations.

The primary risk mitigation approach for all risks, including ESG risks, is embedded in MuniFin Group's business model. According to the Act on the Municipal Guarantee Board, MuniFin Group can use MGB-guaranteed funding only for limited customer base consisting of local and regional government entities and affordable housing organisations, which are considered low-risk entities. Due to this regulation, MuniFin Group's strategy cannot be extended to include higher-risk customers. Additionally, the central government provides a deficiency guarantee for real-estate collateral received from affordable social housing organisations. Therefore, if an environmental risk event, like flood, impacts the collateral, the government covers any potential losses, ensuring that MuniFin Group does not suffer final credit losses. The guarantee systems significantly mitigates the risks associated with real-estate collaterals.

Other mitigation measures for C&E risks have been identified by leveraging industry best practices to mitigate the entity's exposure to transition and physical risks. MuniFin Group's approach to identifying appropriate mitigation methods is based on a thorough assessment of its C&E risk exposures and the financial vulnerabilities associated with these risks. Furthermore, many of these risks are mitigated through monitoring ESG and C&E metrics. By ensuring that these metrics remain within target levels, MuniFin Group can proactively manage potential risks and maintain alignment with its sustainability goals.

MuniFin Group's customers are exposed to both physical and transition risks, primarily floods and costs related to the transition, such as an increase in carbon price. Finnish legislation ensures that municipalities cannot be declared bankrupt and have independent and unlimited right to levy taxes. This means that municipalities have a reliable source of revenue, and they are always able to meet their financial obligations even the increased expenses due to C&E risks. This significantly reduces the credit risk for MuniFin Group.

To measure the C&E risks of municipalities, MuniFin Group uses an external service provider to produce ESG score for each municipality. The score includes several ESG metrics that account for both climate-related and environmental physical and transition risks municipalities are exposed to. Part of the customers' annual risk assessment, MuniFin Group has created an annual ESG survey for each customer group to evaluate their actions and commitments to mitigate and manage C&E risks. Physical risk exposures are evaluated separately for the housing companies and their properties. The ESG scores are integrated into customers' internal risk scores. ESG factors have also been integrated into the customer lending process, as required by the Group's Sustainability Policy and EBA Guidelines on loan origination and monitoring (EBA/GL/2020/06). This approach ensures that MuniFin Group can address and manage the potential ESG risks associated with its customers.

Additionally, MuniFin Group actively supports its customers in tackling significant sustainability challenges by promoting sustainable choices and investments. This is achieved through information sharing, providing competitive pricing and conducting an impact assessment. MuniFin Group is committed to offering relevant information to its customers by hosting webinars and providing an ESG tool to help municipalities evaluate their performance against United Nation's Sustainable Development Goals. MuniFin Group also offers green finance for projects that meet the criteria outlined in MuniFin Group's Green Bond Framework. By promoting greener investments, the Group also manages its own exposure to C&E risks through its customers. For example, energy-efficient construction makes real estate less prone to transition risks. Therefore, MuniFin Group's strategic target to increase the proportion of green finance mitigates the transition risks from its customer portfolio.

Furthermore, MuniFin Group engages with its suppliers to ensure ESG risks are effectively monitored and mitigated. As part of the process, the Group collects responses through a supplier questionnaire. Initially, ESG risks, with a focus on C&E risks, are assessed for critical suppliers, and later expanded to include other suppliers. The questionnaire covers various aspects, including the supplier's environmental policies and commitments to sustainable practices. MuniFin Group maintains an active dialogue with its service providers and investigates any risk events that could potentially harm MuniFin Group's reputation or the service provided.

MuniFin Group's liquidity portfolio counterparties include central banks, sovereigns, agencies and credit institutions, all of which are considered low risk in terms of C&E risks. This is due to MuniFin Group's investment criteria to invest only in low-risk issuers from both credit risk and ESG risk perspectives. Investments are made in accordance with MuniFin Group's Sustainable Investment Framework, which incorporates ESG factors and defines sustainability criteria for both new and existing investments. The framework includes exclusion criteria for controversial sectors and allows investments only to OECD countries. The exclusion criteria are monitored at the time of the investment and bi-annually for the whole portfolio. The same requirements apply to the derivative counterparties, which are regularly analysed and assigned internal credit ratings, including ESG risk scores.

The liquidity portfolio receives an externally provided ESG score quarterly. This score is measured on a scale of 0–10. MuniFin Group closely monitors the ESG score and compares the performance of its liquidity portfolio against a benchmark portfolio. The benchmark portfolio is composed of relevant market indices that replicate the actual portfolio weights in each asset class. With the MuniFin Group's objective that the liquidity portfolio outperforms the benchmark in terms of ESG score, MuniFin Group can mitigate the ESG risks associated with its liquidity portfolio. Based on the history, the liquidity portfolio's ESG score has consistently been higher than the benchmark portfolio's ESG score. Additionally, the liquidity portfolio's physical and transition risks are assessed using an external country-specific environmental risk score. This score evaluates both the risk exposure of current and projected natural hazards as well as climate-change-related transition risks, and risk management capabilities of the country where the issuer is located. The risk scores are evaluated regularly, and specific thresholds are set to trigger follow-up actions when necessary.

Data availability and quality

MuniFin Group acknowledges the data limitations associated with C&E risk management, as many of its customers are not subject to ESG disclosure regulations and disclose information only voluntarily. To address this challenge, MuniFin Group utilises open data sources of information to enrich its analysis of customers. This approach helps to supplement the data collected directly from customers.

MuniFin Group's customers are continuously improving their capabilities related to sustainability and ESG topics. As a result, MuniFin Group can collect more detailed and comprehensive ESG data directly from its customers. This ongoing improvement ensures that the data collected is increasingly accurate and relevant for effective risk management and sustainability efforts. Additionally, MuniFin Group engages with its customers in several ways to enhance their preparedness and awareness of C&E risks. MuniFin Group believes that ongoing dialogue with customers and increased awareness will reduce associated risks and improve the quality and availability of data, as customers increasingly consider ESG risks in their operations.

Over the past years, MuniFin Group has made significant efforts to improve the availability, quality and accuracy of its ESG and climate-related data. MuniFin Group has begun collecting ESG data from all its customers and critical suppliers. The goal is to reduce the usage of estimated data by increasing the amount of actual data. Therefore, the proportion of estimated data in MuniFin Group's key risk indicators is monitored. Additionally, external data sources are reviewed to ensure the data used aligns with market best practices and serves its intended purpose. Recognising the importance of ESG data in risk management and sustainability work, MuniFin Group has conducted an assessment to identify the areas and methods for improving ESG data quality and management. Now, MuniFin Group is continuously developing its capabilities to measure, analyse and enhance the quality of ESG data.

9.3 Qualitative information on social risks

9.3.1 Governance on social risks

MuniFin Group communicates its expectations, requirements and own commitment regarding the activities towards the community and society, employee relationships and labour standards, customer protection and product responsibility, and human rights through the Sustainability Policy and Supplier Code of Conduct. The counterparties' commitment to these standards ensures alignment with the Group's values and ethical principles. MuniFin Group's independent Risk Management function reports regularly to the Board's Risk Committee and may escalate the 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.

9.3.2 Risk management on social risks

Identification and management of social risks

MuniFin Group evaluates its exposure to social risks as part of its broader ESG risk management framework, employing methodologies that integrate social risks within overall ESG assessment. MuniFin Group is dedicated to aligning with the internationally recognised standards, including the UN Global Compact and the Commitment 2050 initiative of the Finnish Prime Minister's Office. Additionally, MuniFin Group is committed to observing the conventions set by the International Labour Organization (ILO). However, MuniFin Group has not yet established specific methods, definitions, and standards for the management of social factors. Furthermore, MuniFin Group does not currently conduct any scenario analysis to evaluate the social risk exposures across different scenarios and time horizons. This is primarily due to the unique nature of the Group's business model and limited customer base, which are generally considered low risk in terms of social factors.

MuniFin Group has established comprehensive policies and processes for approving new customers and other counterparties. These policies ensure that ESG aspects are continuously monitored and managed through its customer and liquidity portfolios. The proactive approach helps MuniFin Group to maintain high standards of social responsibility and effectively manage any potential social risk events. MuniFin Group also emphasises active engagement with its counterparties. MuniFin Group takes an active role in ensuring that all counterparties meet compliance standards, and in case counterparties fail to meet these, MuniFin Group is prepared to terminate the relationship.

Monitoring social risks of its stakeholders

MuniFin Group's customer finance and approach to social and administrative risks is governed by the law on public procurement, which applies to the majority of MuniFin Group's customers. Public contracts, including supply, service, or public work contracts, must comply with national procurement legislation and the European Union's procurement directives. The objective is to optimize the use of public funds, promote high-quality, innovative and sustainable procurement practices, and ensure equal opportunities for companies and entities to participate in public procurement tenders. Significant part of MuniFin Group's customers must comply with these laws and thus mitigate the indirect social risks associated with MuniFin Goup's credit granting processes.

MuniFin Group follows the external ESG score for municipalities that includes several metrics related to poverty, unemployment, education and health. Furthermore, MuniFin Group's customer ESG questionnaire includes questions related to equality, diversity and pay ratio for some customer groups. Based on this data, MuniFin Group can identify, measure and monitor its customers' social risk factors.

MuniFin Group has internal and external assessment processes to identify and mitigate social risks in its liquidity portfolio. First, MuniFin Group makes a thorough assessment to accept new counterparties. This includes evaluating the social responsibility practices of counterparties. MuniFin Group's investment criteria are defined in the Sustainable Investment Framework, which incorporates ESG factors and defines sustainability criteria for both new and existing investments. The Framework reflects MuniFin Group's low risk appetite and conservative liquidity management strategy, which limits exposures to very low-risk entities that are generally considered to have minimal social risk challenges. The Framework includes exclusion criteria for controversial sectors and allows investments only in OECD countries. The social factors are included in the criteria and those are screened regularly. The strict criteria limit the exposures to counterparties with minimal social risk challenges, such as central banks, sovereigns and credit institutions. MuniFin Group also utilises external ESG ratings and benchmarks to gain insights into the social risk profiles of its investments compared to other benchmark portfolios. Even though the social risks are considered low, MuniFin Group actively monitors its liquidity portfolio exposures and is prepared to react to individual social risk challenges if they arise.

For its suppliers, MuniFin Group has a Supplier Code of Conduct that sets minimum standards for its suppliers. This Supplier Code requires suppliers to comply with laws and regulations, report any conduct concerns or violations, and commit to develop their responsibility practices in suppliers' own operations and supply chain.

Impact on risk categories

MuniFin Group assesses social risks in the short-, medium- and long-term through its CSRD-aligned Double Materiality Assessment process. Currently, MuniFin Group has not identified any financially material social risks. However, there are potential social risk factors that may become financially material in the future, and these are actively monitored as part of the DMA process. MuniFin Group recognises that social risks can influence various risk categories, including credit, liquidity, funding, market, operational and reputational risks. Consequently, MuniFin Group does not allocate capital specifically to ESG or social risks but instead assesses the impact of social risks within these risk categories.

Risk	Transmission channel	Potential social risk events
Credit Risk	**Lower profitability**	Social risk events, such as human rights violations or labour rights abuses, may cause sanctions or reputational damage to MuniFin Group's customer or counterparty, decreasing its profitability or even leading to default.
Market Risk	**Lower asset value**	Social risk events, such as corruption or unethical practices of a bond issuer, could decrease the value of bonds or derivatives.
Liquidity risk	**Decreased liquidity of assets**	Social risk events, such as corruption or unethical practices, may affect MuniFin Group's liquidity portfolio and derivative counterparties, potentially decreasing the liquidity of assets.
Funding risk	**Limited access to funding**	Social risk events, such as allegations of corruption or other unethical business practices can lead to loss of confidence among investors and funding sources. For example, if an investor or funding dealer is implicated in a scandal, they may face boycotts from socially responsible investors resulting MuniFin Group to lose access to these funding sources.
Operational and reputational risk	**Increased operational costs**	Social risk events involving any MuniFin Group's supplier, such as labour right violations, could cause challenges to the service provided to MuniFin Group, increasing operational risks. A social risk event involving MuniFin Group's customer, counterparty or supplier can cause also reputational damage and lead to sanctions or increased operational costs or decreased funding access.

Financial risk categories, potential social risk events and their transmission channels for MuniFin Group

MuniFin Group has not identified any projects or counterparties in the past that would be socially harmful or would significantly harm the social objectives of its business strategy. Minimising social risks is integrated into MuniFin Group's business model and it does not extend to higher-risk customers. With respect to other counterparties, MuniFin Group requires engagement only with responsible counterparties that commit to principles outlined in MuniFin Group's Sustainability Policy. MuniFin Group has not set any specific limits for projects or counterparties that could significantly harm the social objectives.

9.4 Qualitative information on governance risks

9.4.1 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, the municipal council, is based on democracy, and thus public elections organized 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 include 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.

9.4.2 Risk management on governance risks

MuniFin Group has integrated its risk management framework to evaluate also the governance performance of its customers and counterparties. However, the lack of availability of non-financial information related to small municipalities, wellbeing services counties and affordable housing entities poses challenge for MuniFin Group in analysing their non-financial performance. Despite this, MuniFin Group considers the governance risks associated with its customers to be low due to the nature of its customers and business model. MuniFin Group's service model and products do not closely integrate the Group with its customers, meaning that risk events in these areas are not considered materially harmful to MuniFin Group.

Nevertheless, MuniFin Group's risk monitoring process, which covers its customer and liquidity portfolio counterparties, considers ESG factors. This process can identify and raise material issues also in governance if public information on challenges is available.

Part 2:
Pillar III tables

MuniFin

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

EU KM1
Key metrics template

MuniFin Group's total capital ratio was 107.71% at the end of December 2024 increasing from the year-end 2023 (103.35%).

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 15.04% (13.92%) 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 2024**	**30 Sep 2024**	**30 Jun 2024**	**31 Mar 2024**	**31 Dec 2023**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,646,129	1,594,829	1,586,169	1,524,746	1,549,809
2	Tier 1 capital	1,646,129	1,594,829	1,586,169	1,524,746	1,549,809
3	Total capital	1,646,129	1,594,829	1,586,169	1,524,746	1,549,809
	Risk-weighted exposure amounts					
4	Total risk exposure amount	1,528,307	1,529,436	1,549,714	1,560,436	1,499,550
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	107.7093%	104.2756%	102.3524%	97.7128%	103.3516%
6	Tier 1 ratio (%)	107.7093%	104.2756%	102.3524%	97.7128%	103.3516%
7	Total capital ratio (%)	107.7093%	104.2756%	102.3524%	97.7128%	103.3516%
	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 (%)	1.0363%	1.0112%	1.0001%	0.9084%	0.9236%
EU 9a	Systemic risk buffer (%)	1.0000%	1.0000%	1.0000%	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 (%)	5.0363%	5.0112%	5.0001%	3.9084%	3.9236%
EU 11a	Overall capital requirements (%)	15.0363%	15.0112%	15.0001%	13.9084%	13.9236%
12	CET1 available after meeting the total SREP own funds requirements (%)	97.7093%	94.2756%	92.3524%	87.7128%	93.3516%

Municipality Finance Plc • Pillar III Disclosure Report 2024

		a	b	c	d	e
(EUR 1,000)		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
	Leverage ratio					
13	Total exposure measure	13,340,479	15,261,529	13,209,807	12,781,856	12,876,965
14	Leverage ratio (%)	12.3394%	10.4500%	12.0075%	11.9290%	12.0355%
	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)	11,716,025	11,352,061	10,991,317	10,923,090	10,821,073
EU 16a	Cash outflows - Total weighted value	4,160,643	4,003,264	4,247,618	4,381,011	4,528,127
EU 16b	Cash inflows - Total weighted value	1,128,447	1,145,682	1,160,917	1,183,088	1,203,931
16	Total net cash outflows (adjusted value)	3,032,196	2,857,582	3,086,701	3,197,923	3,324,196
17	Liquidity coverage ratio (%)	411.6291%	427.9744%	382.1731%	369.4444%	356.1142%
	Net Stable Funding Ratio					
18	Total available stable funding	39,297,987	39,503,011	37,775,983	38,884,445	36,278,729
19	Total required stable funding	31,757,350	30,760,999	30,069,623	29,603,789	29,244,475
20	NSFR ratio (%)	123.7445%	128.4191%	125.6284%	131.3496%	124.0533%

EU OV1
Overview of total risk exposure amounts

The total risk exposure amount increased from the year-end 2023 EUR 1,500 million to EUR 1,528 million at the end of the year 2024. 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 44 million from the year-end 2023. The total risk exposure amount for counterparty credit risk increased to EUR 500 million (EUR 465 million), of which CVA VaR increased to EUR 453 million (EUR 427 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 USD. On 31 December 2024, the FX net position was EUR 10.4 million (EUR 4.7 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 2024 or 2023.

The capital requirement for operational risk is calculated using the basic indicator approach. The risk exposure amount of operational risk was EUR 450 million (EUR 500 million).

(EUR 1,000)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2024	30 Sep 2024	31 Dec 2024
1	Credit risk (excluding CCR)	578,784	558,863	46,713
2	Of which the standardised approach	578,784	558,863	46,713
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	499,547	470,776	39,964
7	Of which the standardised approach	44,324	45,059	3,546
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	2,157	1,506	173
EU 8b	Of which credit valuation adjustment - CVA	453,066	424,210	36,245
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 2024	30 Sep 2024	31 Dec 2024
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	449,976	499,797	35,998
EU 23a	Of which basic indicator approach	449,976	499,797	35,998
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**	**1,528,307**	**1,529,436**	**122,675**

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
(EUR 1,000)		31 Dec 2023	30 Sep 2023	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	-	-	-

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
(EUR 1,000)		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**

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 2024 (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 institutions	8,566,611	7,958,203	608,408	-	60,249	-
3	Loans and advances to the public and public sector entities	35,376,909	35,376,909	-	-	-	-
4	Debt securities	5,878,912	5,878,912	-	-	-	-
5	Derivative contracts	2,323,708	-	2,323,708	-	1,111,180	-
6	Intangible assets	2,720	-	-	-	-	2,720
7	Tangible assets	8,236	8,236	-	-	-	-
8	Other assets	915,913	26,231	889,682	-	101,281	-
9	Accrued income and prepayments	18,797	18,797	-	-	-	0
10	Deferred tax assets	10	-	-	-	-	10
11	**Total assets**	**53,091,818**	**49,267,289**	**3,821,798**	**-**	**1,272,709**	**2,730**

31 Dec 2024 (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	883,694	-	716,137	-	-	167,558
2	Liabilities to the public and public sector entities	2,463,874	-	-	-	21,465	2,442,409
3	Debt securities issued	44,534,306	-	-	-	23,325,901	21,208,405
4	Derivative contracts	2,561,718	-	2,561,718	-	498,099	2,747
5	Other liabilities	285,181	-	259,850	-	-	25,331
6	Accrued expenses and deferred income	45,485	-	-	-	-	45,485
7	Deferred tax liabilities	372,126	-	-	-	-	372,126
8	**Total liabilities**	**51,146,383**	**-**	**3,537,705**	**-**	**23,845,465**	**24,264,060**

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 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 institutions	9,192,948	8,128,211	1,064,737	-	61,547	-
3	Loans and advances to the public and public sector entities	32,225,422	32,225,624	-	-	-	202
4	Debt securities	5,170,005	5,170,005	-	-	9,620	-
5	Derivative contracts	2,036,212	-	2,036,212	-	496,796	-
6	Intangible assets	6,311	-	-	-	-	6,311
7	Tangible assets	9,648	9,648	-	-	-	-
8	Other assets	1,075,207	29,598	1,049,735	-	107,039	4,126
9	Accrued income and prepayments	20,595	20,595	-	-	-	-
10	Deferred tax assets	9	-	-	-	-	9
11	**Total assets**	**49,736,359**	**45,583,683**	**4,150,684**	**-**	**675,001**	**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	215,552	-	81,916	-	-	133,635
2	Liabilities to the public and public sector entities	2,622,551	-	-	-	20,595	2,601,955
3	Debt securities issued	40,872,798	-	-	-	20,079,428	20,793,369
4	Derivative contracts	3,496,553	-	3,496,553	-	911,599	3,502
5	Other liabilities	418,445	-	392,343	-	0	26,102
6	Accrued expenses and deferred income	43,128	-	-	-	-	43,128
7	Deferred tax liabilities	323,517	-	-	-	-	323,517
8	**Total liabilities**	**47,992,542**	**-**	**3,970,813**	**-**	**21,011,623**	**23,925,208**

Comparison period figures are adjusted to reflect changes in the presentation of accrued interest in the Consolidated statement of financial position.

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 2024 (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)	53,089,087	49,267,289	-	3,821,798	1,272,709
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	-26,882,324	-	-	-3,537,705	-23,845,465
3	Total net amount under the scope of prudential consolidation	26,206,764	49,267,289	-	284,094	-22,572,756
4	Off-balance-sheet amounts	2,943,513	2,943,513	-	-	
5	Differences in valuations	-51,719	-51,719	-	-	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions	-	-	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	
9	Differences due to credit conversion factors	-1,541,392	-1,541,392	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences	649,609	51,719	-	597,889	
12	**Exposure amounts considered for regulatory purposes**	**51,561,802**	**50,669,410**	**-**	**881,983**	**10,409**

31 Dec 2023 (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)	49,736,359	45,583,683	-	4,150,684	675,001
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	-24,067,334	-	-	-3,970,813	-21,011,623
3	Total net amount under the scope of prudential consolidation	25,669,025	45,583,683	-	179,871	-20,336,623
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	-	-	-	-	
7	Differences due to consideration of provisions	-	-	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	
9	Differences due to credit conversion factors	-1,620,805	-1,620,805	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences	561,316	58,631	-	502,685	
12	**Exposure amounts considered for regulatory purposes**	**47,721,431**	**47,034,091**	**-**	**682,556**	**4,784**

Comparison period figures are adjusted to reflect changes in the presentation of accrued interest in the Consolidated statement of financial position.

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 2023.

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

Municipality Finance Plc • Pillar III Disclosure Report 2024

EU LIA
Explanations 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 the 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 USD in the clearing of derivatives by central counterparties. This FX 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 2024 or 2023 (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 Management and Compliance Management Team.

The Finance Management Team 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 Management Team 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 Management Team 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.

CVC 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 Management Team. 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 Management Team. 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 Management Team. 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 Management Team.

MuniFin Group does not have a trading book.

At year-end 2024, MuniFin Group deducted a prudent valuation adjustment totalling EUR 51.7 million (EUR 58.6 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. In addition to the prudent valuation adjustment, MuniFin Group has calculated Credit Valuation and Debt 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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

EU PV1
Prudent valuation adjustments (PVA)

31 Dec 2024 (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	3	4,579	3,326	-	-	35	34	3,989	-	3,989
2	Not applicable										
3	Close-out cost	21	33,888	24,614	-	-	1,275	107	29,953	-	29,953
4	Concentrated positions	-	-	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	1	1,623	1,179	-	-	143	-	1,473	-	1,473
7	Operational risk	1	1,965	1,428	-	-	-	-	3,394	-	3,394
8	Not applicable										
9	Not applicable										
10	Future administrative costs	5	7,476	5,430	-	-	-	-	12,911	-	12,911
11	Not applicable										
12	**Total Additional Valuation Adjustments (AVAs)**								**51,719**	**-**	**51,719**

MuniFin

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**

3. Own funds

EU CC1
Composition of regulatory own funds

At the end of the year, the Group's CET1 capital totalled EUR 1,646 million (EUR 1,550 million). The Group had no Additional Tier 1 instruments or Tier 2 capital at the end of the financial year, so its CET1 capital was therefore equal to Tier 1 capital and total own funds, EUR 1,646 million (EUR 1,550 million).

CET1 capital includes profit for the period of 1 January–31 December 2024, 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 Debt 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 the financial year 2024 has been deducted from CET1 capital.

31 Dec 2024 (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	1,510,462	(f)
3	Accumulated other comprehensive income (and other reserves)	219,330	(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	60,034	(g)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,872,776**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-51,719	
8	Intangible assets (net of related tax liability) (negative amount)	-2,720	(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	-169,999	(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 2024 (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)	-10	(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	-2,197	(b)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-226,647**	
29	**Common Equity Tier 1 (CET1) capital**	**1,646,129**	

31 Dec 2024 (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)**	**1,646,129**	

Municipality Finance Plc • Pillar III Disclosure Report 2024

31 Dec 2024 (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 2024 (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)**	**1,646,129**	
60	**Total risk exposure amount**	**1,528,307**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	107.7093%	
62	Tier 1 capital	107.7093%	
63	Total capital	107.7093%	
64	Institution CET1 overall capital requirements	10.6613%	
65	of which: capital conservation buffer requirement	2.5000%	
66	of which: countercyclical capital buffer requirement	1.0363%	
67	of which: systemic risk buffer requirement	1.0000%	
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**	**97.7093%**	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		

31 Dec 2024 (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	-	

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**	

Municipality Finance Plc • Pillar III Disclosure Report 2024

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		

Municipality Finance Plc • Pillar III Disclosure Report 2024

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	-	

Municipality Finance Plc • Pillar III Disclosure Report 2024

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

31 Dec 2024 (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 institutions	8,566,611	8,566,611	
3	Loans and advances to the public and public sector entities	35,376,909	35,376,909	
4	Debt securities	5,878,912	5,878,912	
5	Derivative contracts	2,323,708	2,323,708	
6	Intangible assets	2,720	2,720	(a)
7	Tangible assets	8,236	8,236	
8	Other assets	915,913	915,913	
9	Accrued income and prepayments	18,797	18,797	
10	Deferred tax assets	10	10	(h)
11	**Total assets**	**53,091,818**	**53,091,818**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Liabilities to credit institutions	883,694	883,694	
2	Liabilities to the public and public sector entities	2,463,874	2,463,874	
3	Debt securities issued	44,534,306	44,534,306	
4	Derivative contracts	2,561,718	2,561,718	
4a	Of which: Debt Valuation Adjustment*	-2,197	-2,197	(b)
5	Other liabilities	285,181	285,181	
6	Accrued expenses and deferred income	45,485	45,485	
7	Deferred tax liabilities	372,126	372,126	
8	**Total liabilities**	**51,146,383**	**51,146,383**	

31 Dec 2024 (EUR 1,000)		a Balance sheet as in published financial statements	b Under regulatory scope of consolidation	c 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	3,340	3,340	(d)
4	Own credit revaluation reserve	169,999	169,999	(e)
5	Cost-of-Hedging reserve	45,714	45,714	(d)
6	Reserve for invested non-restricted equity	40,366	40,366	(c)
7	Retained earnings	1,643,155	1,643,155	
7a	Of which: Retained earnings from previous years	1,510,462	1,510,462	(f)
7b	Of which: Independently reviewed interim profits	132,693	60,034	(g)
8	Total equity attributable to parent company equity holders	1,945,435	1,945,435	
9	**Total shareholders' equity**	**1,945,435**	**1,945,435**	
10	**Total liabilities and shareholder's equity**	**53,091,818**	**53,091,818**	

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 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 institutions	9,192,948	9,192,948	
3	Loans and advances to the public and public sector entities	32,225,422	32,225,422	
4	Debt securities	5,170,005	5,170,005	
5	Derivative contracts	2,036,212	2,036,212	
6	Intangible assets	6,311	6,311	(a)
7	Tangible assets	9,648	9,648	
8	Other assets	1,075,207	1,075,207	
9	Accrued income and prepayments	20,595	20,595	
10	Deferred tax assets	9	9	(h)
11	**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	215,552	215,552	
2	Liabilities to the public and public sector entities	2,622,551	2,622,551	
3	Debt securities issued	40,872,798	40,872,798	
4	Derivative contracts	3,496,553	3,496,553	
4a	Of which: Debt Valuation Adjustment*	-2,802	-2,802	(b)
5	Other liabilities	418,445	418,445	
6	Accrued expenses and deferred income	43,128	43,128	
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	110,526	(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%.

Comparison period figures are adjusted to reflect changes in the presentation of accrued interest in the Consolidated statement of financial position.

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

31 Dec 2024		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 on the redemption situation
10	Accounting classification	Shareholders' equity
11	Original date of issuance	N/A

31 Dec 2024		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)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully 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 2024		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.

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 on 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)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully 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.

4. Capital buffers

Minimum capital requirements and capital buffers

Minimum capital requirements and capital buffers (%) 31 Dec 2024	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%	1.0363%	0.5000%	1.0000%	5.0363%	9.5363%
Tier 1 Capital (T1)	6.0000%	2.5000%	1.0363%	0.5000%	1.0000%	5.0363%	11.0363%
Total own funds	8.0000%	2.5000%	1.0363%	0.5000%	1.0000%	5.0363%	13.0363%

Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2024	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)	68,774	38,208	15,839	7,642	15,283	76,971	145,745
Tier 1 Capital (T1)	91,698	38,208	15,839	7,642	15,283	76,971	168,669
Total own funds	122,265	38,208	15,839	7,642	15,283	76,971	199,235

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

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 17 Dec 2024 (19 Dec 2023), 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 1.04% (0.92%).

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 26 Jun 2024, 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 was set at 0%.

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 2024. The minimum level of total capital ratio was 15.04% (13.92%) 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 2024, the institution-specific countercyclical buffer rate for MuniFin Group was 1.04% (0.92%).

		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 2024 (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	138,151	-	-	-	-	138,151	1,105	-	-	1,105	13,815	6.3028%	1.0000%
	DE	20,286	-	-	-	-	20,286	162	-	-	162	2,029	0.9255%	0.7500%
	DK	82,197	-	-	-	-	82,197	808	-	-	808	10,097	4.6064%	2.5000%
	FI	591,903	-	-	-	-	591,903	7,256	-	-	7,256	90,702	41.3803%	0.0000%
	FR	309,106	-	-	-	-	309,106	2,473	-	-	2,473	30,911	14.1021%	1.0000%
	GB	95,418	-	-	-	-	95,418	2,178	-	-	2,178	27,229	12.4227%	2.0000%
	NL	64,015	-	-	-	-	64,015	512	-	-	512	6,402	2.9205%	2.0000%
	NO	247,865	-	-	-	-	247,865	1,983	-	-	1,983	24,787	11.3082%	2.5000%
	SE	132,202	-	-	-	-	132,202	1,058	-	-	1,058	13,220	6.0314%	2.0000%
020	**Total**	**1,681,144**	**-**	**-**	**-**	**-**	**1,681,144**	**17,535**	**-**	**-**	**17,535**	**219,191**	**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 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%**	

EU CCyB2
Amount of institution-specific countercyclical capital buffer

31 Dec 2024
(EUR 1,000)

		a
1	Total risk exposure amount	1,528,307
2	Institution specific countercyclical capital buffer rate	1.0363%
3	Institution specific countercyclical capital buffer requirement	15,839

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

5. Leverage ratio

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

31 Dec 2024 (EUR 1,000)		a Applicable amount
1	Total assets as per published financial statements	53,091,818
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	-1,383,199
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)	1,402,129
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
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	-39,770,268
13	**Total exposure measure**	**13,340,479**

31 Dec 2023 (EUR 1,000)		b 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)	-
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	-37,051,456
13	**Total exposure measure**	**12,876,965**

EU LR2
LRCom: Leverage ratio common disclosure

The Group's leverage ratio was 12.34% (12.04%) at the end of December 2024.

The total balance sheet exposures increased by EUR 3,703 million from previous year. Off-balance sheet exposures, loan commitments to public and public sector entities decreased by EUR 48 million during the period. Tier 1 capital increased in the period by EUR 96 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 38,604 million (EUR 35,251 million). It consists of loans, short-term lending, 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 2024	CRR leverage ratio exposures b 31 Dec 2023
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	50,765,808	47,699,354
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)	-1,160,788	-1,793,359
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)	-2,730	-6,311
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**49,602,289**	**45,899,684**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	75,760	29,293
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	864,749	748,567
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**	**940,510**	**777,859**
	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 2024	CRR leverage ratio exposures b 31 Dec 2023
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	2,943,531	3,071,228
20	(Adjustments for conversion to credit equivalent amounts)	-1,541,402	-1,620,813
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**1,402,129**	**1,450,415**
	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)	-38,604,448	-35,250,993
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)	-38,604,448	-35,250,993
	Capital and total exposure measure		
23	**Tier 1 capital**	**1,646,129**	**1,549,809**
24	**Total exposure measure**	**13,340,479**	**12,876,965**

(EUR 1,000)		CRR leverage ratio exposures a 31 Dec 2024	CRR leverage ratio exposures b 31 Dec 2023
	Leverage ratio		
25	Leverage ratio (%)	12.3394%	12.0355%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	3.1690%	3.2202%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	12.3394%	12.0355%
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)	13,340,479	12,876,965
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)	13,340,479	12,876,965
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)	12.3394%	12.0355%
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)	12.3394%	12.0355%

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 from municipalities, wellbeing services counties and central government in the calculation of its leverage ratio exposure measure. The total amount exempted is EUR 38,604 million (EUR 35,251 million) at end of December 2024.

31 Dec 2024 (EUR 1,000)		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**12,402,700**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	12,402,700
EU-4	Covered bonds	1,531,432
EU-5	Exposures treated as sovereigns	8,928,720
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	44,702
EU-7	Institutions	1,458,444
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	382,377
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	57,024

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

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 12.3394% at the end of 2024 compared to 12.0355% at the end of previous year. The balance sheet exposures increased by EUR 3,703 million during the year. Off-balance sheet exposures, loan commitments to public and public sector entities, decreased by EUR 48 million during the year. Tier 1 capital increased in the period by EUR 96 million.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 YYYY)	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
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)					11,716,025	11,352,061	10,991,317	10,923,090
Cash - outflows									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	2,120,248	1,890,002	2,104,352	2,263,704	2,120,248	1,890,002	2,104,352	2,263,704
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	26,695	16,489	17,768	15,969	26,695	16,489	17,768	15,969
8	Unsecured debt	2,093,553	1,873,513	2,086,583	2,247,736	2,093,553	1,873,513	2,086,583	2,247,736
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	4,212,829	4,346,709	4,417,236	4,257,162	1,378,735	1,460,943	1,505,149	1,501,052
11	Outflows related to derivative exposures and other collateral requirements	1,067,337	1,144,449	1,186,100	1,199,487	1,064,186	1,140,717	1,182,036	1,195,284
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	3,145,491	3,202,260	3,231,136	3,057,676	314,549	320,226	323,114	305,768
14	Other contractual funding obligations	42,790	44,474	46,772	35,744	32,791	34,423	36,631	31,014

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	6,288,688	6,178,961	6,014,858	5,852,411	628,869	617,896	601,486	585,241
16	**Total cash outflows**					**4,160,643**	**4,003,264**	**4,247,618**	**4,381,011**
Cash - inflows									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	310,054	306,215	294,818	276,681	221,249	218,106	209,009	195,093
19	Other cash inflows	907,198	927,577	951,908	987,995	907,198	927,577	951,908	987,995
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 special ised credit institution)					-	-	-	-
20	**Total cash inflows**	**1,217,252**	**1,233,792**	**1,246,726**	**1,264,676**	**1,128,447**	**1,145,682**	**1,160,917**	**1,183,088**
EU-20a	**Fully exempt inflows**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EU-20b	**Inflows subject to 90% cap**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EU-20c	**Inflows subject to 75% cap**	**1,217,252**	**1,233,792**	**1,246,726**	**1,264,676**	**1,128,447**	**1,145,682**	**1,160,917**	**1,183,088**
Total adjusted value									
EU-21	**Liquidity buffer**					**11,716,025**	**11,352,061**	**10,991,317**	**10,923,090**
22	**Total net cash outflows**					**3,032,196**	**2,857,582**	**3,086,701**	**3,197,923**
23	**Liquidity coverage ratio**					**411.6921%**	**427.9744%**	**382.1731%**	**369.4444%**

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 YYYY)	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
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**

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	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%**

EU LIQ2
Net Stable Funding Ratio

31 Dec 2024 (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	1,872,776	-	-	-	1,872,776
2	*Own funds*	1,872,776	-	-	-	1,872,776
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		8,643,793	2,938,556	35,583,807	37,053,085
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		8,643,793	2,938,556	35,583,807	37,053,085
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	65,853	51,225	-	372,126	372,126
12	*NSFR derivative liabilities*	65,853				
13	*All other liabilities and capital instruments not included in the above categories*		51,225	-	372,126	372,126
14	**Total available stable funding (ASF)**					**39,297,987**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					251,438
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 Dec 2024 (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:		2,397,740	1,412,939	33,430,189	30,707,761
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*		101,533	0	27,561	37,714
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		513,208	1,256,340	33,209,366	29,535,975
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		371,504	979,523	25,583,170	22,023,865
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*		1,782,999	156,599	193,261	1,134,071
25	Interdependent assets		-	-	-	-
26	Other assets:	-	1,375,231	3,650	276,435	650,974
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		335,000	-	-	284,750
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		974,302			48,715
31	*All other assets not included in the above categories*		65,930	3,650	276,435	317,509
32	Off-balance sheet items		251,155	72,166	2,620,210	147,177
33	**Total RSF**					**31,757,350**
34	**Net Stable Funding Ratio (%)**					**123.7445%**

30 Sep 2024 (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	1,769,804	-	-	-	1,769,804
2	*Own funds*	1,769,804	-	-	-	1,769,804
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		8,542,700	3,900,346	35,352,115	37,302,288
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		8,542,700	3,900,346	35,352,115	37,302,288
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	134,739	63,503	-	430,918	430,918
12	*NSFR derivative liabilities*	134,739				
13	*All other liabilities and capital instruments not included in the above categories*		63,503	-	430,918	430,918
14	**Total available stable funding (ASF)**					**39,503,011**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					243,845
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 2024 (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:		2,461,624	1,228,879	32,440,836	29,783,401
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*		110,759	14,485	13,086	31,404
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		900,187	1,128,188	32,185,272	28,777,449
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		626,940	916,604	26,066,665	22,671,420
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*		1,450,677	86,206	242,478	974,548
25	Interdependent assets		-	-	-	-
26	Other assets:	-	1,765,423	2,366	136,343	579,732
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		335,000	-	-	284,750
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,250,561			62,528
31	*All other assets not included in the above categories*		179,861	2,366	136,343	232,454
32	Off-balance sheet items		371,445	64,890	2,644,070	154,020
33	**Total RSF**					**30,760,999**
34	**Net Stable Funding Ratio (%)**					**128.4191%**

		a	b	c	d	e
		Unweighted value by residual maturity				
30 Jun 2024 (EUR 1,000)		**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted value**
Available stable funding (ASF) Items						
1	Capital items and instruments	1,756,792	-	-	-	1,756,792
2	*Own funds*	1,756,792	-	-	-	1,756,792
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		6,774,425	4,854,736	33,206,947	35,634,315
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		6,774,425	4,854,736	33,206,947	35,634,315
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	152,242	75,300	-	384,877	384,877
12	*NSFR derivative liabilities*	152,242				
13	*All other liabilities and capital instruments not included in the above categories*		75,300	-	384,877	384,877
14	**Total available stable funding (ASF)**					**37,775,983**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					243,202
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 2024 (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:		1,806,202	1,166,607	32,165,274	29,097,927
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*		94,445	14,476	13,082	29,765
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		538,586	973,547	31,869,215	28,151,756
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		305,816	814,656	25,897,124	22,221,718
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*		1,173,171	178,584	282,976	916,407
25	Interdependent assets		-	-	-	-
26	Other assets:	-	1,956,105	2,569	137,867	578,184
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		335,000	-	-	284,750
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,466,572			73,329
31	*All other assets not included in the above categories*		154,533	2,569	137,867	220,105
32	Off-balance sheet items		479,058	62,242	2,464,879	150,309
33	**Total RSF**					**30,069,623**
34	**Net Stable Funding Ratio (%)**					**125.6284%**

31 Mar 2024 (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	1,670,793	-	-	-	1,670,793
2	*Own funds*	1,670,793	-	-	-	1,670,793
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		4,845,768	4,322,772	34,574,667	36,736,053
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		4,845,768	4,322,772	34,574,667	36,736,053
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	122,111	71,969	-	477,598	477,598
12	*NSFR derivative liabilities*	122,111				
13	*All other liabilities and capital instruments not included in the above categories*		71,969	-	477,598	477,598
14	**Total available stable funding (ASF)**					**38,884,445**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					235,936
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		-	-	-	-

		a	b	c	d	e
		Unweighted value by residual maturity				
31 Mar 2024 (EUR 1,000)		**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted value**
17	Performing loans and securities:		1,741,729	1,140,349	31,613,239	28,613,804
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*		105,971	-	29,565	40,162
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		376,275	1,047,196	31,301,115	27,657,149
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		106,428	894,214	25,600,445	21,964,568
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*		1,259,482	93,153	282,559	916,493
25	Interdependent assets		-	-	-	-
26	Other assets:	-	2,046,093	2,451	137,021	598,580
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		345,000	-	-	293,250
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,522,330			76,117
31	*All other assets not included in the above categories*		178,762	2,451	137,021	229,213
32	Off-balance sheet items		481,828	174,262	2,453,281	155,469
33	**Total RSF**					**29,603,789**
34	**Net Stable Funding Ratio (%)**					**131.3496%**

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 issuances. 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.

(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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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

31 Dec 2024 (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	7,870,360	7,870,360	-	-	-	-	0	0	-	-	-	-	-	-	-
010	Loans and advances	37,271,335	35,121,954	2,093,405	299,539	-	297,585	-2,320	-217	-2,103	-316	-	-313	-	20,143,390	298,886
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	16,849,968	16,678,634	149,365	-	-	-	-126	-102	-24	-	-	-	-	1,855,634	-
040	Credit institutions	696,311	696,311	-	-	-	-	-60	-60	-	-	-	-	-	-	-
050	Other financial corporations	889,688	889,688	-	-	-	-	-5	-5	-	-	-	-	-	-	-
060	Non-financial corporations	18,483,910	16,554,109	1,901,243	297,299	-	295,345	-2,038	-49	-1,990	-312	-	-309	-	17,937,799	296,650
070	Of which SMEs	3,849,313	3,259,459	589,854	229,832	-	229,832	-773	-8	-764	-253	-	-253	-	3,831,712	229,575
080	Households	351,459	303,213	42,797	2,240	-	2,240	-90	-1	-89	-4	-	-4	-	349,957	2,236
090	Debt securities	5,878,913	2,201,906	986	-	-	-	-1	-1	0	-	-	-	-	324,052	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,630,806	1,764,296	-	-	-	-	-1	-1	0	-	-	-	-	175,853	-

31 Dec 2024 (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	2,964,032	351,707	-	-	-	-	-	-	-	-	-	-	-	77,311	-
130	Other financial corporations	212,695	15,508	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	71,381	70,394	986	-	-	-	0	0	0	-	-	-	-	70,888	-
150	Off-balance sheet exposures	2,943,531	2,872,312	71,219	-	-	-	18	16	2	-	-	-		765,687	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	658,584	658,584	-	-	-	-	4	4	-	-	-	-		-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200	Non-financial corporations	2,275,056	2,203,837	71,219	-	-	-	15	13	2	-	-	-		765,301	-
210	Households	9,891	9,891	-	-	-	-	0	0	-	-	-	-		386	-
220	**Total**	**53,964,140**	**48,066,533**	**2,165,610**	**299,539**	**-**	**297,585**	**-2,303**	**-202**	**-2,101**	**-316**	**-**	**-313**	**-**	**21,233,130**	**298,886**

		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	-

		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			
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**

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 2024, 71.9% (69.7%) of the exposures were within the "> 5 years" bucket.

		a	b	c	d	e	f
		Net exposure value					
31 Dec 2024 (EUR 1,000)		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,509,726	890,771	5,583,335	32,527,918	-	40,511,751
2	Debt securities	-	2,518,618	2,540,252	820,042	-	5,878,912
3	**Total**	**1,509,726**	**3,409,389**	**8,123,587**	**33,347,960**	**-**	**46,390,663**

		a	b	c	d	e	f
		Net exposure value					
31 Dec 2023 (EUR 1,000)		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	-	38,394,725
2	Debt securities	25,282	2,209,654	2,434,360	500,709	-	5,170,005
3	**Total**	**2,168,006**	**3,075,521**	**7,964,243**	**30,356,960**	**-**	**43,564,729**

Municipality Finance Plc • Pillar III Disclosure Report 2024

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

31 Dec 2024 (EUR 1,000)		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**151,028**
020	Inflows to non-performing portfolios	158,132
030	Outflows from non-performing portfolios	-9,620
040	Outflow due to write-offs	-
050	Outflow due to other situations	-9,620
060	**Final stock of non-performing loans and advances**	**299,539**

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**

EU CQ1
Credit quality of forborne exposures

Total amount of forborne exposures at the end of December 2024 increased by EUR 60 million compared to the previous year. Performing forborne exposures grew by EUR 47 million and non-performing forborne exposures grew by EUR 13 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 2024 (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	430,501	137,511	137,511	137,511	-257	-94	567,601	137,391
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	429,121	136,447	136,447	136,447	-252	-94	565,163	136,327
070	*Households*	1,380	1,064	1,064	1,064	-5	0	2,438	1,064
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**Total**	**430,501**	**137,511**	**137,511**	**137,511**	**-257**	**-94**	**567,601**	**137,391**

Municipality Finance Plc • Pillar III Disclosure Report 2024

		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**

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 0.80% (0.43%).

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
31 Dec 2024 (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	7,870,360	7,870,360	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	37,271,335	37,268,864	2,471	299,539	211,817	72,973	1,220	13,529	-	-	-	299,539
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	16,849,968	16,849,968	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	696,311	696,311	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	889,688	889,688	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	18,483,910	18,481,439	2,471	297,299	210,534	72,973	263	13,529	-	-	-	297,299
070	*Of which SMEs*	3,849,313	3,849,313	-	229,832	176,779	39,262	263	13,529	-	-	-	229,832
080	*Households*	351,459	351,459	-	2,240	1,283	-	957	-	-	-	-	2,240
090	Debt securities	5,878,913	5,878,913	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	2,630,806	2,630,806	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	2,964,032	2,964,032	-	-	-	-	-	-	-	-	-	-

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
31 Dec 2024 (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
130 *Other financial corporations*	212,695	212,695	-	-	-	-	-	-	-	-	-	-
140 *Non-financial corporations*	71,381	71,381	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	2,943,531			-								-
160 *Central banks*	-			-								-
170 *General governments*	658,584			-								-
180 *Credit institutions*	-			-								-
190 *Other financial corporations*	-			-								-
200 *Non-financial corporations*	2,275,056			-								-
210 *Households*	9,891			-								-
220 Total	**53,964,140**	**51,018,137**	**2,471**	**299,539**	**211,817**	**72,973**	**1,220**	**13,529**	**-**	**-**	**-**	**299,539**

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
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	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	322,152	322,152	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	217,451	217,451	-	-	-	-	-	-	-	-	-	-

		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**
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**

EU CQ4
Quality of non-performing exposures by geography

The Group's non-domestic original exposures are 10.1% (11.4%) of total exposures on 31 Dec 2024. The five largest countries are reported below. Other countries include exposures in the following countries: AT, AU, BE, CA, DK, ES, IE, JP, KR, LU, LV, NL, NO and NZ.

		a	b	c	d	e	f	g
		Gross carrying/nominal amount						
			Of which non-performing					
31 Dec 2024 (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**	**43,449,788**	**299,539**	**299,539**	**39,717,791**	**-2,637**		**-**
020	FI	38,746,834	299,539	299,539	38,052,064	-2,622		-
030	GB	1,004,008	-	-	977,000	-6		-
040	FR	716,271	-	-	96,192	-2		-
050	DE	506,475	-	-	243,491	-5		-
060	SE	412,984	-	-	175,846	-1		-
070	Other countries	2,063,216	-	-	173,199	-1		-
080	**Off-balance-sheet exposures**	**2,943,531**	**-**	**-**			**18**	
090	FI	2,943,531	-	-			18	
150	**Total**	**46,393,318**	**299,539**	**299,539**	**39,717,791**	**-2,637**	**18**	**-**

31 Dec 2023 (EUR 1,000)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				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
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
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	DE	738,657	-	-	268,047	-8		-
050	FR	487,053	-	-	63,001	-1		-
060	CA	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**	**-**

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

31 Dec 2024 (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	-	-	-	-	-	-
030	Manufacturing	5,190	-	-	5,190	-1	-
040	Electricity, gas, steam and air conditioning supply	264,694	-	-	264,694	-4	-
050	Water supply	963,876	-	-	953,635	-9	-
060	Construction	140,085	239	239	140,085	-93	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	87,466	-	-	87,466	-1	-
090	Accommodation and food service activities	4,288	-	-	4,288	-17	-
100	Information and communication	12,469	-	-	12,469	-31	-
110	Real estate activities	17,099,702	296,119	296,119	17,081,385	-2,191	-
120	Financial and insurance activities	10,051	-	-	10,051	0	-
130	Professional, scientific and technical activities	13,869	-	-	13,869	0	-
140	Administrative and support service activities	23,036	-	-	23,036	-2	-
150	Public administration and defense, compulsory social security	1,625	-	-	1,625	0	-
160	Education	-	-	-	-	-	-
170	Human health services and social work activities	106,347	-	-	106,347	0	-
180	Arts, entertainment and recreation	48,512	941	941	48,512	-1	-
190	Other services	-	-	-	-	-	-
200	**Total**	**18,781,209**	**297,299**	**297,299**	**18,752,651**	**-2,350**	**-**

31 Dec 2023 (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	-	-	-	-	-	-
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**	**-**

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, municipalities or wellbeing services counties.

On 31 December 2024, unsecured debt securities include covered bonds by EUR 1,531 million (EUR 1,329 million) and commercial papers to municipalities and wellbeing services counties by EUR 982 million (EUR 1,318 million).

31 Dec 2024 (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	24,996,322	20,442,276	13,985,353	6,456,923	-
2	Debt securities	5,554,859	324,052	-	324,052	-
3	**Total**	**30,551,182**	**20,766,329**	**13,985,353**	**6,780,976**	**-**
4	Of which non-performing exposures	338	298,886	254,021	44,865	-
EU-5	Of which defaulted	338	298,886			

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			

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 2023.

31 Dec 2024 and 31 Dec 2023	External rating equivalent		
Asset class (debt securities)	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

Municipality Finance Plc • Pillar III Disclosure Report 2024

EU CR4
Standardised approach – Credit risk exposure and CRM effects

This table shows on- and off-balance sheet exposures. Items treated within the scope of counterparty credit risk are excluded.
Total on- and off-balance sheet exposure amount post CCF and CRM was EUR 50,669 million at the end of December 2024 increasing by EUR 3,635 million from the year-end 2023.

31 Dec 2024 (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	8,030,004	-	23,421,184	1,167,852	-	0.0000%
2	Regional government or local authorities	17,548,491	642,180	22,219,388	234,269	3,255	0.0145%
3	Public sector entities	320,099	-	298,427	-	5,686	1.9052%
4	Multilateral development banks	150,733	-	150,733	-	-	0.0000%
5	International organisations	162,349	-	162,349	-	-	0.0000%
6	Institutions	1,458,444	-	1,381,134	-	367,182	26.5856%
7	Corporates	6,646,827	2,301,332	48,349	-	10,700	22.1302%
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	13,074,089	-	-	-	-	-
10	Exposures in default	290,525	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	1,531,432	-	1,531,432	-	155,020	10.1226%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	54,293	-	54,293	-	36,941	68.0394%
17	**Total**	**49,267,289**	**2,943,513**	**49,267,289**	**1,402,121**	**578,784**	**1.1423%**

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%**

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 3,388 million. 94.0% (94.1%) of the total exposure amount is risk-weighted by 0%.

31 Dec 2024 (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	24,589,036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,589,036	-
2	Regional government or local authorities	22,437,382	-	-	-	16,275	-	-	-	-	-	-	-	-	-	-	22,453,656	22,107,125
3	Public sector entities	269,999	-	-	-	28,428	-	-	-	-	-	-	-	-	-	-	298,427	-
4	Multilateral development banks	150,733	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,733	-
5	International organisations	162,349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162,349	-
6	Institutions	-	-	-	-	1,077,948	-	303,185	-	-	-	-	-	-	-	-	1,381,134	27,618
7	Corporates	-	-	-	-	44,915	-	3,433	-	-	-	-	-	-	-	-	48,349	-
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	-	-	-	1,512,660	18,772	-	-	-	-	-	-	-	-	-	-	1,531,432	-
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	16,579	-	-	-	967	-	-	-	-	36,747	-	-	-	-	-	54,293	37,717
17	**Total**	**47,626,078**	**-**	**-**	**1,512,660**	**1,187,305**	**-**	**306,619**	**-**	**-**	**36,747**	**-**	**-**	**-**	**-**	**-**	**50,669,410**	**22,172,460**

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**

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 increased to EUR 44 million (EUR 38 million) when excluding CCP exposures. With CCP exposures the RWEA is 46 million. The change is due to increased exposure at default.

		a	b	c	d	e	f	g	h
31 Dec 2024 (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)	48,709	518,344		1.4	2,516,607	776,789	774,137	44,324
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**					**2,516,607**	**776,789**	**774,137**	**44,324**

The table above represents counterparty credit risk exposures without exposures to CCP. With CCP exposures included, the exposure value is EUR 882 million and RWEA is EUR 46 million.

31 Dec 2023 (EUR 1,000)		a Replacement cost (RC)	b Potential future exposure (PFE)	c EEPE	d Alpha used for computing regulatory exposure value	e Exposure value pre-CRM	f Exposure value post-CRM	g Exposure value	h 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.

EU CCR2
Transactions subject to own funds requirements for CVA risk

The CVA capital charge has increased due to higher exposure at default. MuniFin Group manages the CVA capital charge with comprehensive use of CSAs and CCP clearing.

31 Dec 2024 (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	730,545	453,066
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**	**730,545**	**453,066**

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**

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, 74.3% (82.6%) 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 2024 (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	45,081	-	-	-	-	-	-	-	-	-	-	45,081
3	Public sector entities	610,613	-	-	-	-	-	-	-	-	-	-	610,613
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	107,846	-	-	26,308	45,066	-	-	-	-	-	179,220
7	Corporates	-	-	-	-	23,349	23,720	-	-	-	-	-	47,069
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**655,694**	**107,846**	**-**	**-**	**49,657**	**68,786**	**-**	**-**	**-**	**-**	**-**	**881,983**

Municipality Finance Plc • Pillar III Disclosure Report 2024

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**

EU CCR5
Composition of collateral for CCR exposures

The amount of collaterals posted for derivative transactions at the end of December 2024 was EUR 1,593 million (EUR 2,178 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 2024 (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	-	974,128	335,000	1,059,532	-	-	-	-
2	Cash – other currencies	-	-	-	101,257	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	96,949	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**974,128**	**431,949**	**1,160,788**	**-**	**-**	**-**	**-**

Municipality Finance Plc • Pillar III Disclosure Report 2024

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**	**-**	**-**	**-**	**-**

EU CCR8
Exposures to CCPs

Exposures for qualified central clearing counterparties increased to EUR 108 million (EUR 28 million). The increase was due to higher amount of exposure at default and driven by SA-CCR model change in which QCCP was divided into two netting sets.

31 Dec 2024 (EUR 1,000)		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**2,157**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	107,846	2,157
3	(i) OTC derivatives	107,846	2,157
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	431,949	
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 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	-	-

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 FX risk position was EUR 10.4 million at the end of December 2024 (EUR 4.8 million). Since the FX 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 2024 (EUR 1,000)	a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	10,409
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**10,409**

	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	4,784
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**4,784**

Comparison period figures are adjusted to reflect changes in the presentation of accrued interest in the Consolidated statement of financial position.

12. Disclosure of operational risk

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

31 Dec 2024 (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)	293,942	200,393	225,626	35,998	449,976
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 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	-	-	-	-	-

13. Remuneration policy

EU REM1
Remuneration awarded for the financial year

31 Dec 2024 (EUR 1,000)			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1		Number of identified staff	9	1	7	20
2	Fixed remuneration	Total fixed remuneration	354	364	1,480	2,283
3	Fixed remuneration	Of which: cash-based	354	364	1,480	2,283
4	Fixed remuneration	(Not applicable in the EU)				
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5	Fixed remuneration	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Fixed remuneration	Of which: other instruments	-	-	-	-
6	Fixed remuneration	(Not applicable in the EU)				
7	Fixed remuneration	Of which: other forms	-	-	-	-
8	Fixed remuneration	(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	20
10		Total variable remuneration	-	85	333	419
11		Of which: cash-based	-	42	255	419
12		Of which: deferred	-	17	31	-
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	-	42	78	-
EU-14y		Of which: deferred	-	42	78	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**354**	**448**	**1,813**	**2,702**

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)				
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**

Municipality Finance Plc • Pillar III Disclosure Report 2024

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

31 Dec 2024 (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 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	1
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	0
	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	-	-	-	-

Municipality Finance Plc • Pillar III Disclosure Report 2024

EU REM3
Deferred remuneration

31 Dec 2024 (EUR 1,000) Deferred and retained remuneration		a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	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)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	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	54	17	37	-	-	-	17	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	97	42	55	-	-	-	48	43
12	Other forms	-	-	-	-	-	-	-	-

31 Dec 2024 (EUR 1,000) Deferred and retained remuneration		a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	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)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	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	126	31	95	-	-	-	32	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	205	78	127	-	-	-	125	79
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**	**482**	**168**	**314**	**-**	**-**	**-**	**223**	**122**

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	-	-	-	-	-	-	-	-

Municipality Finance Plc • Pillar III Disclosure Report 2024

31 Dec 2023 (EUR 1,000) Deferred and retained remuneration		a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	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)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	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**

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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

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 2024 (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										37
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	11	
5	Total remuneration of identified staff	354	448	802	-	-	-	1,873	757	1,884	
6	Of which: variable remuneration	-	85	85	-	-	-	337	101	313	
7	Of which: fixed remuneration	354	364	717	-	-	-	1,537	656	1,570	

		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	

14. Encumbered and unencumbered assets

EU AE1
Encumbered and unencumbered assets

Presented figures for years 2024 and 2023 are based on median values of quarterly data on a rolling basis over previous twelve months.

31 Dec 2024 (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**	**20,615,645**	**102,523**			**31,401,317**	**11,423,547**		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	102,523	102,523	102,523	102,523	5,042,031	3,334,985	5,042,031	3,334,985
050	of which: covered bonds	-	-	-	-	1,410,977	1,410,977	1,410,977	1,410,977
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	102,523	102,523	102,523	102,523	1,959,072	719,008	1,959,072	719,008
080	of which: issued by financial corporations	-	-	-	-	2,973,896	2,638,637	2,973,896	2,638,637
090	of which: issued by non-financial corporations	-	-	-	-	121,277	-	121,277	-
120	Other assets	20,508,380	-			26,055,645	7,961,670		

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		

EU AE2
Collateral received and own debt securities issued

Collateral received is cash collateral related to CSA agreements on derivatives. Presented figures for years 2024 and 2023 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 2024 (EUR 1,000)		010	030	040	060
130	**Collateral received by the disclosing institution**	**-**	**-**	**508,156**	**508,156**
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	-	-	508,156	508,156
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**	**20,615,645**	**102,523**		

31 Dec 2023 (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**	-	-	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**		

EU AE3 Sources of encumbrance

Presented figures for years 2024 and 2023 are based on median values of quarterly data on a rolling basis over previous twelve months.

31 Dec 2024 (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	48,514,217	20,598,484

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

EU AE4
Accompanying narrative information

(a) General narrative information on asset encumbrance

The previous 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 Municipal Guarantee Board as counter collateral for guarantees it has given to MuniFin'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 Municipal Guarantee Board (EUR 13,637 million), loans pledged to Central Bank for possible monetary policy operations (EUR 4,965 million) and cash collateral related to derivatives (EUR 2,089 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 11,424 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 2024.

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 2024. Last period is 31 December 2023. In current period for NII and current and last period for EVE, a 50% weight is used to positive changes when summing up the EVE and NII, inline with the Supervisory outlier test specifications in EBA/RTS/2022/10. Most of all EVE risk comes from EUR.

It should be noted that the figures for the last period for NII were calculated using internal scenarios, whereas the current period figures are aligned with EBA/RTS/2022/10. Consequently, the periods are not entirely comparable.

		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	-120,225	-92,820	-38,243	-8,020
2	Parallel down	100,518	58,826	18,200	9,344
3	Steepener	24,274	17,668		
4	Flattener	-65,243	-48,814		
5	Short rates up	-101,040	-75,951		
6	Short rates down	53,377	40,353		

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). The chosen emission factor depends on whether the finance granted is towards residential or commercial real estate. In MuniFin Group's customer context commercial real estate refers to e.g. schools, community centers, libraries, sports and other cultural facilities and residential real estate to rental housing.

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, 2 and 3. To align with the PCAF phase-in approach for scope 3 reporting in lending, MuniFin Group has included scope 3 financed emissions of business loans from 2024 onwards. 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.

All asset classes

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 as well as financial statement information, the Group has 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.

It should be noted that the current PCAF emission calculation methodology does not cover scope 3 financed emissions for all asset classes. So far, the calculation of business loans is the only asset class that includes scope 3 since methodology and emission factors covering scope 3 are available. MuniFin Group closely monitors developments in this area and will add scope 3 emissions were feasible if a methodology becomes available for other asset classes.

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, except for exposures towards financial and insurance activities.

		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 2024 (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
1	**Exposures towards sectors that highly contribute to climate change***	18,636	-	-	1,875	296	-2	-2	0	379,783	180,464	0	576	1,725	2,522	13,813	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	5	-	-	5	-	0	0	-	9,893	9,581	0	-	5	-	-	7
10	*C.10 - Manufacture of food products*	5	-	-	5	-	0	0	-	9,893	9,581	0	-	5	-	-	7
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*	-	-	-	-	-	-	-	-			-	-	-	-	-	-

31 Dec 2024 (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) **							
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
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	-	-	-	-			-	-	-	-	-	-
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.	-	-	-	-	-	-	-	-			-	-	-	-	-	-

	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 2024 (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
29 *C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	-	-	-	-	-	-	-	-			-	-	-	-	-	-
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	281	-	-	12	-	0	0	-	91,713	60,976	0	138	85	48	11	6
35 *D35.1 - Electric power generation, transmission and distribution*	173	-	-	1	-	0	0	-	80,454	54,290	0	105	62	5	1	4
36 *D35.11 - Production of electricity*	57	-	-	1	-	0	0	-	32,063	23,639	0	40	13	4	0	4
37 *D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	-	-	-	-	-	-	-	-			-	-	-	-	-	-
38 *D35.3 - Steam and air conditioning supply*	108	-	-	11	-	0	0	-	11,259	6,686	0	33	23	42	10	9
39 E - Water supply; sewerage, waste management and remediation activities	996	-	-	21	-	0	0	-	169,998	107,594	0	76	371	355	194	14
40 F - Construction	140	-	-	47	0	0	0	0	1,113	152	0	8	49	16	67	18
41 *F.41 - Construction of buildings*	137	-	-	47	0	0	0	0	989	42	0	8	47	15	67	19
42 *F.42 - Civil engineering*	1	-	-	-	-	0	-	-	42	37	0	0	0	1	-	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) **		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
31 Dec 2024 (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
43	*F.43 - Specialised construction activities*	2	-	-	-	-	0	-	-	83	73	0	0	1	-	-	8
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-			-	-	-	-	-	-
45	H - Transportation and storage	87	-	-	1	-	0	0	-	3,778	2,024	0	13	34	26	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*	87	-	-	1	-	0	0	-	3,778	2,024	0	13	34	26	15	12
50	*H.53 - Postal and courier activities*	-	-	-	-	-	-	-	-			-	-	-	-	-	-
51	I - Accommodation and food service activities	4	-	-	4	-	0	0	-	49		0	-	-	-	4	30
52	L - Real estate activities	17,122	-	-	1,785	296	-2	-2	0	103,239	138	0	341	1,182	2,077	13,523	27
53	**Exposures towards sectors other than those that highly contribute to climate change***	4,897	-	88	27	1	0	0	0				2,646	582	36	1,634	9
54	K - Financial and insurance activities	4,691	-	88	0	-	0	-	-				2,634	551	7	1,499	9
55	Exposures to other sectors (NACE codes J, M - U)	206	-	-	27	1	0	0	0				12	31	28	135	22
56	**Total**	**23,533**	**-**	**88**	**1,902**	**297**	**-2**	**-2**	**0**	**379,783**	**180,464**	**0**	**3,221**	**2,307**	**2,557**	**15,447**	**23**

* 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 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	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***	16,806	-	-	1,261	149	-1	-1	0	185,340	-	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	-	-	482	-	0	-	6	-	-	8
10 *C.10 - Manufacture of food products*	6	-	-	-	-	0	-	-	482	-	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)							
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**
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 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
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	-	50,700	-	0	146	91	55	11	7
35	*D35.1 - Electric power generation, transmission and distribution*	193	-	-	-	-	0	-	-	32,977	-	0	112	67	14	1	5
36	*D35.11 - Production of electricity*	72	-	-	-	-	0	-	-	11,201	-	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	-	17,724	-	0	35	24	41	10	9
39	E - Water supply; sewerage, waste management and remediation activities	933	-	-	7	-	0	0	-	25,839	-	0	149	342	317	125	13
40	F - Construction	134	-	-	4	1	0	0	0	1,379	-	0	1	50	17	66	20
41	*F.41 - Construction of buildings*	130	-	-	4	1	0	0	0	1,370	-	0	0	48	16	65	20
42	*F.42 - Civil engineering*	3	-	-	-	-	0	-	-	4	-	0	0	0	1	1	17
43	*F.43 - Specialised construction activities*	2	-	-	-	-	0	-	-	5	-	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)**		**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 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	99	-	-	-	-	0	-	-	675	-	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	-	-	675	-	0	15	36	33	15	12
50 *H.53 - Postal and courier activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51 I - Accommodation and food service activities	4	-	-	-	-	0	-	-	133	-	0	-	-	-	4	31
52 L - Real estate activities	15,327	-	-	1,249	147	-1	-1	0	106,131	-	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**	**185,340**	**-**	**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.

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.

		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 2024 (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**	14,938	7,208	6,392	717	118	38	36	2,333	3,770	3,648	1,133	710	317	204	2,823	99%
2	Of which Loans collateralised by commercial immovable property	1	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-
3	Of which Loans collateralised by residential immovable property	14,937	7,208	6,392	717	118	38	36	2,333	3,770	3,648	1,133	710	317	204	2,823	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	2,790	1,832	941	17	-	-	-								2,790	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	-	-	-	-	-	-	-								-	-

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	-	-	-	-	-	-	-								-	-

Municipality Finance Plc • Pillar III Disclosure Report 2024

Template 3
Banking book - Climate Change transition risk: Alignment metrics

In accordance with the EBA Q&A 2023_6843, MuniFin Group will not be disclosing any information pertaining to *Template 3 Banking book - Climate Change transition risk: Alignment metrics* as of the reference date, December 31 2024. This is due to the fact that the Group does not hold any material exposures to the sectors specified in the pre-defined list of NACE sectors for Template 3. Specifically, the shipping and power industries constitute less than 0,1% of its total exposures, rendering them immaterial. Furthermore, it has been observed that procuring a scenario value for the alignment metric for these two sectors presents a significant challenge.

Additionally, MuniFin Group does not have exposures to any other sector not included in the pre-defined list of NACE sectors for Template 3, where a feasible alignment metric and scenario value could be determined.

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

As of 31 December 2024 or 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 2022.

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 physical 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											Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
31 Dec 2024 (EUR million) Finland		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	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		of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 C - Manufacturing	5	-	-	-	-	-	-	-	-	-	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	281	27	11	10	3	6	-	51	-	-	-	0	-	-
5 E - Water supply; sewerage, waste management and remediation activities	996	24	34	107	22	13	-	187	-	-	-	0	0	-
6 F - Construction	140	0	5	12	7	16	-	24	-	14	0	0	0	0
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 H - Transportation and storage	87	7	-	-	-	2	-	7	-	-	-	0	-	-
9 L - Real estate activities	17,122	81	240	257	1,440	25	-	2,018	-	297	54	-1	-1	0
10 Loans collateralised by residential immovable property	14,937	14	180	127	1,342	27	-	1,663	-	149	54	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 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**		**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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Municipality Finance Plc • Pillar III Disclosure Report 2024

Template 6
Summary of GAR KPIs

	KPI			
31 Dec 2024	**Climate change mitigation**	**Climate change adaptation**	**Total (Climate change mitigation + Climate change adaptation)**	**% coverage (over total assets)***
GAR stock	0.27%	0.11%	0.38%	17.05%
GAR flow	0.34%	0.00%	0.34%	6.46%

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

	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

For financial corporations, all taxonomy-related data has been collected from counterparties' annual NFRD reporting. The taxonomy-related data disclosed in this table for financial corporations have the reference date 31 December 2023. MuniFin Group's all household exposures (exposures to non-profit institutions serving households) are reported on row 24 "Households". For local governments financing, the scope of row 30 "Other local government financing" has been amended to include all exposures where the use of proceeds is known according to the amendments of Commission Delegated Regulation (EU) 2021/2178 as of 1.1.2024.

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 2024 (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	9,053	4,842	88	-	3	1	38	36	-	0	0	4,880	124	-	3	1
2 **Financial corporation**	1,820	662	88	-	3	1	38	36	-	0	0	700	124	-	3	1
3 Credit institutions	1,820	662	88	-	3	1	38	36	-	0	0	700	124	-	3	1
4 Loans and advances	601	153	7	-	1	1	0	0	-	0	0	153	7	-	1	1
5 Debt securities, including UoP	1,219	509	81	-	2	1	38	36	-	-	0	547	117	-	2	1
6 Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
7 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 2024 (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**	354	310	-	-	-	-						310	-	-	-	-
25 of which loans collateralised by residential immovable	233	233	-	-	-	-						233	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-						-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-						-	-	-	-	-
28 **Local governments financing**	6,879	3,869	-	-	-	-	-	-	-	-	-	3,869	-	-	-	-
29 Housing financing	249	249	-	-	-	-	-	-	-	-	-	249	-	-	-	-
30 Other local governments financing	6,630	3,621	-	-	-	-	-	-	-	-	-	3,621	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Total GAR assets	9,053	4,842	88	-	3	1	38	36	-	0	0	4,880	124	-	3	1

Municipality Finance Plc • Pillar III Disclosure Report 2024

	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 2024 (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)**	**18,853**															
34 Loans and advances	18,781															
35 Debt securities	71															
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	1,266															
42 On demand interbank loans	61															
43 Cash and cash-related assets	0															
44 Other assets (e.g. Goodwill, commodities etc.)	**2,999**															
45 **Total assets in the denominator (GAR)**	**32,232**															

		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 2024 (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**
46	Sovereigns	12,602															
47	Central banks exposure	7,809															
48	Trading book	451															
49	**Total assets excluded from numerator and denominator**	**20,863**															
50	**Total assets**	**53,094**															

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	347	-	-	-	-	-	-	-	-	-	347	-	-	-	-
2 **Financial corporation**	1,261	75	-	-	-	-	-	-	-	-	-	75	-	-	-	-
3 Credit institutions	1,239	75	-	-	-	-	-	-	-	-	-	75	-	-	-	-
4 Loans and advances	624	42	-	-	-	-	-	-	-	-	-	42	-	-	-	-
5 Debt securities, including UoP	615	33	-	-	-	-	-	-	-	-	-	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	-	-	-		-	-	-	-		-	-	-	-		-	-

	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 (Taxonomomy-eligible) *					Of which towards taxonomy relevant sectors (Taxonomomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomomy-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
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	347	-	-	-	-	-	-	-	-	-	347	-	-	-	-

Municipality Finance Plc • Pillar III Disclosure Report 2024

	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
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**
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 started to disclose the information in columns q - af ("KPIs on flow") as of 30 June 2024.

	31 Dec 2024 (EUR million)	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				
	% (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**	15.02%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	15.14%	0.38%	0.00%	0.01%	0.00%	17.05%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15.02%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	15.14%	0.38%	0.00%	0.01%	0.00%	17.05%
3	Financial corporations	2.05%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	2.17%	0.38%	0.00%	0.01%	0.00%	3.43%
4	Credit institutions	2.05%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	2.17%	0.38%	0.00%	0.01%	0.00%	3.43%
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%	0.00%
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	0.96%	0.00%	0.00%	0.00%	0.00%						0.96%	0.00%	0.00%	0.00%	0.00%	0.67%
11	of which loans collateralised by residential immovable property	0.72%	0.00%	0.00%	0.00%	0.00%						0.72%	0.00%	0.00%	0.00%	0.00%	0.44%
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	12.00%	0.00%	0.00%	0.00%	0.00%						12.00%	0.00%	0.00%	0.00%	0.00%	12.96%
15	Housing financing	0.77%	0.00%	0.00%	0.00%	0.00%						0.77%	0.00%	0.00%	0.00%	0.00%	0.47%
16	Other local governments financing	11.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.23%	0.00%	0.00%	0.00%	0.00%	12.49%
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 2024 (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**	8.98%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	8.99%	0.34%	0.00%	0.01%	0.01%	6.46%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	8.98%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	8.99%	0.34%	0.00%	0.01%	0.01%	6.46%
3	Financial corporations	3.85%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	3.86%	0.34%	0.00%	0.01%	0.01%	1.39%
4	Credit institutions	3.85%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	3.86%	0.34%	0.00%	0.01%	0.01%	1.39%
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%	0.00%
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	0.19%	0.00%	0.00%	0.00%	0.00%						0.19%	0.00%	0.00%	0.00%	0.00%	0.03%
11	of which loans collateralised by residential immovable property	0.06%	0.00%	0.00%	0.00%	0.00%						0.06%	0.00%	0.00%	0.00%	0.00%	0.01%
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	4.94%	0.00%	0.00%	0.00%	0.00%						4.94%	0.00%	0.00%	0.00%	0.00%	5.04%
15	Housing financing	0.05%	0.00%	0.00%	0.00%	0.00%						0.05%	0.00%	0.00%	0.00%	0.00%	0.01%
16	Other local governments financing	4.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.88%	0.00%	0.00%	0.00%	0.00%	5.03%
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%

		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**	1.47%	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	1.47%	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	0.32%	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	0.32%	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%

31 Dec 2023 (EUR million) % (compared to total covered assets in the denominator)	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				
			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																

Municipality Finance Plc • Pillar III Disclosure Report 2024

Template 9
Mitigating actions: BTAR

Template 9.1
Mitigating actions: Assets for the calculation of BTAR

31 Dec 2024 (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
1 **Total GAR Assets**	9,053	4,842	88	-	3	1	38	36	-	0	0	4,880	124	-	3	1
Assets excluded from the numerator for GAR calculation (covered in the denominator) but included in the numerator and denominator of the BTAR																
2 **EU Non-financial corporations (not subject to NFRD disclosure obligations)**	18,853	18,416	-	-	-	-	-	-	-	-	-	18,416	-	-	-	-
3 Loans and advances	18,781	18,416	-	-	-	-	-	-	-	-	-	18,416	-	-	-	-
4 of which loans collateralised by commercial immovable property	1	-	-	-	-	-						-	-	-	-	-
5 of which building renovation loans	2,521	2,521	-	-	-	-						2,521	-	-	-	-
6 Debt securities	71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 **Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 **Total BTAR assets**	27,905	23,257	88	-	3	1	38	36	-	0	0	23,296	124	-	3	1

	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)				
	Total gross carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
31 Dec 2024 (EUR million)				Of which spe-cialised lending	Of which transi-tional	Of which enabling			Of which spe-cialised lending	Of which adap-tation	Of which enabling			Of which spe-cialised lending	Of which transi-tional/ adap-tation	Of which enabling
Assets excluded from the numerator of BTAR (covered in the denominator)																
13 Derivatives	1,266															
14 On demand interbank loans	61															
15 Cash and cash-related assets	0															
16 Other assets (e.g. Goodwill, commodities etc.)	2,999															
17 **Total assets in the denominator**	32,232															
Other assets excluded from both the numerator and denominator for BTAR calculation																
18 **Total assets excluded from numerator and denominator**	20,863															
19 **Total assets**	53,094															

Template 9.2
BTAR %

	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 2024 (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 **BTAR**	72.16%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	72.27%	0.38%	0.00%	0.01%	0.00%	52.56%
2 **GAR**	15.02%	0.27%	0.00%	0.01%	0.00%	0.12%	0.11%	0.00%	0.00%	0.00%	15.14%	0.38%	0.00%	0.01%	0.00%	17.05%
3 EU Non-financial corporations not subject to NFRD disclosure obligations	57.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	57.14%	0.00%	0.00%	0.00%	0.00%	35.51%
4 of which loans collateralised by commercial immovable property	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 of which building renovation loans	7.82%	0.00%	0.00%	0.00%	0.00%						7.82%	0.00%	0.00%	0.00%	0.00%	4.75%
5 Non-EU country counterparties not subject to NFRD disclosure obligations	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%

Municipality Finance Plc • Pillar III Disclosure Report 2024

31 Dec 2024 (EUR million) % (compared to total covered assets in the denominator)		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T: KPIs on flows															
		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				
				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	**BTAR**	40.51%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	40.51%	0.34%	0.00%	0.01%	0.01%	11.54%
2	**GAR**	8.98%	0.34%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	8.99%	0.34%	0.00%	0.01%	0.01%	6.46%
3	EU Non-financial corporations not subject to NFRD disclosure obligations	31.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	31.53%	0.00%	0.00%	0.00%	0.00%	5.08%
4	of which loans collateralised by commercial immovable property	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	of which building renovation loans	9.57%	0.00%	0.00%	0.00%	0.00%						9.57%	0.00%	0.00%	0.00%	0.00%	1.36%
5	Non-EU country counterparties not subject to NFRD disclosure obligations	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%

Template 9.3
Summary table - BTAR %

	KPI			
31 Dec 2024	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Total (CCM + CCA)	% coverage (over total assets)
BTAR stock	0.27%	0.11%	0.38%	52.56%
BTAR flow	0.34%	0.00%	0.34%	11.54%

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) sustainable bond guidelines 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 categorisation 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 the latest version of the MuniFin Green Bond Framework. The framework aligns with the core components of the Green Bond Principles 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 Group sees that the international nor domestic 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 (less than 12 months old from the project completion at the time of approval).

The impacts of the projects in MuniFin Group's green loan portfolio include among others avoided or reduced CO2 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.

Municipality Finance Plc • Pillar III Disclosure Report 2024

	a	b	c	d	e	f
31 Dec 2024	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	397	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	34	Yes	Yes	
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	
9		Non-financial corporations	3,456	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	14	Yes	Yes	
12		Of which Loans collateralised by residential immovable property	14	Yes	Yes	
13		Of which building renovation loans	-	-	-	
14		Other counterparties	3,388	Yes	Yes	

	a	b	c	d	e	f
31 Dec 2023	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	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	

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 2024 Part 1, chapter 2
1(b)	Governance structure and organisation;	Pillar III Disclosure Report 2024 Part 1, chapter 2.2 Corporate Governance Statement 2024 Part B
1(c)	Scope and nature of risk reporting and measurement systems;	Pillar III Disclosure Report 2024 Part 1
1(d)	Policies for hedging and mitigating risk;	Pillar III Disclosure Report 2024 Part 1
1(e)	Declaration approved by the management body on the adequacy of risk management arrangements;	Pillar III Disclosure Report 2024 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 2024 Part 1, chapter 2.5
2(a)	Number of directorships held by members of the Board of Directors;	Corporate Governance Statement 2024, pages 11–12
2(b)	Recruitment policy for the selection of members of the Board of Directors and their actual knowledge, skills and expertise;	Corporate Governance Statement 2024, pages 9–12
2(c)	Policy on diversity with regard to selection of members of the Board of Directors;	Corporate Governance Statement 2024, pages 9–10
2(d)	Separate risk committee and the number of times the risk committee has met;	Corporate Governance Statement 2024, page 14
2(e)	Description of the information flow on risk to the management body.	Pillar III Disclosure Report 2024 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 2024 Part 1, chapters 1.1 and 1.2, Annual Report 2024 and website www.munifin.fi
(b)	Reconciliation between the consolidated financial statements;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Part 1, chapter 2.9 Corporate Governance Statement 2024 page 22
(b)	The amount of the additional own funds requirements based on the SREP and its composition;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 Part 1, chapter 3
(c)	A description of policies for wrong-way risk;	Pillar III Disclosure Report 2024 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 2024 Part 1, chapter 3
(e)	The amount of segregated and unsegregated collateral received and posted per type of collateral	Pillar III Disclosure Report 2024 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 2024 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 2024 Part 2, chapter 10, template EU CCR2
(i)	The exposure value to central counterparties and the associated risk exposures;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 Part 2, chapter 4, template EU CCyB1
(b)	The amount of institution specific countercyclical capital buffer.	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Part 2, chapter 9, template EU CRD
(b)	The exposure classes for which each ECAI or ECA is used;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Part 2, chapter 1, template EU KM1
(b)	The total risk exposure amount;	Pillar III Disclosure Report 2024 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 2024 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 2024 Part 2, chapter 1, template EU KM1
(e)	Leverage ratio and the total exposure amount;	Pillar III Disclosure Report 2024 Part 2, chapter 1, template EU KM1
(f)	Information in relation to liquidity coverage ratio;	Pillar III Disclosure Report 2024 Part 2, chapter 1, template EU KM1
(g)	Information in relation to net stable funding requirement;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Part 1, chapter 4
1(f)	The description of the overall risk management and mitigation strategies;	Pillar III Disclosure Report 2024 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 2024 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 2024 pages 14–15 Pillar III Disclosure Report 2024 Part 1, chapter 8, pages 52–53
1(b)	Information on link between pay and performance;	Pillar III Disclosure Report 2024 Part 1, chapter 8, pages 53–55
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 2024 Part 1, chapter 8, paes 53–55
1(d)	Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of the CRDIV;	Pillar III Disclosure Report 2024 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 2024 Part 1, chapter 8, pages 53–55 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 2024 Part 1, chapter 8, pages 54–55
1(g)	Aggregate quantitative information on remuneration, broken down by business area;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Part 2, chapter 5
1(d)	A description of the processes used to manage the risk of excessive leverage;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 Part 1, chapter 5
2(a) - (c)	Components of the LCR	Pillar III Disclosure Report 2024 Part 2, chapter 6, template EU LIQ1
3(a) - (c)	Components of the NSFR	Pillar III Disclosure Report 2024 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 2024 Part 1, chapter 5

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 2024 Part 1, chapter 3
(b)	The core features of the policies and processes for eligible collateral valuation and management;	Pillar III Disclosure Report 2024 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 2024 Part 1, chapter 3
(d)	The main types of guarantor and credit derivative counterparty and their creditworthiness;	Pillar III Disclosure Report 2024 Part 1, chapter 3
(e)	Information about market or credit risk concentrations within the credit mitigation taken;	Pillar III Disclosure Report 2024 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 2024 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 2024 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 2024 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 2024 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 Governance and risk methodologies, chapter 2. Risk management objectives and policies, subchapter 2.5 MuniFin Group's overall risk profile associated with the business strategy and business model and MuniFin Group's Risk Declaration.
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 Governance and risk methodologies, chapter 2. Risk management objectives and policies, subchapter 2.5 MuniFin Group's overall risk profile associated with the business strategy and business model and MuniFin Group's Risk Declaration.
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 does 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.	
Commission Implementing Regulation (EU) 2021/763 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities Templates EU KM2, EU TLAC1, EU iLAC, EU TLAC2 and EU TLAC3	MuniFin Group is not a resolution entity nor identified as a G-SII or part of a G-SII.	

Municipality Finance Plc
Jaakonkatu 3 A, P.O. Box 744
00101 Helsinki
Tel. +358 9 6803 5666
www.munifin.fi
info@munifin.fi

MuniFin