IMPORTANT NOTICE

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

IMPORTANT: You must read the following before continuing. This notice applies to the supplemental offering circular dated 18 September 2024 (the "**Supplement**") following this page, which supplements the offering circular dated 8 May 2024 (the "**Offering Circular**") prepared in connection with the €50,000,000,000 Programme for the Issuance of Debt Instruments established by Municipality Finance Plc (the "**Issuer**" or "**Municipality Finance**") and the Municipal Guarantee Board (the "**Guarantor**" or the "**MGB**"), and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Supplement. In accessing the Supplement, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive information from the Issuer, the Guarantor, the Arranger and the Dealers (each as defined in the Offering Circular).

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

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

Confirmation of your representation: In order to be eligible to view the attached Supplement, you must be, and by accessing the attached Supplement you shall be deemed to have represented to the Issuer, the Guarantor, the Arranger and Dealers that you have understood and agree to the terms set out herein and you are either (1) (a) located outside the United States and not resident or located in any jurisdiction where accessing the Supplement is unlawful, (b) not a U.S. person (within the meaning of Regulation S) or a United States person as defined for US federal income tax purposes and (c) not an affiliate of the Issuer or a person acting on behalf of such an affiliate or (2) (a) a QIB and a QP, (b) not formed for the purpose of investing in the Rule 144A Notes or the Issuer, (c) not a broker dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers, (d) not a participant-directed employee plan such as a 401(k) plan, (e) acting for your own account, or the account of one or more QIBs each of which is also a QP, (f) aware that the sale of the Rule 144A Notes is being made in reliance on Rule 144A and (g) if acting as a fiduciary or agent for one or more investor accounts (i) each such account is a QIB that is also a QP, (ii) you have investment discretion with respect to each account, and (iii) you have full power and authority to make, and do make, the representations, warranties, agreements and acknowledgements herein on behalf of each such account. Additionally, you shall also be deemed to have represented to the Issuer, the Arranger and the Dealers that you consent to delivery of the Supplement by electronic transmission on the basis that you are a person into whose possession the Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and agree that you will not forward, transfer, transmit or otherwise send (by any means including by electronic transmission) the Supplement to any person in any territory where to do so would breach applicable local law or regulation. You are reminded that documents in electronic form may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer, the Arranger, the Dealers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any such alteration or change. Breach of this representation could mean that you are in breach of applicable laws or regulations and, furthermore, you agree that the Issuer, the Arranger and the Dealers shall in no case bear liability for any infringement of any such prohibition or restriction.

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

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

Supplement dated 18 September 2024

MuniFin

MUNICIPALITY FINANCE PLC

(Kuntarahoitus Oyj)

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

€50,000,000,000
Programme for the Issuance of Debt Instruments

Guaranteed by

THE MUNICIPAL GUARANTEE BOARD
(Kuntien takauskeskus)

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

This supplement (the "**Supplement**") to the offering circular dated 8 May 2024 (the "**Offering Circular**") is prepared in connection with the €50,000,000,000 Programme for the Issuance of Debt Instruments established by Municipality Finance Plc (the "**Issuer**" or "**Municipality Finance**") and the Municipal Guarantee Board (the "**Guarantor**" or the "**MGB**"). Terms defined in the Offering Circular have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer and the Guarantor from time to time and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Notes will not be subject to the prospectus requirements of (i) Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as a result of the exemption provided by Article 1.2(d) of the Prospectus Regulation for securities unconditionally and irrevocably guaranteed by a local authority of a European Economic Area member state, or (ii) Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") as a result of the exemption provided by Article 1.2(d) of the UK Prospectus Regulation for securities unconditionally and irrevocably guaranteed by the government or a local or regional authority of any country or territory.

Application may be made to the United Kingdom Financial Conduct Authority (the "**FCA**") for Notes to be admitted to listing on the official list of the FCA (the "**Official List**") and to trading on the main market of the London Stock Exchange plc (the "**London Stock Exchange**"), and/or to Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") for Notes to be listed and admitted to trading on its official list. Application may be made for Notes to be listed and admitted to trading on any other listing authority, stock exchange and/or quotation system as may be agreed with the Issuer. Unlisted Notes may also be issued under to the Programme. The relevant Final Terms or Drawdown Offering Circular in respect of the issue of any Notes will specify whether or not an application will be made for such Notes to be listed and admitted to trading on any listing authority, stock exchange and/or quotation system.

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

To the extent that there is any inconsistency between (a) any statements in or incorporated by reference into this Supplement and (b) any statement in or incorporated by reference into the Offering Circular, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Offering Circular has arisen or been noted since the publication of the Offering Circular.

AMENDMENTS TO THE OFFERING CIRCULAR

With effect from the date of this Supplement, the information appearing in the Offering Circular shall be amended and/or supplemented in the manner described below.

Listing and Trading

The subsection headed "Listing and Trading" on page 9 of the Offering Circular shall be deemed to be amended to read as follows. The disclosure in the Offering Circular relating to listing and trading is updated accordingly.

Application may be made for Notes to be admitted to listing on the Official List and to trading on the main market of the London Stock Exchange, and/or to Nasdaq Helsinki for Notes to be listed and admitted to trading on its official list.

Notes may also be listed or admitted to trading on such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. Unlisted Notes may also be issued under to the Programme.

Presentation of Financial and Other Data

The subsection headed "Presentation of Financial and Other Data" starting on page 6 of the Offering Circular shall be deemed to be amended by the following:

Unless otherwise indicated, financial information set forth herein related to the Group has been derived from the unaudited consolidated interim financial information prepared in accordance with IAS 34 (including the auditor's review report thereon and notes thereto) of the Issuer in respect of the six months ended 30 June 2024 including comparative information for the six months ended 30 June 2023 (the "**Interim 2024 Financials**") which are appended to this Supplement.

The subsection headed "Non GAAP Measures of Financial Performance" starting on page 7 of the Offering Circular shall be deemed to be amended by the following:

The key performance indicators that have not been defined by EU IFRS or the capital requirements regulation (CRD/CRR) are by Group's definition Alternative Performance Measures (the "**APMs**"). The APMs improve comparability between companies in the same sector and between reporting periods and provide valuable information to the readers of the financial reports. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing the Group's performance. They are also an important aspect of the way in which Group's management defines operating targets and monitors performance. The required definitions and reconciliations of the APMs are presented on pages 39 to 47 of the Group's half year report for 2024, which are appended to this Supplement as Annex I.

Risk Factors

The risk factor section starting on page 14 of the Offering Circular shall be deemed to be supplemented by the following.

The risk factor titled "The Group is exposed to the economic conditions in Finland and globally" starting on page 14 of the Offering Circular shall be deemed to be replaced by the following:

The Group conducts its lending operations exclusively in Finland and its lending volumes are reliant on the prospects of Finnish municipalities, joint municipal authorities, wellbeing services counties, joint county authorities for wellbeing services, entities controlled by the foregoing and housing corporations providing housing on social grounds in Finland. Therefore, the macroeconomic factors relating to Finland, and more specifically its municipalities, such as GDP, the inflation rate, interest rates, currency exchange rates and tax rates as well as unemployment, personal income and the financial situation of companies, together with various other factors, have a material impact on customer demand and margins for Group's products and services. According to the Ministry of Finance, the Finnish economy grew slightly in the first quarter of

2024, and growth is projected to strengthen towards the end of the year. GDP will not, however, show growth at the annual level in 2024. In 2025, GDP is projected to grow by 1.6 per cent. and in 2026 by 1.5 per cent., due in part due to weak productivity growth caused by relatively low production-related investments, research and development activity as well as a projected shortage of skilled labour as the economy recovers. Growth in the EU is projected to slow to 0.9 per cent. in 2024, before expanding by 1.7 per cent. in 2025. The root cause of the slow recovery in 2024 was the energy shortage exacerbated by the war between Russia and Ukraine and the sharp rise in energy prices as well as prolonged inflation and rising interest rates. While falling retail energy prices and the deceleration of inflation in 2024 suggest growth will stabilize in 2025, protracted geopolitical tensions and the broadening of the Middle East conflict to the Red Sea tilt the balance of risks towards more adverse outcomes.

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

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

Recently, the global credit and financial markets have experienced volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. The financial markets, the global economy as well as the economy of Finland have been and may continue to be adversely affected by the current or anticipated impact of military conflicts, including the war between Russia and Ukraine, conflict in the Middle East, terrorism or other geopolitical events. Sanctions imposed by the United States, the United Kingdom, the United Nations, and the European Union, and other countries in response to such conflicts, including the sanctions imposed relating to the conflict in Ukraine, have and may continue to adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. Russia's invasion of Ukraine has increased prices of energy, raw materials and food, which has cut household purchasing power, consumption and economic growth significantly. The global energy markets could be affected should the conflict in the Middle East escalate further.

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

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

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

The last sentence of the first paragraph of the risk factor titled "The Group is exposed to credit risk from its counterparties on financial instruments" starting on page 15 of the Offering Circular shall be amended as follows:

As a result of these activities, the Group had derivative contracts with a nominal value of Euro 77.6 billion as at 30 June 2024.

The risk factor titled "The Finnish health and social services reform may adversely affect the Group" on page 16 of the Offering Circular shall be deemed to be amended by adding the following sentences to the end of the sixth paragraph:

As of June 2024, 10 per cent of the Group's long-term loan portfolio consisted of loans to wellbeing services counties.

The last paragraph of the risk factor titled "Judgments entered against the Issuer or the Guarantor in the courts of a state which is not subject to the Brussels Regulations or the Lugano Convention may not be recognised or enforceable in Finland" starting on page 36 of the Offering Circular shall be deemed to be replaced by the following:

On 12 January 2024, the United Kingdom signed, and on 27 June 2024, ratified, the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters ("**Hague 2019**"), which will come into force as of 1 July 2025. Hague 2019 provides for the mutual enforcement of judgments between the United Kingdom and the other contracting states, including EU member states, in proceedings started after Hague 2019 comes into force in the United Kingdom. Asymmetric and non-exclusive jurisdiction clauses will be covered by Hague 2019, and will apply to judgments given in proceedings initiated after Hague 2019 comes into effect, regardless of when the agreement was made.

Capitalisation and Indebtedness

The section headed "Capitalisation and Indebtedness" on page 113 of the Offering Circular shall be deemed to be replaced by the following information:

The following table sets forth consolidated cash and balances with central banks and capitalisation (including short-term debt, long-term debt and shareholders' equity) of the Group as at 30 June 2024.

The information in this table should be read in conjunction with "*Management's Discussion and Analysis of Financial Position and Results of Operations of the Group*", the Group's Consolidated Financial Statements and the notes to those statements included elsewhere in the Offering Circular and the Interim 2024 Financials and the notes to that statement included elsewhere in this Supplement.

	As at 30 June 2024
	(Euro '000)
Cash and balances with central banks	**2**
Indebtedness:	
Liabilities to credit institutions	325,726

	As at 30 June 2024
	(Euro '000)
Liabilities to the public and public sector entities	2,453,269
Debt securities issued	41,882,991
Total indebtedness	**44,661,986**
Shareholders' equity	
Share capital	42,583
Reserve fund	277
Fair value reserve of investments	(352)
Own credit revaluation reserve	108,869
Cost-of-hedging reserve	20,696
Reserve for invested non-restricted equity	40,366
Retained earnings	1,594,746
Total equity attributable to parent company equity holders	**1,807,184**
Other equity instruments issued	**-**
Total equity	**1,807,184**
Total Capitalisation[1]	**46,469,170**

[1] Total capitalisation is the sum of total indebtedness and total equity.

Selected Financial Information Relating to the Group

The section headed "Selected Financial Information Relating to the Group" starting on page 114 of the Offering Circular shall be deemed to be supplemented by the addition of the following information:

The following tables set out, in summary form, selected consolidated financial information for the Group for the six months ended 30 June 2024 as derived from the Interim 2024 Financials prepared in accordance with IAS 34. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Interim 2024 Financials and the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations of the Group*" appearing elsewhere in this Supplement.

INCOME STATEMENT DATA

	For the six months ended 30 June	
	2024	**2023 *(Restated)***
	(Euro '000)	
Interest income at effective interest method	752,584	492,816
Other interest income	762,629	565,679
Interest expense at effective interest method	(370,849)	(242,859)
Other interest expense	(1,015,805)	(691,269)
NET INTEREST INCOME [1]	**128,559**	**124,368**
Commission income	932	1,102
Commission expense	(8,127)	(7,730)
Net result on financial instruments at fair value through profit and loss	16.071	(5,039)
Net result on financial assets at fair value through other comprehensive income	3	(257)
Other operating income	25	102
HR and administrative expenses	(22,139)	(20,046)
Depreciation and impairment on tangible and intangible assets	(3,112)	(3,138)
Other operating expenses	(7,395)	(12,562)
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	278	(218)
NET OPERATING PROFIT	**105,093**	**76,581**
Income tax expense	(20,810)	(15,665)
PROFIT FOR THE PERIOD	**84,284**	**60,917**

[1] Information for the six months ended 30 June 2023 has been restated due to a change in presentation of the items comprising Net interest income. Items comprising Net interest income have been amended from previously reported line items Interest and similar income/expense to differentiate the line items Interest income/expense at effective interest method from the line items Other interest income/expense. The Consolidated Financial Statements have not been restated for this change of presentation.

CONSOLIDATED FINANCIAL POSITION DATA

	As at 30 June	As at 31 December
	2024	**2023**
	(Euro '000)	
ASSETS		
Cash and balances with central banks	2	2
Loans and advances to credit institutions	9,156,644	9,187,071
Loans and advances to the public and public sector entities	33,300,221	32,021,717
Debt securities	4,984,493	5,144,963
Derivative contracts	1,863,029	1,856,769
Intangible assets	4,682	6,311
Tangible assets	8,474	9,648
Other assets	1,183,790	1,073,885
Accrued income and prepayments	452,508	435,982
Deferred tax assets	6	9
TOTAL ASSETS	**50,953,850**	**49,736,359**
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities to credit institutions	325,726	213,695
Liabilities to the public and public sector entities	2,453,269	2,588,275
Debt securities issued	41,882,991	40,601,646
Derivative contracts	3,173,083	3,372,514
Provisions and other liabilities	399,876	418,275
Accrued expenses and deferred income	576,929	474,620
Deferred tax liabilities	334,792	323,517
TOTAL LIABILITIES	**49,146,666**	**47,992,542**
EQUITY		
Share capital	42,583	42,583
Reserve fund	277	277
Fair value reserve of investments	(352)	2,052
Own credit revaluation reserve	108,869	60,238
Cost-of-hedging reserve	20,696	21,821
Reserve for invested non-restricted equity	40,366	40,366
Retained earnings	1,594,746	1,576,480
Total equity attributable to parent company equity holders	**1,807,184**	**1,743,817**
TOTAL EQUITY	**1,807,184**	**1,743,817**
TOTAL LIABILITIES AND EQUITY	**50,953,850**	**49,736,359**

CONSOLIDATED CASH FLOW DATA

	For the six months ended 30 June	
	2024	**2023**
	(Euro '000)	
Cash flow from operating activities	58,329	67,250
Cash flow from investing activities	(204)	(356)
Cash flow from financing activities	(66,934)	(68,641)
Change in cash and cash equivalents	(8,809)	(1,747)
Cash and cash equivalents at 1 January	63,214	48,624
Cash and cash equivalents at period end	**54,405**	**46,877**

KEY PERFORMANCE INDICATORS

	As at and for the six months ended 30 June	
	2024	**2023**
Turnover (mEUR)[1]	1,532	1,054
Net interest income (mEUR)*	129	124
% of turnover	8.4	11.8
Net operating profit (mEUR)*	105	77
% of turnover	6.9	7.3
Unrealised fair value changes (mEUR)* [2]	16	(5)
Net operating profit excluding unrealised fair value changes (mEUR)* [3]	89	81
Cost-to-income ratio* [4]	23.7	31.8
Cost-to-income ratio excluding unrealised fair value changes*[5]	26.9	30.5
Long-term customer financing (mEUR)* [6]	33,300	30,129

	As at and for the six months ended 30 June	
	2024	2023
New lending (mEUR) (7)	2,308	1,818
Total funding (mEUR)* (8)	44,478	41,018
New long-term funding (mEUR)* (9)	4,942	7,118
Equity (mEUR)	1,807	1,623
Total balance sheet (mEUR) (10)	50,954	48,377
Total liquidity (mEUR)* (11)	11,931	11,323
Liquidity Coverage Ratio (LCR) (%) (12)	423.0	253.5
Net Stable Funding Ratio (NSFR) (%) (13)	125.6	127.1
Equity ratio (%)* (14)	3.5	3.4
CET1 capital (mEUR)	1,586	1,500
Tier 1 capital (mEUR)	1,586	1,500
Total own funds (mEUR)	1,586	1,500
CET1 capital ratio (%) (15)	102.4	101.3
Tier 1 capital ratio (%) (16)	102.4	101.3
Total capital ratio (%) (17)	102.4	101.3
Leverage ratio (%) (18)	12.0	11.9
Personnel	196	186

*Alternative Performance Measures, non-IFRS.

The required definitions and reconciliations of the APMs are presented on pages 39 to 47 of the Group's half year report for 2024.

(1) Turnover is calculated as the sum of interest income at effective interest method, other interest income, commission income, net result on financial instruments at fair value through profit or loss, net result on financial assets at fair value through other comprehensive income and other operating income.

(2) Unrealised fair value changes is the sum of net result on financial assets and liabilities through profit or loss, unrealised fair value changes and net result from hedge accounting.

(3) Net operating profit excluding unrealised fair value changes is calculated as net operating profit after adding back unrealised fair value changes. It shows the Group's underlying earnings capacity. The below table sets out a reconciliation of net operating profit to net operating profit excluding unrealised fair value changes for the periods indicated.

	For the six months ended 30 June	
	2024	2023
Net operating profit (mEUR)	105	77
Unrealised fair value changes (mEUR)	16	(5)
Net operating profit excluding unrealised fair value changes (mEUR)	**89**	**81**

(4) Cost-to-income ratio is calculated as the sum of HR and administrative expenses, depreciation and impairment on tangible and intangible assets and other operating expenses divided by the sum of net interest income, net commission income, net result on financial instruments at fair value through profit or loss, net result on financial assets at fair value through other comprehensive income and other operating income.

(5) Cost-to-income ratio excluding unrealised fair value changes is calculated as the (i) sum of HR and administrative expenses, depreciation and impairment on tangible and intangible assets and other operating expenses divided by (ii) the sum of net interest income, net commission income, net result on financial instruments at fair value through profit or loss, net result on financial assets at fair value through other comprehensive income and other operating income less unrealised fair value changes. It gives a more precise picture of the Group's operative effectiveness as it excludes the income volatility of unrealised fair value changes. As a performance measure it is more widely used after the implementation of IFRS 9 as profit and loss volatility of income has grown due to unrealised fair value changes of financial instruments. The Group believes it improves the comparability of operative effectiveness between companies and reporting periods. The below table sets out a reconciliation of Cost-to-income ratio excluding unrealised fair value changes for the periods indicated.

	For the six months ended 30 June	
	2024	2023
Costs (excluding Commission expenses) (mEUR)	33	36
Divided by		
(Income (including Net commission income) (mEUR)	137	113
Unrealised fair value changes (mEUR))	16	(5)
Cost-to-income ratio excluding unrealised fair value changes (%)	**26.9%**	**30.5%**

(6) Long-term customer financing is calculated as the amount of loans and advances to the public and public sector entities.

(7) New lending is calculated as the amount of new loans excluding unrealised fair value changes.

(8) Total funding is calculated as the sum of liabilities to credit institutions, liabilities to the public and public sector entities and debt securities issued less derivative cash collateral received and liabilities to credit institutions, payable on demand.

(9) New long-term funding is calculated as the amount of new funding (over 1 year) issued excluding unrealised fair value changes during the reporting period.

(10) Total balance sheet is equal to total assets and is calculated as the sum of total liabilities and total equity.

(11) Total liquidity is calculated as the sum of the total of investments in securities (sum of debt securities less short-term customer financing) and the total of other investments (sum of cash and balances with central banks and other deposits).

(12) Liquidity coverage ratio (LCR) (per cent) is calculated as liquid assets divided by the difference between liquidity outflows and liquidity inflows in a stress situation. The LCR figures represent the percentage at the period end reference date.

(13) Net stable funding ratio (NSFR) (per cent) is calculated as available stable funding divided by the required stable funding. The NSFR figures represent the percentage at the period end reference date.

(14) Equity ratio (per cent) is calculated as the sum of total equity and non-controlling interest divided by total assets.

(15) CET1 capital ratio (per cent) equals Common Equity Tier 1 (CET1) capital divided by exposure amount. Risk exposure amount is calculated as defined in the Capital Requirements Regulation.

(16) Tier 1 capital ratio (per cent) equals Tier 1 capital divided by risk exposure amount.

(17) Total capital ratio (per cent) equals total own funds divided by risk exposure amount.

(18) Leverage ratio (per cent) equals total Tier 1 capital divided by Total Exposure. Total Exposure is calculated as the total of on-balance sheet exposures (excluding derivatives and intangible assets), derivative exposure and off-balance sheet exposure. The Group fulfils the CRR II definition of a public development credit institution and as at 30 June 2024 has deducted all credit receivables from municipalities, wellbeing services counties and the central government. The deduction has also been made at 30 June 2023.

Significant Factors Affecting Operating and Financial Results

The section headed "Significant Factors Affecting Operating and Financial Results" starting on page 119 of the Offering Circular shall be deemed to be supplemented by the following.

Pricing, cost of funding and liquidity

The subsection headed "Pricing, cost of funding and liquidity" starting on page 119 of the Offering Circular shall be deemed to be amended by the following:

The availability and the cost of new funding has a material impact on the net interest income of the Group, impacting the Group's competition situation, and thus potentially the growth of its loan portfolio and the levels of its net interest margins. One of the most significant factors affecting the cost and availability of the Group's funding has been and is related to the general development of the European economy, in particular the Finnish economy. While the international position of Finland is favourable in terms of access to funding, should the European financial crisis re-emerge or the state of the Finnish economy deteriorates, the cost of acquiring funding might rise.

According to the Ministry of Finance, Finland's GDP contracted by 1.0 per cent. in 2023, and private consumption in 2023 declined rapidly as rising prices reduced the real disposable income of households. In April 2024, the Ministry of Finance announced that the recession had been longer and deeper than previously estimated, stating that Finland's GDP is not expected to grow on an annual basis in 2024 as a result. Private consumption is expected to grow as opportunities for household consumption improve, though growth will be slowed somewhat by additional adjustment measures by the government, which will restrict the overall growth of household disposable income. Domestic demand is still expected to improve as inflation slows, interest rates drop and household income grows. Consequently, the Ministry of Finance expects GDP growth to recover to 1.6 per cent. and 1.5 per cent. respectively in 2025 and 2026. The Ministry of Finance noted that while falling retail energy prices and the deceleration of inflation in 2024 suggest growth will stabilize in 2025, protracted geopolitical tensions and the broadening of the Middle East conflict to the Red Sea tilt the balance of risks towards more adverse outcomes.

The Group requires ongoing access to funding in order to originate new lending contracts. In accordance with its Liquidity and Funding Risk Policy (approved by the Board of Directors), the Group front-loads its expected funding requirements and seeks to maintain a liquidity buffer. The Group aims to maintain its liquidity buffer at such a level that it enables the Group to keep its liquidity and funding risk appetite at the level defined in the company's Risk Appetite Framework. In practice, the ongoing maintenance of the LCR and liquidity survival horizon at an adequate level defines the total size of the liquidity portfolio. The liquidity buffer must allow for at least twelve months of undisturbed operations. As at 30 June 2024, the Group's liquidity buffer was approximately 18 months from a survival horizon perspective. The Group's LCR on 30 June 2024 amounted to 423.0 per cent. The Group's NSFR on 30 June 2024 amounted to 125.6 per cent. The main sources of funding used by the Group for lending activities are this Programme, its Euro 10 billion Euro-Commercial Paper Programme and its Australian dollar 2 billion Medium Term Note Programme. Since 2010, Municipality Finance Plc has held the status of central bank counterparty, and together with its securities portfolio, a substantial amount of the Group's municipal loan book can be used as eligible collateral for participation to the central bank open market operations and standing facilities. The central bank operations and the liquidity facility are treated as a secondary liquidity source which provides a substantial backstop for liquidity.

The Group operates a well-diversified funding strategy. The spread development on the Group's key funding markets has been favourable. This has resulted in increased presence of other market players in the lending market as these other market players have experienced similar development. The Group uses funds transfer pricing in its operations, i.e. its funding curve as a base for pricing its lending transactions to its customers. If the Group's funding cost were to increase, application of funds transfer pricing would result in an increase to the Group's pricing to customers which in turn may result in reduction in its market share and lending volumes.

Additionally, because the Group manages a significant liquidity buffer to meet its future needs, the Group has a significant amount of fixed-income and money market assets in its liquidity portfolio. Therefore, the Group must manage the cost of securing the funding against any returns on holding the funds to meet the Group's liquidity requirements prior to such funds being used for lending purposes. The low credit risk of the investments and the stability of its valuations are two of the most important criteria when the Group manages its liquid assets. The objective of the Group's liquidity management is to manage the portfolio by investing in highly liquid assets to ensure that the Group's liquidity enables it to secure its operations, including new lending and redemptions of funding, under all market conditions. As a result, the Group maintains a high proportion of HQLA. The assets in the liquidity portfolio include both the Group's own funds as well as acquired pre-funding. Due to the general market uncertainty, the Group increased during 2022 its average allocation in investments in central bank deposits. At the end of 2023, the Group's total liquidity stood at Euro 11,633 million compared to Euro 11,506 million in 2022. Of this, central bank deposits totalled Euro 7,989 million in 2023 compared to Euro 8,144 million in 2022 and investments in liquid, low-risk securities totalled Euro 3,570 million compared to Euro 3,330 million in 2022, with the average credit rating of AA+ (the same rating as in 2022 and 2021) and average maturity of 2.9 years. In addition to this, money market deposits in credit institutions totalled Euro 74 million in 2023 (Euro 32 million for the year ended 31 December 2022). At the end of June 2024, the Group's total liquidity stood at Euro 11,931 million (Euro 11,323 million for the six months ended 30 June 2023). Of this, central bank deposits totalled Euro 8,171 million (Euro 7,874 million for the six months ended 30 June 2023) and investments in liquid, low-risk securities totalled Euro 3,693 million (Euro 3,420 million for the six months ended 30 June 2023), with the average credit rating of AA+ (the same rating as in 2023 and 2022) and average maturity of 3.4 years (2.8 for the six months ended 30 June 2023). In addition to this, money market deposits in credit institutions totalled Euro 68 million at the end of June 2024 (Euro 29 million for the six months ended 30 June 2023). The Group's liquidity investments are hedged with interest rate swaps. Changes in interest rates therefore do not have a direct impact on profit and loss.

The Group continued to increase investments in socially responsible investment ("**SRI**") targets which totalled Euro 768 million as at 30 June 2024, which is 20.4 per cent of all investments in securities. In 2021, the Group published its Sustainable Investment Framework, which outlines the sustainability principles, processes and responsibilities relating to its investment operations. The Sustainable Investment Framework is based on the Group's sustainability policy approved by the Board of Directors. The Group continues to monitor the environmental and social responsibility and governance practices of the issuers in the liquidity portfolio by monitoring the ESG scores of their investments. This is also incorporated in the Group's Risk Appetite Framework.

The volume of the Group's lending and its market share

The subsection headed "The volume of the Group's lending and its market share" starting on page 121 of the Offering Circular shall be deemed to be amended by adding the following sentences to the end of the sixth paragraph:

The total amount of new lending made in the six months ended 30 June 2024 was higher than in the same period in the prior year at Euro 2,308 million (Euro 1,818 million for the six months ended 30 June 2023). As of 30 June 2024, the Group's long-term loan portfolio stood at Euro 31,797 million (Euro 30,580 million for the year ended 31 December 2023; Euro 28,782 million for the six months ended 30 June 2023), which was primarily due to the amount of maturing loan in the six months ended 30 June 2024 was lower than in the same period in the prior year.

Fluctuations in interest rates, currency exchange rates and the valuation of derivatives

The first and fourth paragraphs of the subsection headed "Fluctuations in interest rates, currency exchange rates and the valuation of derivatives" starting on page 123 of the Offering Circular shall be deemed to be deleted and replaced by the following:

The Group's lending is denominated in euros although the Group's funding is diversified across several different currencies. The Group's total funding as at 31 December 2023 was Euro 43,320 million compared with Euro 40,210 million and Euro 40,712 million as at 31 December 2022 and 2021, respectively. Of this total amount as at 31 December 2023, 54.0 per cent was denominated in euros and 46.0 per cent in foreign currencies. The Group's total funding as at 30 June 2024 was Euro 44,478 million. The Group hedges against all currency risks by using derivative contracts to swap foreign currency-denominated funding and investments into euros. However, the Group conducts daily collateral management in United States Dollars when interest rate derivatives denominated in currencies other than Euros are cleared with central counterparties. Such activities may result in minor currency exposures, which are managed and monitored closely.

Also, while the Group's lending and funding is in both floating and fixed interest rates, the Group generally hedges its fixed rate interest exposure (both funding and lending) to floating rate. The Group's strategy for interest-rate risk in the banking book (IRRBB) is to ensure sustainable profitability regardless of the level of interest rates. Given the strategy of earnings stabilisation, the Group may decide on creating a strategic mismatch position for its banking book, i.e. leaving a part of its fixed rate assets unhedged in order to steer the Group's net interest income towards the objective of earnings stabilisation.

In addition to financing, the Group offers its customers solutions for managing their interest rate risks with derivatives. The Group hedges the exposure of any derivative agreements it offers to municipalities, joint municipal authorities and municipal companies with its derivatives counterparties.

As a result of the foregoing activities, the Group had derivative contracts with a nominal value of Euro 74,762 million as at 31 December 2023 compared with Euro 73,876 million and Euro 70,428 million as at 31 December 2022 and 2021, respectively. The Group had derivative contracts with a nominal value of Euro 77,559 million as at 30 June 2024.

The following table sets forth, as of the date indicated, information on the derivative contracts of the Group:

	As at 30 June 2024		
	Nominal value	**Fair Value**	
	Total	**Positive**	**Negative**
		Euro ('000)	
Contracts in hedge accounting			
Interest rate derivatives	36,293,803	1,092,619	(1,630,987)
Interest rate swaps			
of which cleared by the central counterparty	35,418,102	1,056,411	(1,606,632)
Currency derivatives			
Cross currency interest rate swaps	15,965,622	435,566	(408,876)
Total contracts in hedge accounting	**52,259,424**	**1,528,185**	**(2,039,863)**
Contracts at fair value through profit or loss[(1)]			
Interest rate derivatives			
Interest rate swaps	19,552,044	259,155	(895,214)
of which cleared by the central counterparty	12,452,376	186,623	(11,553)
Currency derivatives			
Cross currency interest rate swaps	3,319,878	62,901	(225,949)
Forward exchange contracts	2,410,769	12,789	(2,056)
Equity derivatives	16,576	-	(10,001)
Total contracts at fair value through profit or loss	**25,299,266**	**334,844**	**(1,133,220)**
Total derivative contracts	**77,558,690**	**1,863,029**	**(3,173,083)**

(1) Contracts that are measured at fair value through profit or loss contain all derivatives of the Group which are not included in hedge accounting, even if they are entered into for risk management purposes. The category contains derivatives used for hedging financial assets and liabilities which are designated at fair value through profit or loss, all derivatives with municipalities and all

derivatives hedging derivatives with municipalities. In addition to these, the category contains derivatives used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified.

The total nominal value of derivative contracts not included in hedge accounting under EU IFRS was Euro 25,299.3 million as at 30 June 2024. Changes in the fair value of such derivatives are recognised on the income statement during the period in which they occur as one component of the net result for the line item "Net result on financial instruments at fair value through profit and loss."

The section headed "Results of Operations" starting on page 126 of the Offering Circular shall be deemed to be amended by adding the following:

Results of Operations for the six months ended 30 June 2024 versus the six months ended 30 June 2023

The following tables set forth, as of the dates indicated, certain summary financial information about the results of the Group's operations for the six months ended 30 June 2024 versus the six months ended 30 June 2023:

	For the six months ended 30 June		**Change 2024 to 2023**
	2024	**2023 *(Restated)***	
	(Euro '000)		*(%)*
Interest income at effective interest method	752,584	492,816	52.7
Other interest income	762,629	565,679	34.8
Interest expense at effective interest method	(370,849)	(242,859)	52.7
Other interest expense	(1,015,805)	(691,269)	46.9
NET INTEREST INCOME (1)	**128,559**	**124,368**	**3.4**
Commission income	932	1,102	(15.4)
Commission expense	(8,127)	(7,730)	5.1
Net result on financial instruments at fair value through profit and loss	16,071	(5,039)	(418.9)
Net result on financial assets at fair value through other comprehensive income	3	(257)	(101.2)
Other operating income	25	102	(75.5)
HR and administrative expenses	(22,139)	(20,046)	10.4
Depreciation and impairment on tangible and intangible assets	(3,112)	(3,138)	(0.8)
Other operating expenses	(7,395)	(12,562)	(41.1)
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	278	(218)	(227.5)
NET OPERATING PROFIT	**105,093**	**76,581**	**37.2**
Income tax expense	(20,810)	(15,665)	32.8
PROFIT FOR THE PERIOD	**84,284**	**60,917**	**38.4**

(1) Information for the six months ended 30 June 2023 has been restated due to a change in presentation of the items comprising Net interest income. The items comprising Net interest income have been amended from previously reported line items Interest and similar income/expense to differentiate the line items Interest income/expense at effective interest method from the line items Other interest income/expense. The Consolidated Financial Statements have not been restated for this change of presentation.

Net interest income

Net interest income increased by Euro 4.2 million, or 3.4 per cent, to Euro 128.6 million for the six months ended 30 June 2024, compared to Euro 124.4 million for the six months ended 30 June 2023 primarily due to the reasons set out below.

Interest income and expenses on assets

Net interest income on assets increased by Euro 351.6 million, or 49.7 per cent, to Euro 1,058.6 million for the six months ended 30 June 2024 compared to net interest income on assets of Euro 707.0 million for the six months ended 30 June 2023, primarily due to an increase in net interest income from loans and advances to the public and public sector entities and from derivatives.

Net interest income from loans and advances to the public and public sector entities increased by Euro 195.8 million, or 61.1 per cent, to Euro 516.5 million for the six months ended 30 June 2024, compared to Euro 320.7 million for the six months ended 30 June 2023, primarily due to the increase in the average interest rates and growing business volumes.

Net interest income from debt securities (i.e., the debt securities in the Group's liquidity portfolio and commercial papers from municipalities, wellbeing services counties and municipal companies) increased by Euro 24.2 million, or 75.2 per cent, to Euro 56.4 million for the six months ended 30 June 2024, compared to net interest income of Euro 32.2 million for the six months ended 30 June 2023, primarily due to the increase in the average interest rates.

Net interest income payable on derivative contracts increased by Euro 71.1 million, or 38.1 per cent, to income of Euro 257.7 million for the six months ended 30 June 2024, compared to income of Euro 186.6 million for the six months ended 30 June 2023, primarily due to the increase in the average interest rates.

Interest income and expenses on liabilities

Interest expenses on liabilities increased by Euro 347.5 million, or 59.6 per cent, to expense of Euro 930.1 million for the six months ended 30 June 2024, compared to expense of Euro 582.6 million for the six months ended 30 June 2023, primarily due to an increase in interest expense on debt securities issued and derivative contracts.

Net interest expense payable on liabilities from debt securities issued increased by Euro 153.9 million, or 40.5 per cent, to Euro 534.0 million for the six months ended 30 June 2024, compared to Euro 380.1 million for the six months ended 30 June 2023. This increase was primarily due to changes in average interest rates and growing business volumes.

Net interest expense on liabilities on derivative contracts increased by Euro 209.4 million, or 152.8 per cent, to Euro 346.4 million for the six months ended 30 June 2024, compared to expense of Euro 137.0 million for the six months ended 30 June 2023. This increase was primarily due to changes in interest rates.

Net result on financial instruments at fair value through profit and loss

Net result on financial instruments at fair value through profit and loss was a gain of Euro 16.1 million for the six months ended 30 June 2024, compared to a loss of Euro 5.0 million for the six months ended 30 June 2023. The change in net result on financial instruments at fair value through profit or loss was primarily due to unrealised fair value changes.

For a breakdown of the Group's derivative contracts during the periods under review see "*—Significant Factors Affecting Operating and Financial Results—Fluctuations in interest rates, currency exchange rates and the valuation of derivatives*".

HR and administrative expenses

The Group had 196 total personnel as at 30 June 2024 compared to 186 total personnel as at 30 June 2023.

HR and administrative expenses increased by Euro 2.1 million, or 10.5 per cent, to Euro 22.1 million for the six months ended 30 June 2024, compared to Euro 20.0 million for the six months ended 30 June 2023. This increase was primarily due to costs of maintaining and developing information systems and an increase in the employee number.

Other operating expenses

Other operating expenses decreased by Euro 5.2 million, or 41.3 per cent, to Euro 7.4 million for the six months ended 30 June 2024, compared to Euro 12.6 million for the six months ended 30 June 2023. This decrease was primarily due to there being no contribution fee to the Single Resolution Fund in 2024.

Income taxes

Income taxes increased by Euro 5.1 million, or 32.5 per cent, to Euro 20.8 million for the six months ended 30 June 2024, compared to Euro 15.7 million for the six months ended 30 June 2023 primarily due to an increase in net operating profit.

The section headed "Financial Position" starting on page 149 of the Offering Circular shall be deemed to be amended by adding the following:

Financial Position

Assets as at 30 June 2024 compared to 31 December 2023

The following table sets forth, as of the dates indicated, certain summary financial information about the assets of the Group:

	As at 30 June 2024	As at 31 December 2023
	(Euro '000)	
Assets		
Cash and balances with central banks	2	2
Loans and advances to credit institutions	9,156,644	9,187,071
Loans and advances to the public and public sector entities	33,300,221	32,021,717
Debt securities	4,984,493	5,144,963
Derivative contracts	1,863,029	1,856,769
Intangible assets	4,682	6,311
Tangible assets	8,474	9,648
Other assets	1,183,790	1,073,885
Accrued income and prepayments	452,508	435,982
Deferred tax assets	6	9
Total assets	**50,953,850**	**49,736,359**

As of 30 June 2024, the main components of the total assets of the Group were loans and advances to the public and public sector entities, loans and advances to credit institutions and debt securities, representing 65.4 per cent, 18.0 per cent and 9.8 per cent, respectively, of total assets. As of 30 June 2024, total assets had increased by Euro 1,217.5 million, or by 2.4 per cent, to Euro 50,953.9 million, compared to Euro 49,736.4 million as of 31 December 2023, which was mainly attributable to the increase in the long-term loan portfolio in loans and advances to the public and public sector entities.

Cash and balances with central banks

Cash and balances with central banks remained at Euro 0.0 million as at 30 June 2024 compared to Euro 0.0 million as at 31 December 2023.

Loans and advances to credit institutions

Loans and advances to credit institutions decreased by Euro 30.5 million, or 0.3 per cent, to Euro 9,156.6 million as at 30 June 2024, compared to Euro 9,187.1 million as at 31 December 2023 due to the net effect of lower deposit with the central bank and lower level of collaterals.

Loans and advances to the public and public sector entities

Loans and advances to the public and public sector entities increased by Euro 1,278.5 million, or 4.0 per cent, to Euro 33,300.2 million as at 30 June 2024, compared to Euro 32,021.7 million as at 31 December 2023 due to the increase in the amount of loans.

Debt securities

Debt securities decreased by Euro 160.5 million, or 3.1 per cent, to Euro 4,984.5 million as at 30 June 2024, compared to Euro 5,145.0 million as at 31 December 2023 due to a decrease in the short-term customer financing in money market instruments.

Derivative contracts

For a breakdown of the Group's derivative contracts during the periods under review see "*—Significant Factors Affecting Operating and Financial Results—Fluctuations in interest rates, currency exchange rates and the valuation of derivatives*".

Derivative contract assets increased by Euro 6.2 million, or 0.3 per cent, to Euro 1,863.0 million as at 30 June 2024, compared to Euro 1,856.8 million as at 31 December 2023 primarily due to changes in interest rates and currency exchange rates.

Liabilities as at 30 June 2024 compared to 31 December 2023

The following table sets forth, as of the dates indicated, certain summary financial information about the liabilities of the Group:

	As at 30 June	As at 31 December
	2024	2023
	(Euro '000)	
Liabilities		
Liabilities to credit institutions	325,726	213,695
Liabilities to the public and public sector entities	2,453,269	2,588,275
Debt securities issued	41,882,991	40,601,646
Derivative contracts	3,173,083	3,372,514
Provisions and other liabilities	399,876	418,275
Accrued expenses and deferred income	576,929	474,620
Deferred tax liabilities	334,792	323,517
Total liabilities	**49,146,666**	**47,992,542**

As of 30 June 2024, the main components of the total liabilities of the Group were debt securities issued, derivative contracts and liabilities to the public and public sector entities, representing 85.2 per cent, 6.5 per cent and 5.0 per cent, respectively, of total liabilities. As of 30 June 2024, total liabilities had increased by Euro 1,154.2 million, or by 2.4 per cent, to Euro 49,146.7 million, compared to Euro 47,992.5 million as of 31 December 2023, which was mainly attributable to increase in debt securities issued.

Liabilities to credit institutions

Liabilities to credit institutions increased by Euro 112.0 million, or 52.4 per cent, to Euro 325.7 million as at 30 June 2024, compared to Euro 213.7 million as at 31 December 2023 mainly due to increase in collaterals.

Liabilities to the public and public sector entities

Liabilities to the public and public sector entities consists primarily of bilateral loans. Liabilities to the public and public sector entities decreased by Euro 135.0 million, or 5.2 per cent, to Euro 2,453.3 million as at 30 June 2024, compared to Euro 2,588.3 million as at 31 December 2023 primarily due to a decrease in bilateral loans and increase in unrealised fair value changes.

Debt securities issued

Debt securities issued by the Group increased by Euro 1,281.4 million, or 3.2 per cent, to Euro 41,883.0 million as at 30 June 2024, compared to Euro 40,601.6 million as at 31 December 2023 primarily due to an increase in new funding that was issued compared to maturing funding.

Derivative contracts

For a breakdown of the Group's derivative contracts during the period see "*—Significant Factors Affecting Operating and Financial Results—Fluctuations in interest rates, currency exchange rates and the valuation of derivatives*".

Derivative contracts liabilities for the Group decreased by Euro 199.4 million, or 5.9 per cent, to Euro 3,173.1 million as at 30 June 2024, compared to Euro 3,372.5 million as at 31 December 2023 primarily due to changes in interest rates and currency exchange rates.

Capital Adequacy

The table "Consolidated own funds, Group" on page 134 of the Offering Circular shall be deemed supplemented by the addition of the following table:

Consolidated own funds, Group

	As at 30 June 2024	As at 31 December 2023
	(Euro '000)	
Common Equity Tier 1 before adjustments	1,757	1,678
Adjustments to Common Equity Tier 1	(171)	(128)
Common Equity Tier 1	**1,586**	**1,550**
Additional Tier 1 capital before adjustments	-	-
Adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 Capital	**-**	**-**
Tier 1 Capital	**1,586**	**1,550**
Tier 2 Capital	**-**	**-**
Total own funds	**1,586**	**1,550**

The table "Consolidated minimum requirement for own funds, Group" starting on page 134 of the Offering Circular shall be deemed supplemented by the addition of the following tables:

Consolidated Minimum requirement for own funds, Group

	30 June 2024		31 December 2023	
	Capital requirement	Risk-exposure amount	Capital requirement	Risk-exposure amount
	(Euro '000)			
Credit and counterparty risk, standardised approach	**49**	**617**	**46**	**573**
Exposures to central governments or central banks	-	0	-	0
Exposures to regional governments or local authorities	0.7	9	0.4	5
Exposures to public sector entities	0.4	5	0.4	6
Exposure to multilateral development banks	-	0	-	0
Exposures to institutions	32	399	30	369
Exposures to corporates	2	27	2	23
Exposures in the form of covered bonds	11	141	11	133
Other items	3	36	3	37
Market risk	-	-	-	-
Credit valuation adjustment risk (CVA VaR), standard method	**35**	**432**	**34**	**427**
Operational risk, basic indicator approach	**40**	**500**	**40**	**500**
Total	**124**	**1,550**	**120**	**1,500**

	As at 30 June 2024	As at 31 December 2023
CET1 capital ratio, %	102.4	103.4
Tier 1 capital ratio, %	102.4	103.4
Total capital ratio, %	102.4	103.4

The section headed "Contingent liabilities" starting on page 136 of the Offering Circular shall be deemed to be replaced by the following:

Contingent Liabilities

The Group had no contingent assets or liabilities as at 30 June 2024 or as at 31 December 2023.

Breakdown of off-balance sheet unmatured commitments and contingent liabilities	**As at 30 June 2024**
	(Euro '000)
Credit commitments	3,006,180
Total	**3,006,180**

The section headed "Commitments" on page 137 of the Offering Circular shall be deemed to be replaced by the following:

Commitments

As at 30 June 2024, the Group had given collateral (carrying amount) to the central bank and Guarantor as follows:

Bonds	**As at 30 June 2024**
	(Euro '000)
Loans and advances to credit institutions to the central bank	26,098
Loans pledged to the central bank	4,688,702
Loans pledged to the Municipal Guarantee Board	12,975,707
Total	17,690,507

The section headed "Cash flows" starting on page 137 of the Offering Circular shall be deemed to be amended by the addition of the following:

Cash Flows

The six months ended 30 June 2024 compared to the six months ended 30 June 2023

The table below sets out, for the period indicated, information on the Group's net consolidated cash flows on operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the period.

	For the six months ended 30 June	
	2024	**2023**
	(Euro '000)	
Cash flow from operating activities	58,329	67,250
Cash flow from investing activities	(204)	(356)
Cash flow from financing activities	(66,934)	(68,641)
Change in cash and cash equivalents	(8,809)	(1,747)
Cash and cash equivalents at 1 January	63,214	48,624
Cash and cash equivalents at period end	**54,405**	**46,877**

Operating activities

The operating activities of the Group for the six months ended 30 June 2024 generated net cash inflows of Euro 58.3 million compared to net cash inflows of Euro 67.3 million for the six months ended 30 June 2023. The main drivers for this change were net changes in long-term funding, long-term loans and investments.

Investing activities

The investing activities of the Group generated net cash outflows of Euro 0.2 million and Euro 0.4 million for the six months ended 30 June 2024 and 30 June 2023, respectively, mainly from the acquisition of intangible assets.

Financing activities

Net cash outflow from financing activities was Euro 66.9 million and Euro 68.6 million for the six months ended 30 June 2024 and 30 June 2023, respectively, primarily as a result of dividends paid.

During the six months ended 30 June 2024, the Group paid dividends of Euro 66 million.

Municipality Finance Plc

The section headed "Customer finance" starting on page 139 of the Offering Circular shall be deemed to be amended by the addition of the following sentences to the end of the last paragraph:

As at 30 June 2024, the amount of Group's green finance aimed at environmentally sustainable investments totalled Euro 5,688 million and the amount of its social finance aimed at investments promoting equality and communality totalled Euro 2,443 million. As at 30 June 2024, the total amount of green and social finance increased by 15.7 per cent compared to the end of 2023.

The section headed "Liquidity" on page 141 of the Offering Circular shall be deemed to be to be replaced by the following:

The Group front-loads its funding requirements. Pursuant to its policies, the Group seeks to maintain minimum amount of short-term liquidity measured by the liquidity coverage ratio, of 100 per cent on a daily basis. As at 30 June 2024, the liquidity coverage ratio was 423.0 per cent. As a long-term requirement, the Group seeks to maintain liquidity for at least twelve months of undisturbed operation. As at 30 June 2024, the Group's liquidity buffer was approximately 18 months. The main sources of funding used by the Group for lending activities are this Programme, its Euro-Commercial Paper Programme and its AUD debt programme. Since 2010, Municipality Finance has held the status of central bank counterparty, and together with its securities portfolio, part of the Group's municipal loan book can be used as eligible collateral for participation to the central bank open market operations or standing facilities, which act as a secondary source of liquidity.

Management and Shareholders of Municipality Finance Plc

The section headed " Administration of the Issuer" starting on page 143 of the Offering Circular shall be deemed to be replaced by the following:

In accordance with the Issuer's Articles of Association, the Board of Directors consists of a minimum of five and a maximum of nine ordinary members. The current eight ordinary members were elected at the annual general meeting held on 17 May 2024 for a term that commenced from the closing of the 2024 annual general meeting and that will end at the closing of the next annual general meeting following the election.

Board of Directors	Main duties outside the Issuer
Chairperson	
Kari Laukkanen.................................	M.Sc (Econ.), Board professional and financial consultant
Vice Chairperson	
Maaria Eriksson	M.Sc (Econ.), CEFA, Deputy CIO and COO, Investments, Keva
Board members	
Markku Koponen	Master of Laws, EMBA, Board Professional
Tuomo Mäkinen................................	M.Sc (Econ.), Finance Manager, City of Helsinki
Denis Strandell..................................	M.Sc (Econ.), Former Mayor, Board professional
Elina Stråhlman.................................	M.Sc. (Econ.), CFO, Enento Group Plc
Leena Vainiomäki.............................	Master of Political Sciences, MBA, Board Professional
Arto Vuojolainen...............................	M.Sc. (Tech.), Operational and Financial Director, City of Tampere

The Board of Directors has approved a Corporate Governance Policy for the Issuer, which is prepared to comply with the regulations in force for banks' governance and also largely follows the Corporate Governance Code of the (Finnish) Securities Market Association. The Board of Directors has also approved a Sustainability Policy and the Ethical Principles for the Issuer.

The Board of Directors has an Audit Committee, which has four members: Markku Koponen (Chair), Tuomo Mäkinen, Denis Strandell and Elina Stråhlman. The purpose of the Audit Committee is, as a preparatory body of the Board of Directors, to monitor the bookkeeping and the preparation of the final accounts and the internal control. The tasks and responsibilities of the committee have been defined in the rules of procedure, which the Board of Directors has approved. The Board of Directors has appointed a Senior Vice President responsible for the internal auditing function who reports directly to the Audit Committee and the Board of Directors.

The Board of Directors has a Risk Committee which has four members Leena Vainiomäki (Chair), Maaria Eriksson, Kari Laukkanen and Arto Vuojolainen. The Risk Committee assists the Board in the matters regarding the institution's overall risk appetite and strategy, and in overseeing that the management complies with the risk strategy decided by the Board. The Risk Committee estimates whether the prices for the services that tie up capital correspond with the institution's risk strategy and, in the event this is not the case, presents a remedy plan to the Board. Further, the Risk Committee shall assist the Remuneration Committee in the establishment of sound remuneration policies, and to assess whether the incentives provided by the remuneration system take into consideration the institution's risks, capital and liquidity requirements, and the likelihood and timing of the earnings.

The Board also has a Remuneration Committee, which has three members. The purpose of the Remuneration Committee is, as a preparatory body of the Board of Directors, to prepare remuneration matters and commitment schemes. The tasks and responsibilities of the committee have been defined in the rules of procedure, which the Board of Directors has approved. The members of the Remuneration Committee are Kari Laukkanen (Chair), Maaria Eriksson and Leena Vainiomäki.

The aggregate compensation paid to the members of the Board of Directors, excluding travel and out of pocket expenses related to their services on the Board of Directors, for the year ended 31 December 2023 was approximately Euro 0.3 million.

The Issuer's President and CEO is Esa Kallio. The Issuer's Executive Management Team consists of the CEO, Mari Tyster (Executive Vice President, Legal and Communications, Deputy to the CEO), Aku Dunderfelt (Executive Vice President, Customer Solutions), Toni Heikkilä (Executive Vice President, CRO, Risk Management and Compliance), Joakim Holmström (Executive Vice President, Capital Markets and Sustainability), Harri Luhtala (Executive Vice President, CFO, Finance), Minna Piitulainen (Executive Vice President, Development and HR Services) and Juha Volotinen (Executive Vice President, CIO, Technology Services).

The Issuer's offices are located at P.O. Box 744 (Jaakonkatu 3A, 5th Floor), FI-00101 Helsinki, which is the contact address for each person mentioned above. The documents mentioned in this Offering Circular can also be viewed at this address.

Members of the Board of Directors, Markku Koponen, Kari Laukkanen, Denis Strandell, Elina Stråhlman and Leena Vainiomäki are independent of the Issuer and its significant shareholders. Maaria Eriksson is independent of the Issuer but is employed by its significant shareholder. Arto Vuojolainen is non-independent of the Issuer, independent of the Issuer's significant shareholders but is employed by one of the Issuer's significant customers. Tuomo Mäkinen is non-independent of the Issuer and its significant shareholders as he is employed by a significant shareholder and customer of the Issuer. None of the members of the Executive Management Team have significant memberships in the Boards of Directors of other companies outside the Group or other material commitments, and all of their positions in the Group are full-time. Some members of the Executive Management Team hold positions in boards of directors of other entities with the approval of the Issuer's Board of Directors provided that such positions do not result in conflicts of interest.

The section headed "Independent Auditor" on page 144 of the Offering Circular shall be deemed to be amended by the addition of the following sentences to the end of the first paragraph:

The Issuer's annual general meeting held on 17 May 2024 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, of Itämerentori 2, 00180 Helsinki, Finland as the company's auditor with Jukka Paunonen, Authorised Public Accountant (KHT), as the auditor with principal responsibility. Jukka Paunonen is registered in the auditor register in accordance with Chapter 6 Section 9 in the Finnish Auditing Act (1141/2015, as amended).

No Significant Change

The fifth paragraph under the section headed "General Information" starting on page 169 of the Offering Circular shall be deemed to be replaced by the following statement:

Since 30 June 2024 there has been no significant change in the financial or trading position of the Issuer or the Group.

The sixth paragraph under the section headed "General Information" starting on page 169 of the Offering Circular shall be deemed to be amended by the following being added immediately after paragraph (f):

(g) the Interim 2024 Financials;

ANNEX I

Key figures

MuniFin Group defines the Alternative Performance Measures (*APMs*) to be financial measures that have not been defined in the IFRS standards or the capital requirements regulation (*CRD/CRR*). The APMs improve comparability between companies in the same sector and between reporting periods and provide valuable information to the readers of the financial reports. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing MuniFin Group's performance. They are also an important aspect of the way in which the Group's management defines operating targets and monitors performance.

The APMs are presented in MuniFin Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (*ESMA*).

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2024	Jan–Jun 2023
Net interest income	Interest income and expense from financial assets and liabilities are recognised in net interest income. A significant part of the Group's revenues consists of net interest income.	Interest income at effective interest method	753	493
		Other interest income	763	566
		Interest expense at effective interest method	-371	-243
		Other interest expense	-1,016	-691
		Net interest income	**129**	**124**
Unrealised fair value changes	According to IFRS 9 standard, part of financial instruments are measured at fair value through profit and loss which increases PnL volatility. To enhance comparability of business performance between periods and companies, it is often necessary to exclude the PnL effect of the unrealised fair value changes. Items in the calculation formula are from consolidated income statement's line item *Net result on financial instruments at fair value through profit or loss.*	Net result from financial assets and liabilities through profit or loss, unrealised fair value changes	10	1
		Net result from hedge accounting	6	-5
		Unrealised fair value changes	**16**	**-5**
Net operating profit	Net operating profit describes the Group's operating profit before taxes.	**Net operating profit**	**105**	**77**
Net operating profit excluding unrealised fair value changes	Net operating profit excluding unrealised fair value changes as an APM is of interest for showing MuniFin Group's underlying earnings capacity.	Net operating profit	105	77
		- Unrealised fair value changes	16	-5
		Net operating profit excluding unrealised fair value changes	**89**	**81**
Income	Income, which describes the Group's total income including net interest income, is used e.g. as a denominator (excl. Commission expenses) in Cost-to-income ratio.	Net interest income	129	124
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	16	-5
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Income	**146**	**120**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2024	Jan–Jun 2023
Income excluding unrealised fair value changes	Income excluding unrealised fair value changes reflects the Group's operating income, of which the most significant is net interest income.	Income	146	120
		- Unrealised fair value changes	16	-5
		Income excluding unrealised fair value changes	**130**	**125**
Other income	Other income includes all other income of the Group except net interest income and unrealised fair value changes.	Commission income	1	1
		Net result from financial assets and liabilities through profit or loss, realised	0	0
		Net result from FX differences	0	0
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Other income	**1**	**1**
Costs	Costs, which describe the Group's total costs, is used e.g. as a numerator (excl. Commission expenses) in Cost-to-income ratio.	Commission expenses	8	8
		HR and administrative expenses	22	20
		Depreciation and impairment on tangible and intangible assets	3	3
		Other operating expenses	7	13
		Costs	**41**	**43**
Cost-to-income ratio, %	Cost-to-income ratio is an established key ratio in the banking sector for assessing the relationship between expenses and income. The ratio gives investors a comparative view of MuniFin Group's cost-effectiveness.	Costs (excl. Commission expenses)	33	36
		÷ Income (incl. Net commission income)	137	113
		Cost-to-income ratio, %	**23.7%**	**31.8%**
Cost-to-income ratio excluding unrealised fair value changes, %	Cost-to income ratio excluding unrealised fair value changes gives a more precise picture of MuniFin Group's operative effectiveness as it excludes the income volatility of unrealised fair value changes. It improves comparability of operative effectiveness between companies and reporting periods.	Costs (excl. Commission expenses)	33	36
		÷ (Income (incl. Net commission income)	137	113
		- Unrealised fair value changes)	16	-5
		Cost-to-income ratio excluding unrealised fair value changes, %	**26.9%**	**30.5%**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2024	Jan–Jun 2023
The effect of unrealised fair value changes on other comprehensive income and equity, net of tax	Key indicator used in management reporting to describe the effect of unrealised fair value changes during the reporting period on the Group's comprehensive income and equity, net of tax.	Unrealised fair value changes through PnL	16	-5
		Taxes related to the unrealised fair value changes through PnL	-3	1
		Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss, net of tax	49	25
		Net change in Cost-of-Hedging, net of tax	-1	-8
		Net change in fair value of financial assets at fair value through other comprehensive income, net of tax	-2	-1
		Net change in expected credit loss of financial assets at fair value through other comprehensive income, net of tax	0	0
		The effect of unrealised fair value changes on other comprehensive income and equity, net of tax	**58**	**13**
New long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume during the reporting period. The indicator includes the amount of new loans excluding unrealised fair value changes and new leased assets excluding unrealised fair value changes.	New lending	2,308	1,818
		New leased assets	108	91
		New long-term customer financing	**2,416**	**1,909**
Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	Key indicator used in management reporting to describe MuniFin Group's profit earnings. The key figure is reported annualised.	(Net operating profit excluding unrealised fair value changes	89	81
		÷ Long-term customer financing excluding unrealised fair value changes and short-term customer financing (average of values at the beginning and end of the period)) x100	35,045	32,423
		Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	**0.51%**	**0.50%**
New long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding activity during the reporting period. The indicator includes the amount of new funding (over 1 year) issued excluding unrealised fair values changes.	**New long-term funding**	**4,942**	**7,118**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2024	Jan–Jun 2023
Return on Equity *(ROE)*, %	ROE measures the efficiency of MuniFin Group's capital usage. It is a commonly used performance measure and as an APM improves comparability between companies. The key figure in reported annualised.	((Net operating profit	105	77
		- Taxes)	-21	-16
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,776	1,619
		Return on Equity (*ROE*), %	**9.5%**	**7.5%**
Return on Equity *(ROE)* excluding unrealised fair value changes, %	MuniFin Group's strategy indicator. Excluding the unrealised changes in fair values increases comparability between reporting periods. The key figure in reported annualised.	((Net operating profit excluding unrealised fair value changes	89	81
		- Taxes)	-18	-17
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,776	1,619
		Return on Equity (*ROE*) excluding unrealised fair value changes, %	**8.1%**	**8.0%**
Return on Assets *(ROA)*, %	ROA measures the efficiency of MuniFin Group's investments. It is a commonly used performance measure and as an APM improves comparability between companies. The key figure in reported annualised.	((Net operating profit	105	77
		- Taxes)	-21	-16
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	50,345	48,057
		Return on Assets (*ROA*), %	**0.3%**	**0.3%**
Return on Assets *(ROA)* excluding unrealised fair value changes, %	Excluding the unrealised changes in fair values increases comparability of ROA between reporting periods. The key figure in reported annualised.	((Net operating profit excluding unrealised fair value changes	89	81
		- Taxes)	-18	-17
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	50,345	48,057
		Return on Assets (*ROA*) excluding unrealised fair value changes, %	**0.3%**	**0.3%**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	30 Jun 2024	31 Dec 2023
Equity ratio, %	Equity ratio is an investment leverage and solvency ratio that measures the amount of assets that are financed by equity. It is a commonly used performance measure and as an APM improves comparability between companies.	(Equity and non-controlling interest	1,807	1,744
		÷ Balance sheet total) x100	50,954	49,736
		Equity ratio, %	**3.5%**	**3.5%**
Long-term loan portfolio	Key indicator used in management reporting to describe MuniFin Group's business volume.	Loans and advances to the public and public sector entities	33,300	32,022
		- Leasing	1,503	1,442
		Long-term loan portfolio	**31,797**	**30,580**
Long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume.	Loans and advances to the public and public sector entities	33,300	32,022
		Long-term customer financing	**33,300**	**32,022**
Long-term customer financing excluding unrealised fair value changes	Key indicator used in management reporting to describe MuniFin Group's business volume. In this indicator the unrealised fair value changes have been excluded to enhance comparability of business performance between periods.	Loans and advances to the public and public sector entities	33,300	32,022
		- Unrealised fair value changes	976	926
		Long-term customer financing excluding unrealised fair value changes	**34,276**	**32,948**
Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	Key indicator used in management reporting to describe MuniFin Group's business volume.	Green finance	5,688	4,795
		Social finance	2,443	2,234
		(Total of green and social finance	**8,130**	**7,029**
		÷ Long-term customer financing excluding unrealised fair value changes) x100	34,276	32,948
		Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	**23.7%**	**21.3 %**
Short-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Short-term customer financing consists of money market papers bought from customers, which have original maturity of 1 year or less.	Debt securities, commercial papers from customers	1,292	1,575
		Short-term customer financing	**1,292**	**1,575**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	30 Jun 2024	31 Dec 2023
Total funding	Key indicator used in management reporting to describe MuniFin Group's funding volume. Total funding consists of long-term and short-term funding.	Liabilities to credit institutions	326	214
		Liabilities to the public and public sector entities	2,453	2,588
		Debt securities issued	41,883	40,602
		Total	**44,662**	**43,404**
		- CSA collateral (received)	-184	-82
		- Liabilities to credit institutions, payable on demand	-	-2
		Total funding	**44,478**	**43,320**
Long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding volume.	Total funding	44,478	43,320
		- Short-term issued funding (*ECP*)	-3,125	-3,987
		Long-term funding	**41,353**	**39,332**
Total liquidity	Key indicator used in management reporting to describe MuniFin Group's liquidity position.	Debt securities	4,984	5,145
		- Short-term customer financing	-1,292	-1,575
		Investments in securities total	**3,693**	**3,570**
		Cash and balances with central banks	0	0
		Deposits	8,238	8,063
		Other investments total	**8,238**	**8,063**
		Total liquidity	**11,931**	**11,633**
Ratio of SRI securities to all investment bonds, %	Key indicator used in management reporting for social responsibility area. The ratio is calculated based on the nominal values of securities investments.	(SRI investments, nominal	768	635
		÷ Investment bonds, nominal) x100	3,771	3,653
		Ratio of SRI securities to all investment bonds, %	**20.4%**	**17.4%**
Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	Key indicator used in management reporting for social responsibility area.	(Socially responsible investments	768	635
		÷ Green and social funding) x100	4,700	4,523
		Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	**16.3%**	**14.0%**

Other measures EUR million	Definition	Reconciliation	Jan–Jun 2024	Jan–Jun 2023
Turnover	Defined in IFRS (IAS *1*). Turnover is not disclosed in MuniFin Group's income statement so the formula for turnover should be given even though it is not considered to be an APM.	Interest income at effective interest method	753	493
		Other interest income	763	566
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	16	-5
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Turnover	**1,532**	**1,054**
			30 Jun 2024	**31 Dec 2023**
Liquidity Coverage Ratio *(LCR)*, %	Defined in CRR.	(Liquid assets	11,157	10,909
		÷ (Liquidity outflows - liquidity inflows in a stress situation)) x100	2,638	2,667
		Liquidity Coverage Ratio (*LCR*), %	**423.0%**	**409.1%**
Net Stable Funding Ratio *(NSFR)*, %	Defined in CRR.	(Available Stable Funding (*ASF*)	37,756	36,279
		÷ Required Stable Funding (*RSF*)) x100	30,070	29,244
		Net Stable Funding Ratio (*NSFR*), %	**125.6%**	**124.1%**
CET1 capital ratio, %	Defined in CRR.	(Common Equity Tier 1 (*CET1*) capital	1,586	1,550
		÷ Risk exposure amount) x100	1,550	1,500
		CET1 capital ratio, %	**102.4%**	**103.4%**

Other measures EUR million	Definition	Reconciliation	30 Jun 2024	31 Dec 2023
Tier 1 capital ratio, %	Defined in CRR.	(Tier 1 capital	1,586	1,550
		÷ Risk exposure amount) x100	1,550	1,500
		Tier 1 capital ratio, %	**102.4%**	**103.4%**
Total capital ratio, %	Defined in CRR.	(Total own funds	1,586	1,550
		÷ Risk exposure amount) x100	1,550	1,500
		Total capital ratio, %	**102.4%**	**103.4%**
Leverage ratio, %	Defined in CRR.	(Tier 1 capital	1,586	1,550
		÷ Total exposure) x100	13,210	12,877
		Leverage ratio, %	**12.0%**	**12.0%**

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MuniFin

Consolidated income statement

(EUR 1,000)	Note	Jan–Jun 2024	Jan–Jun 2023
Interest income at effective interest method	(2)	752,584	492,816
Other interest income	(2)	762,629	565,679
Interest expense at effective interest method	(2)	-370,849	-242,859
Other interest expense	(2)	-1,015,805	-691,269
Net interest income*		**128,559**	**124,368**
Commission income		932	1,102
Commission expense		-8,127	-7,730
Net result on financial instruments at fair value through profit and loss	(3)	16,071	-5,039
Net result on financial assets at fair value through other comprehensive income		3	-257
Other operating income		25	102
HR and administrative expenses		-22,139	-20,046
Depreciation and impairment on tangible and intangible assets	(10)	-3,112	-3,138
Other operating expenses		-7,395	-12,562
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	(11)	278	-218
Net operating profit		**105,093**	**76,581**
Income tax expense		-20,810	-15,665
Profit for the period		**84,284**	**60,917**

The accompanying notes are an integral part of the Half Year Report.

* The presentation of net interest income has been amended to differentiate line items *Interest income/expense at effective interest method* from line items *Other interest income/expense*. The change of presentation has not had an impact on published financial figures.

Consolidated statement of comprehensive income

(EUR 1,000)	Note	Jan–Jun 2024	Jan–Jun 2023
Profit for the period		84,284	60,917
Components of other comprehensive income			
Items not to be reclassified to income statement in subsequent periods			
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	(3)	60,788	31,333
Net change in Cost-of-Hedging	(4)	-1,407	-10,339
Items to be reclassified to income statement in subsequent periods			
Net change in fair value of financial assets at fair value through other comprehensive income		-2,883	-771
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		-124	287
Net change in expected credit loss of financial assets at fair value through other comprehensive income	(11)	2	-4
Taxes related to components of other comprehensive income		-11,275	-4,101
Total components of other comprehensive income		45,101	16,405
Total comprehensive income for the period		**129,384**	**77,321**

The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of financial position

(EUR 1,000)	Note	30 Jun 2024	31 Dec 2023
Assets			
Cash and balances with central banks	(8)	2	2
Loans and advances to credit institutions		9,156,644	9,187,071
Loans and advances to the public and public sector entities		33,300,221	32,021,717
Debt securities		4,984,493	5,144,963
Derivative contracts	(9)	1,863,029	1,856,769
Intangible assets	(10)	4,682	6,311
Tangible assets	(10)	8,474	9,648
Other assets		1,183,790	1,073,885
Accrued income and prepayments		452,508	435,982
Deferred tax assets		6	9
Total assets	**(5, 6, 7)**	**50,953,850**	**49,736,359**

(EUR 1,000)	Note	30 Jun 2024	31 Dec 2023
Liabilities and equity			
Liabilities			
Liabilities to credit institutions	(12)	325,726	213,695
Liabilities to the public and public sector entities		2,453,269	2,588,275
Debt securities issued	(13)	41,882,991	40,601,646
Derivative contracts	(9)	3,173,083	3,372,514
Provisions and other liabilities	(14)	399,876	418,275
Accrued expenses and deferred income		576,929	474,620
Deferred tax liabilities		334,792	323,517
Total liabilities	**(5, 6, 7)**	**49,146,666**	**47,992,542**
Equity			
Share capital		42,583	42,583
Reserve fund		277	277
Fair value reserve of investments		-352	2,052
Own credit revaluation reserve		108,869	60,238
Cost-of-Hedging reserve	(4)	20,696	21,821
Reserve for invested non-restricted equity		40,366	40,366
Retained earnings		1,594,746	1,576,480
Total equity attributable to Parent Company equity holders		**1,807,184**	**1,743,817**
Total equity		**1,807,184**	**1,743,817**
Total liabilities and equity		**50,953,850**	**49,736,359**

The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of changes in equity

	Total equity attributable to Parent Company equity holders								
(EUR 1,000)	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-Hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
Equity at 31 Dec 2023	**42,583**	**277**	**2,052**	**60,238**	**21,821**	**40,366**	**1,576,480**	**1,743,817**	**1,743,817**
Dividends paid for 2023	-	-	-	-	-	-	-66,018	-66,018	-66,018
Profit for the period	-	-	-	-	-	-	84,284	84,284	84,284
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	48,631	-	-	-	48,631	48,631
Net change in Cost-of-Hedging	-	-	-	-	-1,126	-	-	-1,126	-1,126
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-2,307	-	-	-	-	-2,307	-2,307
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-100	-	-	-	-	-100	-100
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	2	-	-	-	-	2	2
Equity at 30 Jun 2024	**42,583**	**277**	**-352**	**108,869**	**20,696**	**40,366**	**1,594,746**	**1,807,184**	**1,807,184**

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(EUR 1,000)	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-Hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
	Total equity attributable to Parent Company equity holders								
Equity at 31 Dec 2022	**42,583**	**277**	**-4,457**	**-83**	**1,488**	**40,366**	**1,533,535**	**1,613,709**	**1,613,709**
Dividends paid for 2022	-	-	-	-	-	-	-67,580	-67,580	-67,580
Profit for the period	-	-	-	-	-	-	60,917	60,917	60,917
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	25,066	-	-	-	25,066	25,066
Net change in Cost-of-Hedging	-	-	-	-	-8,271	-	-	-8,271	-8,271
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-387	-	-	-	-	-387	-387
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	-3	-	-	-	-	-3	-3
Equity at 30 Jun 2023	**42,583**	**277**	**-4,848**	**24,983**	**-6,783**	**40,366**	**1,526,871**	**1,623,450**	**1,623,450**

The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of cash flows

(EUR 1,000)	Note	Jan–Jun 2024	Jan–Jun 2023
Cash flow from operating activities		**58,329**	**67,250**
Net change in long-term funding		2,063,405	2,647,844
Net change in short-term funding		-943,947	-1,672,863
Net change in long-term loans		-1,350,683	-900,667
Net change in short-term loans		281,235	263,280
Net change in investments		-301,652	197,218
Net change in collaterals		166,980	-607,458
Interest on assets		1,088,440	568,270
Interest on liabilities		-930,544	-401,960
Other income		24,578	33,283
Payments of operating expenses		-40,095	-42,348
Taxes paid		612	-17,348
Cash flow from investing activities		**-204**	**-356**
Acquisition of tangible assets		-	-7
Proceeds from sale of tangible assets		19	112
Acquisition of intangible assets		-223	-461
Cash flow from financing activities		**-66,934**	**-68,641**
Dividend paid		-66,018	-67,580
Total cash flow from leases		-916	-1,060
Change in cash and cash equivalents		**-8,809**	**-1,747**
Cash and cash equivalents at 1 Jan	**(8)**	**63,214**	**48,624**
Cash and cash equivalents at 30 Jun	**(8)**	**54,405**	**46,877**

The accompanying notes are an integral part of the Half Year Report.

Notes to the Half Year Report

Note 1. Basis of preparation of the Half Year Report

The Half Year Report has been prepared in accordance with International Financial Reporting Standards (*IFRS*). The Half Year Report complies with IAS 34 *Interim Financial Reporting* standard and the accounting policies presented in the Consolidated Financial Statements 2023 (Note *1*). The report includes condensed consolidated interim financial information for the half year period ended 30 June 2024 and is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023. Operations of the Group are not subject to seasonal variations and thus the financial information of the condensed consolidated interim report does not include information from the 12-month period ended as of the interim date.

The accounting policies have remained unchanged during the reporting period, except for those that are presented below in the section *Changes in accounting policies, presentation and application of new standards*. The figures in the Notes to the Half Year Report are presented in thousand euro. All figures in the Half Year Report have been rounded, so the total of individual figures may differ from the total figure presented. The Half Year Report has been subject to a review by the auditors.

The Half Year Report is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

Changes in accounting policies, presentation and application of new standards

The presentation of line items *Interest and similar income* and *Interest and similar expense* in the consolidated income statement has been updated. Starting from the beginning of 2024, these line items are presented as following:

- Interest and similar income are divided in two line items: *Interest income at effective interest method* and *Other interest income*
- Interest and similar expense are divided in two line items: *Interest expense at effective interest method* and *Other interest expense*.

In addition, minor changes have been made to the labelling of other line items of the income statement, but the content has remained same.

The Group has applied the following new standards, interpretations and amendments to existing standards starting from 1 January 2024:

Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16 *Leases (effective for financial years beginning on or after 1 January 2024, early application is permitted). The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019. The amendment has not had a significant impact on MuniFin Group's financial statements.

Amendments to IAS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants* (effective for financial years beginning on or after 1 January 2024, early application is permitted)***.*** The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify that transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognised as equity under IAS 32. The amendment has not had an impact on MuniFin Group's financial statements.

New and amended standards and interpretations not yet applied

In April 2024, the IASB published the new standard **IFRS 18 *Presentation and Disclosure in Financial Statements*** which will replace IAS 1 Presentation of Financial statements. IFRS 18 introduces a defined structure for the statement of profit or loss and related disclosures. The standard requires entities to present specified totals and subtotals for the statement of profit or loss and to present management-defined performance measures. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027, including for interim financial statements. Retrospective application is required. Impact of implementation of IFRS 18 to the presentation of MuniFin Group's financial statements has not been evaluated yet.

Amendments to IFRS 9 *Financial instruments* and **IFRS 7 *Financial instruments: Disclosures.*** On May 2024, the IASB published amendmends that will clarify and add further guidance whether a financial asset meets the solely payments of principal and interest criteria. Amendments will also clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. New disclosure requirements are published for financial instruments with features linked to the achievement of environmental, social and governance targets. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. Impact of amendments to IFRS 9 and IFRS 7 to the presentation of MuniFin Group's financial statements has not been evaluated yet.

Management judgement and estimates

The preparation of the Half Year Report in accordance with IFRS requires management judgement and estimates. The key assumptions made by the Group concern significant uncertainty factors pertaining to the future and the estimates at the reporting date.

Determination of fair value

Management judgement

The level of management judgement required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. For the valuation of financial instruments where prices quoted in active markets are not available, the Group uses valuation techniques to establish fair value. These valuation techniques involve some level of management judgement, the degree of which will depend on the observability of the input parameters and the instrument's complexity. The management judgements relate to the following areas:

- the choice of valuation parameters and modelling techniques
- the application of the input data, assumptions and modelling techniques in particular, where data is obtained from infrequent market transactions
- judgement on which market parameters are observable
- the fair value adjustments incorporating relevant risk factors
- the determination of the hierarchy level to which a financial instrument should be classified, when the valuation is determined by a number of inputs, of which some are observable and others are unobservable.

Estimates

The section *Sensitivity analysis of unobservable inputs* in Note *6 Fair value of financial assets and liabilities* of this Half Year Report contains the sensitivity analysis of significant unobservable inputs by instrument type in addition to the effect that changing one or more assumptions in the unobservable input could have on the valuation by products at the reporting date.

Expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, with the estimation of amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Expected credit losses are disclosed in Note *11 Credit risks of financial assets and other commitments.* The changes of the expected credit losses are recognised under the income statement line *Credit loss and impairments of financial assets*.

The calculation of expected credit losses under IFRS 9 requires management judgement and estimates. The most significant are:

Management judgement	Estimates
• The Group's criteria for assessing if there has been a significant increase in credit risk.	• Estimates on macroeconomic variables and the results on sensitivity analysis are disclosed on Note *11 Credit risks of financial assets and other commitments*, in the section *Forward-looking information.*
• The Group's internal credit scoring model, which assigns probabilities of default (*PD*) to the individual grades.	
• Development of ECL models, including the various formulas and the choice of inputs.	
• Determination of relationships between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values and their effect on PDs, EADs (*Exposures at Default*) and LGDs (*Loss Given Default*).	
• Selection of forward-looking macroeconomic scenarios.	

Note 2. Interest income and expense

(EUR 1,000)	Jan–Jun 2024 Interest income	Jan–Jun 2024 Interest expense	Jan–Jun 2024 Net	Jan–Jun 2023 Interest income	Jan–Jun 2023 Interest expense	Jan–Jun 2023 Net
Assets						
Amortised cost						
Loans and advances to credit institutions	179,975	-45	179,929	133,117	-77	133,040
Loans and advances to the public and public sector entities	515,671	-	515,671	320,110	-	320,110
Debt securities	27,271	-	27,271	18,449	-23	18,426
Other assets	24,043	-	24,043	19,038	-	19,038
Fair value through other comprehensive income						
Debt securities	5,625	-	5,625	2,102	-	2,102
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	174	-	174	174	-	174
Debt securities	23,459	-	23,459	11,708	-	11,708
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	624	-	624	460	-	460
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	271,708	-224,873	46,835	176,031	-133,187	42,844
Derivative contracts in hedge accounting	210,893	-	210,893	143,751	-	143,751
Leased assets	24,085	-	24,085	15,355	-	15,355
Interest on non-financial other assets	2	-	2	1	-	1
Interest on assets	**1,283,530**	**-224,918**	**1,058,612**	**840,296**	**-133,287**	**707,009**
, of which interest income/expense according to the effective interest method	*752,584*	*-45*		*492,816*	*-100*	
, of which other interest income/expense	*530,946*	*-224,873*		*347,480*	*-133,187*	

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(EUR 1,000)	Jan–Jun 2024 Interest income	Jan–Jun 2024 Interest expense	Jan–Jun 2024 Net	Jan–Jun 2023 Interest income	Jan–Jun 2023 Interest expense	Jan–Jun 2023 Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-4,189	-4,189	-	-20,552	-20,552
Liabilities to the public and public sector entities	-	-17,955	-17,955	-	-19,262	-19,262
Debt securities issued	-	-340,757	-340,757	-	-195,636	-195,636
Provisions and other liabilities	-	-7,904	-7,904	-	-7,309	-7,309
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-574	-574	-	-301	-301
Liabilities to the public and public sector entities	-	-18,978	-18,978	-	-18,058	-18,058
Debt securities issued	-	-193,259	-193,259	-	-184,510	-184,510
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	231,683	-222,699	8,984	218,200	-163,072	55,128
Derivative contracts in hedge accounting	-	-355,422	-355,422	-	-192,139	-192,139
Interest on liabilities	**231,683**	**-1,161,737**	**-930,054**	**218,200**	**-800,840**	**-582,641**
, of which interest income/expense according to the effective interest method	-	*-370,804*		-	*-242,759*	
, of which other interest income/expense	*231,683*	*-790,932*		*218,200*	*-558,082*	
Total interest income and expense	**1,515,213**	**-1,386,655**	**128,559**	**1,058,495**	**-934,127**	**124,368**

Interest income on stage 3 financial assets in the expected credit loss (*ECL*) calculations totalled EUR 1,687 thousand (EUR 30 thousand) during the reporting period. These are included in the line items *Loans and advances to the public and public sector entities* and *Leased assets*.

Interest expense on provisions and other liabilities includes EUR 17 thousand (EUR 26 thousand) of interest on lease liabilities recognised in accordance with *IFRS 16 Leases* standard.

Interest expenses on loans and advances at amortised cost are related to negative bank account balances. In the comparison period, interest expenses on debt securities consist of short-term customer financing in money market instruments. Interest expenses on derivative contracts at fair value through profit or loss consist of negative interest income on derivative contracts that are not included in hedge accounting. The derivative contracts contained in this line item hedge financial assets which are designated at fair value through profit or loss, derivative contracts with municipalities and derivative contracts hedging derivatives with municipalities, in addition to derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified. Derivative contracts in hedge accounting hedge line items *Loans and advances to the public and public sector entities* and *Leased assets*.

Interest income on derivative contracts at fair value through profit or loss consists of positive interest expense on derivatives that are not included in hedge accounting. Derivative contracts contained in this line item hedge financial liabilities which are designated at fair value through profit or loss. Derivative contracts in hedge accounting are used as hedges for line items *Liabilities to credit institutions, Liabilities to the public and public sector entities* and *Debt securities issued*.

Note 3. Net result on financial instruments at fair value through profit or loss

Jan–Jun 2024 (EUR 1,000)	Capital gains and losses (net)	Unrealised fair value changes	Total
Financial assets			
Designated at fair value through profit or loss	40	-8,394	-8,354
Mandatorily at fair value through profit or loss	-	271	271
Financial liabilities			
Designated at fair value through profit or loss	-	99,910	99,910
Derivative contracts at fair value through profit or loss	-19	-81,725	-81,744
Day 1 gain or loss	-	20	20
Net result on financial assets and liabilities through profit or loss	**21**	**10,083**	**10,104**
Net result from FX differences	**4,972**	**-4,833**	**139**
Net result from hedge accounting	**-**	**5,828**	**5,828**
Total	**4,993**	**11,078**	**16,071**

Line item *Net result on financial assets and liabilities through profit or loss* includes fair value changes of financial assets and liabilities measured at fair value through profit or loss, fair value changes of derivative contracts not included in hedge accounting (derivative contracts at fair value through profit or loss) as well as capital gains and losses related to these items. Line item *Net result from FX differences* includes unrealised and realised translation differences for all items denominated in foreign currencies. The breakdown of line item *Net result from hedge accounting* is presented in Note *4 Hedge accounting*. The reconciliation for Day 1 gain or loss is presented in Note *6 Fair values of financial assets and liabilities.*

Jan–Jun 2023 (EUR 1,000)	Capital gains and losses (net)	Unrealised fair value changes	Total
Financial assets			
Designated at fair value through profit or loss	-	16,619	16,619
Mandatorily at fair value through profit or loss	-	98	98
Financial liabilities			
Designated at fair value through profit or loss	-	-179,577	-179,577
Derivative contracts at fair value through profit or loss	-88	163,435	163,347
Day 1 gain or loss	-	22	22
Net result on financial assets and liabilities through profit or loss	**-88**	**596**	**508**
Net result from FX differences	**9,642**	**-9,785**	**-143**
Net result from hedge accounting	**-**	**-5,404**	**-5,404**
Total	**9,554**	**-14,593**	**-5,039**

The following tables present the carrying amounts of financial assets and liabilities designated at fair value through profit or loss and their fair value changes recognised during the reporting period in the income statement under *Net result on financial instruments at fair value through profit or loss* and in the other comprehensive income under *Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss*.

Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)	Nominal value 30 Jun 2024	Carrying amount 30 Jun 2024	Nominal value 31 Dec 2023	Carrying amount 31 Dec 2023
Financial assets				
Loans and advances to the public and public sector entities	30,000	29,519	30,000	30,326
Debt securities	3,435,500	3,338,075	3,284,881	3,200,340
Total financial assets*	**3,465,500**	**3,367,593**	**3,314,881**	**3,230,667**
Financial liabilities				
Liabilities to credit institutions	64,000	36,948	44,000	42,989
Liabilities to the public and public sector entities	1,465,482	1,282,151	1,449,753	1,311,174
Debt securities issued	8,625,868	8,139,412	9,870,880	9,472,387
Total financial liabilities	**10,155,350**	**9,458,511**	**11,364,633**	**10,826,551**

* Financial assets designated at fair value through profit or loss are exposed to credit risk up to the carrying amounts of those securities at 30 Jun 2024 and 31 Dec 2023.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	30 Jun 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Jun 2024	, of which due to credit risk	, of which due to market risk
Financial assets					
Loans and advances to the public and public sector entities	-8,447	-7,988	-459	46	-505
Debt securities	-102,724	-94,789	-7,935	2,500	-10,435
Total financial assets	**-111,171**	**-102,777**	**-8,394**	**2,546**	**-10,940**

Financial assets that MuniFin Group has designated at fair value through profit or loss include debt securities in the liquidity portfolio and some lending agreements of which the interest rate risk is hedged with interest rate and cross currency interest rate swaps. The designation is made as it significantly reduces accounting mismatch which would otherwise arise from measuring the derivative contract at fair value through profit or loss and the debt security at fair value through other comprehensive income and lending agreements at amortised cost based on the IFRS 9 business model. MuniFin Group does not have credit derivatives hedging these financial assets.

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	30 Jun 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Jun 2024	Change in own credit risk recognised in the other comprehensive income Jan–Jun 2024	Total fair value change in Jan–Jun 2024
Financial liabilities					
Liabilities to credit institutions	1,364	495	869	173	1,042
Liabilities to the public and public sector entities	197,146	169,099	28,047	25,862	53,909
Debt securities issued	496,583	425,589	70,994	34,754	105,748
Total financial liabilities	**695,093**	**595,183**	**99,910**	**60,788**	**160,699**

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 30 Jun 2024	Fair value change recognised in the income statement Jan–Jun 2024
Financial liabilities designated at fair value through profit or loss	695,093	99,910
Derivative contracts at fair value through profit or loss hedging financial liabilities	-689,043	-96,918
Net change in fair value	**6,050**	**2,992**

MuniFin Group has designated short-term debt instruments denominated in foreign currencies, which have been hedged with FX swaps at fair value through profit or loss. The designation reduces accounting mismatch which would otherwise arise between the measurement of the derivative contract and the financial liability. Financial liabilities designated at fair value through profit or loss consist of financial liabilities which have been hedged according to the Group's risk management policy, but which are not subject to IFRS 9 standard fair value hedge accounting. The fair value changes of the financial liabilities impact the income statement, but as they have been hedged, the expected profit or loss is restricted to interest. The table above describes the net impact of these financial liabilities and their hedges on the income statement.

When a financial liability is designated at fair value through profit or loss, the fair value change, with exception to MuniFin's own credit risk that is presented in other comprehensive income as change of the own credit revaluation reserve, is presented in *Net result on financial instruments at fair value through profit or loss*.

MuniFin Group applies the income approach of IFRS 13 standard to the separation of fair value changes related to changes in own credit risk from the fair value changes of the financial liability. For the majority of financial liabilities designated at fair value through profit or loss, no market price is available as there is no active secondary market. The methodology for separation of own credit risk utilises MuniFin's benchmark curves, cross currency basis spreads and credit spreads of MuniFin's issued debt securities on the primary market as input. Based on the aforementioned inputs, valuation curves can be constructed for various reporting periods for valuing financial liabilities designated at fair value through profit or loss. By comparing fair values calculated using the trade date and the reporting date, the impact of change in own credit risk on the fair value of the financial liability can be determined.

Financial liabilities designated at fair value through profit or loss are not traded.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	30 Jun 2023	1 Jan 2023	Fair value change recognised in the income statement Jan–Jun 2023	, of which due to credit risk	, of which due to market risk
Financial assets					
Loans and advances to the public and public sector entities	-9,807	-10,581	774	68	705
Debt securities	-199,652	-215,498	15,846	-1,320	17,166
Total financial assets	**-209,459**	**-226,078**	**16,619**	**-1,252**	**17,872**

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	30 Jun 2023	1 Jan 2023	Fair value change recognised in the income statement Jan–Jun 2023	Change in own credit risk recognised in the other comprehensive income Jan–Jun 2023	Total fair value change in Jan–Jun 2023
Financial liabilities					
Liabilities to credit institutions	2,333	1,708	626	100	726
Liabilities to the public and public sector entities	223,573	245,483	-21,910	16,664	-5,246
Debt securities issued	574,962	733,254	-158,293	14,568	-143,725
Total financial liabilities	**800,868**	**980,445**	**-179,577**	**31,333**	**-148,245**

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 30 Jun 2023	Fair value change recognised in the income statement Jan–Jun 2023
Financial liabilities designated at fair value through profit or loss	800,868	-179,577
Derivative contracts at fair value through profit or loss hedging financial liabilities	-802,371	187,400
Net change in fair value	**-1,503**	**7,822**

Note 4. Hedge accounting

The interest rate and foreign exchange rate risks of the Group are managed by entering into derivative transactions. According to the Market Risk Policy, the Group's hedging strategy is mainly to hedge all material foreign exchange and interest rate risks of financial assets and liabilities with maturities exceeding one year. As a result, foreign currency denominated items are translated into euros, and fixed rates and long-term reference rates are swapped to floating interest rates with shorter terms. The risk management principles related to the Group' s hedging of market risk are described in more detail in the Consolidated Financial Statements 2023 in Note *2 Risk Management principles and the Group's risk position.*

The Group applies both fair value hedge accounting according to IFRS 9 and fair value portfolio hedge accounting according to IAS 39. The Group does not apply cash flow hedge accounting. Accounting policies related to hedge accounting are described in the accounting polices of the Consolidated Financial Statements 2023 (Note *1*) in Section *10. Hedge Accounting*.

In the following table hedged assets and liabilities are presented according to the statement of financial position line items divided into IAS 39 portfolio hedge accounting and IFRS 9 fair value hedge accounting, which is further subdivided into whether hedging is subject to the separation of the Cost-of-Hedging.

Hedge accounting 30 Jun 2024 (EUR 1,000)	Nominal value	Fair value hedge accounting total	IAS 39 portfolio hedge accounting	IFRS 9 fair value hedge accounting	IFRS 9 fair value hedge accounting incl. Cost-of-Hedging
Assets					
Loans and advances to the public and public sector entities – Loans	11,482,139	10,529,566	10,471,436	58,130	-
Loans and advances to the public and public sector entities – Leased assets	382,664	366,810	-	366,810	-
Total assets	**11,864,803**	**10,896,376**	**10,471,436**	**424,940**	**-**
Liabilities					
Liabilities to credit institutions	115,000	104,809	-	104,809	-
Liabilities to the public and public sector entities	1,207,710	1,171,117	-	1,171,117	-
Debt securities issued	35,038,949	32,858,736	-	17,645,269	15,213,467
Total liabilities	**36,361,659**	**34,134,662**	**-**	**18,921,195**	**15,213,467**

Hedge accounting 31 Dec 2023 (EUR 1,000)	Nominal value	Fair value hedge accounting total	IAS 39 portfolio hedge accounting	IFRS 9 fair value hedge accounting	IFRS 9 fair value hedge accounting incl. Cost-of-Hedging
Assets					
Loans and advances to the public and public sector entities – Loans	11,843,871	10,937,466	10,877,199	60,267	-
Loans and advances to the public and public sector entities – Leased assets	395,417	383,163	-	383,163	-
Total assets	**12,239,288**	**11,320,629**	**10,877,199**	**443,430**	**-**
Liabilities					
Liabilities to credit institutions	95,000	86,889	-	86,889	-
Liabilities to the public and public sector entities	1,287,710	1,277,101	-	1,277,101	-
Debt securities issued	32,537,103	30,841,465	-	17,950,427	12,891,038
Total liabilities	**33,919,813**	**32,205,454**	**-**	**19,314,416**	**12,891,038**

The figures presented in the following table contain the cumulative fair value change at the beginning and end of the reporting period, in addition to the fair value change of the hedged risk and the hedging instrument during the reporting period. These figures presented in the table do not include the changes in fair value due to foreign exchange differences of hedging instruments and the hedged items. Due to the aforementioned reason, the total amount of hedging instruments does not correspond to the fair value presented in Note *9 Derivatives* on line *Total derivative contracts in hedge accounting*. The fair value changes of the hedged risk of the hedged items and all other fair value changes of the hedging instruments are recognised in the income statement under *Net result on financial instruments at fair value through profit or loss*. The ineffective portion of the hedging relationship is thus shown on this line in the income statement. Net result on financial instruments at fair value through profit or loss is specified in Note *3*.

In accordance with the market practice and IFRS 13 *Fair value measurement* standard, the Group discounts hedged items with the swap curve and the hedging derivatives with the OIS curve, which causes a significant part of the Group's hedge ineffectiveness. In addition, ineffectiveness may also arise to some extent from differences in notional, day count methods or timing of the cash flows.

Value of hedged risk (EUR 1,000)	30 Jun 2024	1 Jan 2024	Recognised in the income statement Jan–Jun 2024
Assets			
IAS 39 portfolio hedge accounting			
Loans and advances to the public and public sector entities	-951,988	-907,319	-44,668
Derivative contracts in hedge accounting	1,012,431	969,754	42,677
Accumulated fair value accrual from the termination of hedge accounting	-1,531	-1,652	121
IAS 39 portfolio hedge accounting, net	**58,913**	**60,783**	**-1,870**
IFRS 9 fair value hedge accounting			
Loans and advances to the public and public sector entities	-15,585	-10,422	-5,163
Derivative contracts in hedge accounting	14,020	9,060	4,960
IFRS 9 fair value hedge accounting, net	**-1,565**	**-1,362**	**-203**
Liabilities			
IFRS 9 fair value hedge accounting			
Liabilities to credit institutions	10,191	8,111	2,080
Liabilities to the public and public sector entities	30,938	4,425	26,512
Debt securities issued	1,589,060	1,407,537	181,523
Derivative contracts in hedge accounting	-1,644,871	-1,442,656	-202,215
IFRS 9 fair value hedge accounting, net	**-14,682**	**-22,583**	**7,901**
Total hedge accounting	**42,666**	**36,838**	**5,828**

Value of hedged risk (EUR 1,000)	30 Jun 2023	1 Jan 2023	Recognised in the income statement Jan–Jun 2023
Assets			
IAS 39 portfolio hedge accounting			
Loans and advances to the public and public sector entities	-1,365,106	-1,476,553	111,447
Derivative contracts in hedge accounting	1,431,472	1,549,315	-117,842
Accumulated fair value accrual from the termination of hedge accounting	-1,781	-1,721	-61
IAS 39 portfolio hedge accounting, net	**64,585**	**71,041**	**-6,456**
IFRS 9 fair value hedge accounting			
Loans and advances to the public and public sector entities	-26,790	-29,402	2,613
Derivative contracts in hedge accounting	25,710	28,548	-2,838
IFRS 9 fair value hedge accounting, net	**-1,080**	**-855**	**-225**
Liabilities			
IFRS 9 fair value hedge accounting			
Liabilities to credit institutions	11,107	10,108	999
Liabilities to the public and public sector entities	50,068	54,570	-4,501
Debt securities issued	2,491,885	2,559,950	-68,065
Derivative contracts in hedge accounting	-2,557,985	-2,631,089	73,104
IFRS 9 fair value hedge accounting, net	**-4,925**	**-6,461**	**1,537**
IBOR reform related compensations	-3,603	-3,343	-260
Total hedge accounting	**54,977**	**60,382**	**-5,404**

The following table presents the impact of Cost-of-Hedging of cross currency derivatives on equity in the *Cost-of-Hedging reserve*. The figures are presented net of deferred taxes. For all foreign currency hedge relationships, the Group has elected to utilise Cost-of-Hedging. For each hedge relationship, when the cross currency swap is designated as a hedging instrument, the cross currency basis spread is separated and excluded from the designation and accounted for as Cost-of-Hedging.

The difference between the changes in fair value of the actual derivative and the designated portion of the derivative are recorded in other comprehensive income in line item *Cost-of-Hedging reserve*. Thus, changes in cross currency basis spreads will impact other comprehensive income and do not create ineffectiveness in the hedge relationship.

Hedging impact on equity (EUR 1,000)	30 Jun 2024	1 Jan 2024	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	20,696	21,821	-1,126
Total	**20,696**	**21,821**	**-1,126**

Hedging impact on equity (EUR 1,000)	30 Jun 2023	1 Jan 2023	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	-6,783	1,488	-8,271
Total	**-6,783**	**1,488**	**-8,271**

The following table presents the cumulative effectiveness of hedge accounting by hedged items. In addition, the table shows the hedging instruments used.

Effectiveness of hedge accounting
30 Jun 2024 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk: Hedged items	Gains/losses attributable to the hedged risk: Hedging instruments	Hedge ineffectiveness
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-951,988	1,012,431	60,444
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	267	-26	241
Fixed rate and revisable rate leased assets	Interest rate derivatives	-15,852	14,046	-1,806
Assets total		**-967,573**	**1,026,452**	**58,879**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	1,257,910	-1,280,515	-22,606
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	372,279	-364,356	7,924
Liabilities total		**1,630,189**	**-1,644,871**	**-14,682**

Effectiveness of hedge accounting
30 Jun 2023 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk		Hedge ineffectiveness
		Hedged items	Hedging instruments	
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-1,365,106	1,431,472	66,367
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	-473	741	268
Fixed rate and revisable rate leased assets	Interest rate derivatives	-26,317	24,969	-1,348
Assets total		**-1,391,895**	**1,457,182**	**65,287**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	1,854,770	-1,863,098	-8,328
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	698,291	-694,887	3,403
Liabilities total		**2,553,060**	**-2,557,985**	**-4,925**

Note 5. Financial assets and liabilities

Financial assets 30 Jun 2024 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	2	-	-	-	-	2	2
Loans and advances to credit institutions	9,156,644	-	-	-	-	9,156,644	9,156,644
Loans and advances to the public and public sector entities*	32,108,222	-	29,519	26,362	-	32,164,102	33,939,959
Debt securities	1,291,704	354,714	3,338,075	-	-	4,984,493	4,984,902
Derivative contracts at fair value through profit or loss	-	-	-	-	334,844	334,844	334,844
Derivative contracts in hedge accounting	-	-	-	-	1,528,185	1,528,185	1,528,185
Other assets**	1,162,128	-	-	-	-	1,162,128	1,162,128
Total	**43,718,701**	**354,714**	**3,367,593**	**26,362**	**1,863,029**	**49,330,399**	**51,106,664**

* Line item includes EUR 366,810 thousand of leased assets for which the Group applies fair value hedge accounting. Unhedged leased assets are not presented in this Note of financial assets and liabilities as leased assets are not regarded as financial assets for the purpose of IFRS 9 classification.

** Line item includes cash collateral given to central counterparties.

Financial liabilities 30 Jun 2024 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	288,779	36,948	-	325,726	325,679
Liabilities to the public and public sector entities	1,171,117	1,282,151	-	2,453,269	2,465,135
Debt securities issued	33,743,578	8,139,412	-	41,882,991	41,834,453
Derivative contracts at fair value through profit or loss	-	-	1,133,220	1,133,220	1,133,220
Derivative contracts in hedge accounting	-	-	2,039,863	2,039,863	2,039,863
Provisions and other liabilities*	381,759	-	-	381,759	381,759
Total	**35,585,233**	**9,458,511**	**3,173,083**	**48,216,827**	**48,180,108**

* Line item includes EUR 373,743 thousand of cash collateral received from central counterparties and EUR 8,016 thousand of lease liabilities in accordance with IFRS 16 standard.

Financial assets 31 Dec 2023 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	2	-	-	-	-	2	2
Loans and advances to credit institutions	9,187,071	-	-	-	-	9,187,071	9,187,071
Loans and advances to the public and public sector entities*	30,905,386	-	30,326	27,482	-	30,963,194	32,746,762
Debt securities	1,574,954	369,669	3,200,340	-	-	5,144,963	5,145,075
Derivative contracts at fair value through profit or loss	-	-	-	-	312,957	312,957	312,957
Derivative contracts in hedge accounting	-	-	-	-	1,543,813	1,543,813	1,543,813
Other assets**	1,048,412	-	-	-	-	1,048,412	1,048,412
Total	**42,715,826**	**369,669**	**3,230,667**	**27,482**	**1,856,769**	**48,200,413**	**49,984,092**

* Line item includes EUR 383,163 thousand of leased assets for which the Group applies fair value hedge accounting. Unhedged leased assets are not presented in this Note of financial assets and liabilities as leased assets are not regarded as financial assets for the purpose of IFRS 9 classification.

** Line item includes cash collateral given to central counterparties.

Financial liabilities 31 Dec 2023 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	170,706	42,989	-	213,695	213,654
Liabilities to the public and public sector entities	1,277,101	1,311,174	-	2,588,275	2,601,224
Debt securities issued	31,129,259	9,472,387	-	40,601,646	40,566,379
Derivative contracts at fair value through profit or loss	-	-	1,157,142	1,157,142	1,157,142
Derivative contracts in hedge accounting	-	-	2,215,373	2,215,373	2,215,373
Provisions and other liabilities*	401,010	-	-	401,010	401,010
Total	**32,978,076**	**10,826,551**	**3,372,514**	**47,177,141**	**47,154,781**

* Line item includes EUR 392,173 thousand of cash collateral received from central counterparties and EUR 8,837 thousand of lease liabilities in accordance with IFRS 16 standard.

Note 6. Fair values of financial assets and liabilities

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 Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the fair value measurements.

Level 1

Inputs that are quoted market prices (unadjusted) 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. These quotes (mid) represent the price for an orderly transaction between parties in the market on the valuation date. Level 1 instruments comprise mainly investments in debt securities.

Level 2

Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes instruments valued using quoted prices for identical instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. Level 2 instruments comprise mainly OTC derivatives, the Group's issued plain-vanilla financial liabilities and the Group's lending agreements.

Level 3

This level includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. Unobservable inputs are used only to the extent that no relevant observable inputs are available. If the valuation input is illiquid, extrapolated or based on historical prices, the valuation input will be defined as a level 3 valuation input as these types of inputs are per definition unobservable. This level includes financial instruments with equity and FX structures due to the impact of the utilisation of inputs such as dividend yield on the fair value measurement. In addition, level 3 contains some interest rate structures with long maturities (exceeding e.g. 35 years) or in currencies where the interest rate curve is not considered liquid for all maturities.

Due to the nature of MuniFin Group's funding portfolio (i.e. issued bonds are hedged back-to-back), if a swap that is hedging an issued bond is designated as a level 3 instrument, then the issued bond will also be designated as a level 3 instrument. The same principle applies to other portfolios and levels of the hierarchy as well. The Group does not hold other assets or liabilities which are measured at fair value or assets or liabilities which are non-recurringly measured at fair value.

The following table presents financial instruments by the level of the fair value hierarchy into which the fair value measurement is categorised.

Financial assets 30 Jun 2024 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	354,714	315,063	39,652	-	354,714
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	29,519	-	29,519	-	29,519
Debt securities	3,338,075	3,328,083	9,992	-	3,338,075
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	26,362	-	-	26,362	26,362
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	334,844	-	330,423	4,421	334,844
Derivative contracts in hedge accounting	1,528,185	-	1,528,416	-231	1,528,185
Total at fair value	**5,611,699**	**3,643,146**	**1,938,001**	**30,552**	**5,611,699**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	10,896,376	-	11,415,240	-	11,415,240
Total in fair value hedge accounting	**10,896,376**	**-**	**11,415,240**	**-**	**11,415,240**
At amortised cost					
Cash and balances with central banks	2	2	-	-	2
Loans and advances to credit institutions	9,156,644	8,292,805	863,839	-	9,156,644
Loans and advances to the public and public sector entities	21,211,846	-	22,468,838	-	22,468,838
Debt securities	1,291,704	-	1,291,704	-	1,292,113
Other assets	1,162,128	-	1,162,128	-	1,162,128
Total at amortised cost	**32,822,325**	**8,292,807**	**25,786,509**	**-**	**34,079,726**
Total financial assets	**49,330,399**	**11,935,953**	**39,139,750**	**30,552**	**51,106,664**

Financial liabilities 30 Jun 2024 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	36,948	-	36,948	-	36,948
Liabilities to the public and public sector entities	1,282,151	-	1,243,994	38,157	1,282,151
Debt securities issued	8,139,412	-	7,943,126	196,286	8,139,412
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,133,220	-	1,030,174	103,046	1,133,220
Derivative contracts in hedge accounting	2,039,863	-	2,029,453	10,409	2,039,863
Total at fair value	**12,631,594**	**-**	**12,283,696**	**347,898**	**12,631,594**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	104,809	-	104,762	-	104,762
Liabilities to the public and public sector entities	1,171,117	-	1,182,983	-	1,182,983
Debt securities issued*	32,858,736	-	32,573,633	236,565	32,810,198
Total in fair value hedge accounting	**34,134,662**	**-**	**33,861,378**	**236,565**	**34,097,943**
At amortised cost					
Liabilities to credit institutions	183,970	-	183,970	-	183,970
Debt securities issued	884,842	-	884,842	-	884,842
Provisions and other liabilities	381,759	-	381,759	-	381,759
Total at amortised cost	**1,450,571**	**-**	**1,450,571**	**-**	**1,450,571**
Total financial liabilities	**48,216,827**	**-**	**47,595,645**	**584,463**	**48,180,108**

* MuniFin Group's fixed-rate benchmark bond issuances are presented on level 2 as these bonds are in fair value hedge accounting with respect to the hedged risk. Valuation of the hedged risk is based on the level 2 inputs. In the Notes of the Half Year Report, the Group's fixed-rate benchmark bonds' fair values are adjusted to reflect fair value based on the quoted prices from Bloomberg. The market price is a level 1 input.

Financial assets 31 Dec 2023 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	369,669	369,669	-	-	369,669
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,326	-	30,326	-	30,326
Debt securities	3,200,340	3,153,086	47,254	-	3,200,340
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	27,482	-	-	27,482	27,482
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	312,957	-	304,492	8,464	312,957
Derivative contracts in hedge accounting	1,543,813	-	1,543,813	-	1,543,813
Total at fair value	**5,484,587**	**3,522,755**	**1,925,886**	**35,946**	**5,484,587**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	11,320,629	-	11,872,370	-	11,872,370
Total in fair value hedge accounting	**11,320,629**	**-**	**11,872,370**	**-**	**11,872,370**
At amortised cost					
Cash and balances with central banks	2	2	-	-	2
Loans and advances to credit institutions	9,187,071	8,126,158	1,060,913	-	9,187,071
Loans and advances to the public and public sector entities	19,584,757	-	20,816,584	-	20,816,584
Debt securities	1,574,954	-	1,575,066	-	1,575,066
Other assets	1,048,412	-	1,048,412	-	1,048,412
Total at amortised cost	**31,395,197**	**8,126,160**	**24,500,975**	**-**	**32,627,136**
Total financial assets	**48,200,413**	**11,648,915**	**38,299,231**	**35,946**	**49,984,093**

Financial liabilities 31 Dec 2023 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	42,989	-	42,989	-	42,989
Liabilities to the public and public sector entities	1,311,174	-	1,212,590	98,584	1,311,174
Debt securities issued	9,472,387	-	9,178,791	293,596	9,472,387
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,157,142	-	1,039,248	117,893	1,157,142
Derivative contracts in hedge accounting	2,215,373	-	2,201,980	13,393	2,215,373
Total at fair value	**14,199,065**	**-**	**13,675,599**	**523,466**	**14,199,065**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	86,889	-	86,847	-	86,847
Liabilities to the public and public sector entities	1,277,101	-	1,290,050	-	1,290,050
Debt securities issued	30,841,465	-	30,621,730	184,468	30,806,198
Total in fair value hedge accounting	**32,205,454**	**-**	**31,998,627**	**184,468**	**32,183,095**
At amortised cost					
Liabilities to credit institutions	83,817	-	83,817	-	83,817
Debt securities issued	287,794	-	287,794	-	287,794
Provisions and other liabilities	401,010	-	401,010	-	401,010
Total at amortised cost	**772,622**	**-**	**772,622**	**-**	**772,622**
Total financial liabilities	**47,177,141**	**-**	**46,446,847**	**707,935**	**47,154,781**

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. The Group applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff structures. The Group's defined categorisation to the fair value hierarchy levels is based on the analysis performed with regards to the valuation input, stress testing (reasonable possible alternative assumption) and model complexity. If the inputs used to measure fair value are categorised into different levels on the fair value hierarchy, the fair value measurement is categorised in its entirety on the level of the lowest level input that is significant to the entire measurement.

IFRS 13 classifies valuation models and techniques into three different categories: market approach, income approach and cost approach. The Group applies the market-based approach when the instrument has a functioning market and public price quotations are available. The Group uses the market approach for the valuation of investment bonds of the liquidity portfolio. For all level 1 assets, the Group uses market prices available for identical assets (same ISIN). The Group does not make use of prices for comparable assets.

Income approach is applied when valuation is based, for example, on determining the present value of future cash flows (discounting). 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. The Group uses the income approach for many of its financial instruments, for example derivatives, lending and funding. The Group does not use the cost approach for the valuation of any of its financial instruments.

The 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 management 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 values of certain types of instruments. The choice of base models and model 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 kinds of calibration techniques. The specific combination of base models and the different assumptions and calibration techniques are documented. The Group's fair value instruments that are subject to mark-to-model valuation techniques consist of four asset classes:

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

Financial instruments under *FX, equity-linked* and *hybrid* classes are mainly classified as level 3 instruments.

Fair value of financial instruments is generally calculated as the net present value of the individual instruments. This calculation is supplemented by counterparty level adjustments. The Group incorporates credit valuation adjustments (*CVA*) and debit valuation adjustments (*DVA*) into derivative valuations. CVA reflects the impact of the counterparty's credit risk on fair value and DVA MuniFin Group's own credit quality. The Group uses the same methodology to compute CVA and DVA. They are both assessed as the result of three inputs: Loss Given Default (*LGD*), Probability of Default (*PD*, own for DVA and of the counterparty for CVA) and Expected Exposure (*EE*). 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).

Valuation framework

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 Executive Management Team (*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. Model performance monitoring consists of four main controls:

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

Counterparty valuation control (*CVC*) is performed daily by Risk Management with the purpose to 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 Management Team. Fair value explanation process consists of a 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 Management Team. The independent price verification is performed monthly as a 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.

Transfers in the fair value hierarchy

MuniFin Group assesses the appropriateness and correctness of the categorisation with regards to the fair value hierarchy classification at initial recognition and at the end of each reporting period. This is to determine the initial classification of a level 1, 2 and 3 instrument and the subsequent potential transfers between levels within the fair value hierarchy. A transfer between the fair value hierarchies can occur for example when a previously assumed observed input requires an adjustment using an unobservable input. The procedure is the same for transfers into and out of the fair value levels. Transfers between the levels are considered to take place at the end of the quarter during which an event causes such a transfer or when circumstances change.

During the period Jan–Jun 2024 transfers totalling EUR 37,172 thousand have been made between level 1 and level 2. There were no transfers from level 2 to level 3.

Level 3 transfers (EUR 1,000)	1 Jan 2024	Change in fair value in the income statement	New contracts	Matured contracts	Transfers into level 3	Transfers out of level 3	30 Jun 2024
Financial assets							
At fair value							
Mandatorily at fair value through profit or loss							
Loans and advances to the public and public sector entities	27,482	-1,120	-	-	-	-	26,362
Fair value through profit or loss							
Derivative contracts at fair value through profit or loss	8,464	-3,880	-	-163	-	-	4,421
Derivative contracts in hedge accounting	-	-231	-	-	-	-	-231
Financial assets in total	**35,946**	**-5,231**	**-**	**-163**	**-**	**-**	**30,552**
Financial liabilities							
At fair value							
Designated at fair value through profit or loss							
Liabilities to the public and public sector entities	98,584	-2,492	-	-	-	-57,935	38,157
Debt securities issued	293,596	-15,034	-	-82,276	-	-	196,286
Fair value through profit or loss							
Derivative contracts at fair value through profit or loss	117,893	6,822	-	-14,112	-	-7,558	103,046
Derivative contracts in hedge accounting	13,393	-4,955	2,309	-	-	-338	10,409
In fair value hedge accounting							
Amortised cost							
Debt securities issued	184,468	9,799	45,330	-	-	-3,033	236,565
Financial liabilities in total	**707,935**	**-5,859**	**47,640**	**-96,388**	**-**	**-68,864**	**584,463**
Level 3 financial assets and liabilities in total*	**743,881**	**-11,091**	**47,640**	**-96,551**	**-**	**-68,864**	**615,015**

* The Group recognises these gains and losses within the line item *Net result on financial instruments at fair value through profit or loss*. The fair value change due to changes in own credit risk of financial liabilities designated at fair value through profit or loss is recognised in the other comprehensive income.

During 2023, transfers totaling EUR 71,534 thousand have been made between level 1 and level 2. During 2023, total of EUR 2,426 thousand were transferred from level 2 to level 3 financial instruments.

Level 3 transfers (EUR 1,000)	1 Jan 2023	Change in fair value in the income statement	New contracts	Matured contracts	Transfers into level 3	Transfers out of level 3	31 Dec 2023
Financial assets							
At fair value							
Mandatorily at fair value through profit or loss							
Loans and advances to the public and public sector entities	31,090	-3,609	-	-	-	-	27,482
Fair value through profit or loss							
Derivative contracts at fair value through profit or loss	14,880	-3,418	-	-2,998	-	-	8,464
Derivative contracts in hedge accounting	671	-	-	-	-	-671	-
Financial assets in total	**46,641**	**-7,026**	**-**	**-2,998**	**-**	**-671**	**35,946**
Financial liabilities							
At fair value							
Designated at fair value through profit or loss							
Liabilities to the public and public sector entities	152,227	3,983	-	-57,626	-	-	98,584
Debt securities issued	976,820	-6,020	-	-677,204	-	-	293,596
Fair value through profit or loss							
Derivative contracts at fair value through profit or loss	340,512	-11,412	-	-211,206	-	-	117,893
Derivative contracts in hedge accounting	6,001	808	8,738	-	654	-2,808	13,393
In fair value hedge accounting							
Amortised cost							
Debt securities issued	56,749	2,718	153,022	-	1,772	-29,792	184,468
Financial liabilities in total	**1,532,308**	**-9,923**	**161,760**	**-946,036**	**2,426**	**-32,601**	**707,935**
Level 3 financial assets and liabilities in total	**1,578,949**	**-16,949**	**161,760**	**-949,034**	**2,426**	**-33,272**	**743,881**

Sensitivity analysis of unobservable inputs

Sensitivity analysis illustrates the impact of the reasonably possible alternative assumptions on the fair value of financial instruments for which valuation is dependent on unobservable inputs. However, it is unlikely in practice that all unobservable inputs would simultaneously move to the extremes of reasonably possible alternatives used in the sensitivity analysis. Hence, the impact of the sensitivity analysis disclosed in this Note is likely to be greater than the true uncertainty in the fair values at the reporting date. Furthermore, the disclosure is neither predictive nor indicative of future movements in the fair value of financial instruments.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements on level 3, changing one or more of the assumptions to the reasonably possible alternative assumptions would have the following effects: as of 30 June 2024, these assumptions could have increased fair values by EUR 13.9 million (EUR 21.2 million) or decreased fair values by EUR 14.0 million (EUR 21.1 million).

Sensitivity analysis of significant unobservable inputs by instrument type (EUR 1,000)	Positive range of fair value 30 Jun 2024	Negative range of fair value 30 Jun 2024	Positive range of fair value 31 Dec 2023	Negative range of fair value 31 Dec 2023
Loans and advances to the public and public sector entities				
Loans	25	-21	-26	-81
Derivative contracts				
Equity-linked derivatives	400	-390	668	-641
FX-linked cross currency and interest rate derivatives	877	-1,006	860	-970
Other interest rate derivatives	6,718	-6,822	9,975	-10,115
Debt securities issued and Liabilities to the public and public sector entities				
Equity-linked liabilities	315	-461	726	-590
FX-linked liabilities	742	-712	737	-650
Other liabilities	4,847	-4,597	8,310	-8,093
Total	**13,924**	**-14,010**	**21,250**	**-21,141**

The behaviour of the fair value of the unobservable inputs on level 3 is not necessarily independent, and dynamic relationships often exist between the unobservable inputs and the observable inputs. Such relationships, where material to the fair value of a given instrument, are controlled via pricing models or valuation techniques. MuniFin Group uses stochastic models to generate a distribution of future cash flows of each financial instrument. The future cash flows are then discounted back to present to get the fair value of each financial instrument. The stochastic models used by the Group are Hull-White model and Dupire volatility model.

The unobservable inputs used by the Group are described next. The unobservable inputs are used only to the extent that no relevant observable inputs are available.

Correlation parameters

If the fair value of a financial instrument is impacted by more than one unobservable input, correlations describe the relationship between these different underlyings. For example for equity-linked instruments correlation has a significant impact on fair value if the underlying is dependent on more than one equity. For FX-linked cross currency and interest rate derivatives, correlations exist between FX rates of currencies, which impact the fair value of the financial instrument. If a high correlation exists between the unobservable inputs, it will lead to an increase in fair value. A low correlation between the unobservable inputs will lead to a decrease in fair value. MuniFin Group has financial instruments, in which correlation is a significant unobservable input, mainly in funding products and their hedging instruments.

Volatility (extrapolated or illiquid)

A financial instrument whose value is based on a stochastic model will typically require the volatility of the underlying instrument as an input. The Group uses Dupire local volatility model as its stochastic valuation model. For interest rate volatilities at-the-money implied volatility is used. For FX and equity components (both equity indices and single stock prices), a full volatility surface is used that includes quotes for different strikes and maturities. The Group uses implied volatility for the majority of the equity-linked structures. In some cases no liquid volatility surface exists. In these cases, a proxy volatility is typically used instead. The majority of the financial instruments, which use volatility as a significant unobservable input, are the Group's funding products and their hedging instruments.

Dividend yield

The main drivers influencing the fair value of equity-linked instruments are dividend yield and volatility of the underlying equities. Equity-linked instruments require a dividend parameter as an input to the fair value. The equity component is modelled using the Dupire local volatility model where the underlying equity prices are assumed to follow a random walk. Instruments that have dividend yield as a significant unobservable input are the Group's funding products and their hedging instruments.

Interest rates (extrapolated or illiquid)

The Group uses unobservable inputs in defining the fair value of complex interest rate structures. The future cash flows and their fair values are determined by using forward rates and volatilities of the underlying interest rates using Hull-White stochastic model. Financial instruments whose payoffs are dependent on the value of complex interest rate structures are categorised on level 3. The majority of these instruments requiring extrapolated or illiquid interest rates as input are the Group's funding products and their hedging instruments.

The following table illustrates the effect that changing one or more of the assumptions in the unobservable input (reasonably possible alternative assumptions) could have on the valuations at the reporting date.

Sensitivity analysis of unobservable inputs 30 Jun 2024 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	26,362	Stochastic model	Volatility – Extrapolated or Illiquid	25	-21
Derivative contracts					
			Correlation parameters	-10	-14
Equity-linked derivatives	-10,001	Stochastic model	Volatility – Extrapolated or Illiquid	398	-363
			Dividend yield	12	-13
			Correlation parameters	86	-81
FX-linked cross currency and interest rate derivatives	-3,740	Stochastic model	Volatility – Extrapolated or Illiquid	791	-925
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	1	-1
Other interest rate derivatives	-95,524	Stochastic model	Volatility – Extrapolated or Illiquid	5,808	-5,913
			Interest rates – Extrapolated or Illiquid	908	-908
Debt securities issued and Liabilities to the public and public sector entities					
			Correlation parameters	-11	-16
Equity-linked liabilities	12,138	Stochastic model	Volatility – Extrapolated or Illiquid	312	-433
			Dividend yield	14	-12
			Correlation parameters	51	-37
FX-linked liabilities	84,681	Stochastic model	Volatility – Extrapolated or Illiquid	692	-676
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	0	-1
Other liabilities	374,189	Stochastic model	Volatility – Extrapolated or Illiquid	4,823	-4,572
			Interest rates – Extrapolated or Illiquid	24	-24
Total				**13,924**	**-14,010**

Sensitivity analysis of unobservable inputs 31 Dec 2023 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	27,482	Stochastic model	Volatility – Extrapolated or Illiquid	-26	-81
Derivative contracts					
			Correlation parameters	7	-20
Equity-linked derivatives	-21,211	Stochastic model	Volatility – Extrapolated or Illiquid	627	-607
			Dividend yield	34	-14
			Correlation parameters	125	-111
FX-linked cross currency and interest rate derivatives	-244	Stochastic model	Volatility – Extrapolated or Illiquid	735	-859
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	0	0
Other interest rate derivatives	-101,367	Stochastic model	Volatility – Extrapolated or Illiquid	9,267	-9,408
			Interest rates – Extrapolated or Illiquid	708	-708
Debt securities issued and Liabilities to the public and public sector entities					
			Correlation parameters	24	8
Equity-linked liabilities	79,794	Stochastic model	Volatility – Extrapolated or Illiquid	658	-562
			Dividend yield	44	-36
			Correlation parameters	80	-73
FX-linked liabilities	107,163	Stochastic model	Volatility – Extrapolated or Illiquid	657	-577
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	2	-2
Other liabilities	389,692	Stochastic model	Volatility – Extrapolated or Illiquid	8,277	-8,060
			Interest rates – Extrapolated or Illiquid	31	-31
Total				**21,250**	**-21,141**

Day 1 gain or loss (EUR 1,000)	Jan–Jun 2024	Jan–Dec 2023
Opening balance in the beginning of the reporting period	-350	-392
Recognised gain in the income statement	-	-
Recognised loss in the income statement	-452	-470
Deferred gain or loss on new transactions	473	512
Total at the end of the reporting period	**-329**	**-350**

The definition and amortisation method for the Day 1 gain or loss are presented in the accounting policies of the Consolidated Financial Statements 2023 (Note *1*) in Section *13. Determination of fair value*.

Note 7. Breakdown of financial assets and liabilities at carrying amount by maturity

Financial assets 30 Jun 2024 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	2	-	-	-	-	2
Loans and advances to credit institutions	9,104,092	39,471	13,082	-	-	9,156,644
Loans and advances to the public and public sector entities	410,858	1,643,115	9,623,801	6,405,219	14,081,110	32,164,102
*, of which leased assets**	*12,327*	*23,029*	*85,198*	*61,204*	*185,052*	*366,810*
Debt securities	1,023,493	871,031	2,345,898	689,786	54,284	4,984,493
Derivative contracts	55,920	24,987	622,168	696,388	463,566	1,863,029
Other assets**	1,162,128	-	-	-	-	1,162,128
Total	**11,756,494**	**2,578,604**	**12,604,949**	**7,791,393**	**14,598,960**	**49,330,399**

* Line item includes leased assets for which the Group applies fair value hedge accounting. Unhedged leased assets are not presented in this Note of the financial assets and liabilities by maturity, as leased assets are not regarded as financial assets for the purpose of IFRS 9 classification.

** Line item includes cash collateral given to central counterparties.

Financial liabilities 30 Jun 2024 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions	203,972	3,305	61,543	39,537	17,370	325,726
Liabilities to the public and public sector entities	-	326,279	797,438	645,730	683,822	2,453,269
Debt securities issued	3,629,945	7,335,108	22,727,499	6,656,396	1,534,042	41,882,991
Derivative contracts	47,427	420,498	1,138,948	918,009	648,201	3,173,083
Provisions and other liabilities*	374,154	935	5,345	1,325	-	381,759
, of which lease liabilities	*412*	*935*	*5,345*	*1,325*	-	*8,016*
Total	**4,255,498**	**8,086,125**	**24,730,773**	**8,260,997**	**2,883,435**	**48,216,827**

* Line item includes cash collateral received from central counterparties and lease liabilities in accordance with IFRS 16 standard.

Liabilities and hedging derivative contracts that may be called before maturity have been classified in the maturity class corresponding to the first possible call date.

Financial assets 31 Dec 2023 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	2	-	-	-	-	2
Loans and advances to credit institutions	9,132,917	25,000	29,155	-	-	9,187,071
Loans and advances to the public and public sector entities	419,905	1,522,408	7,641,310	7,016,007	14,363,565	30,963,194
, of which leased assets	*8,056*	*25,793*	*78,191*	*64,743*	*206,381*	*383,163*
Debt securities	1,710,671	521,613	2,418,010	494,669	-	5,144,963
Derivative contracts	-5,159	60,275	591,362	774,062	436,229	1,856,769
Other assets	1,048,412	-	-	-	-	1,048,412
Total	**12,306,749**	**2,129,297**	**10,679,836**	**8,284,737**	**14,799,794**	**48,200,413**

Financial liabilities 31 Dec 2023 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions	83,817	-	56,101	55,819	17,959	213,695
Liabilities to the public and public sector entities	84,957	138,723	972,626	549,697	842,273	2,588,275
Debt securities issued	6,167,913	4,401,266	22,518,036	6,056,018	1,458,415	40,601,646
Derivative contracts	205,672	265,043	1,459,565	865,120	577,115	3,372,514
Provisions and other liabilities	392,619	1,142	5,374	1,876	-	401,010
, of which lease liabilities	*446*	*1,142*	*5,374*	*1,876*	-	*8,837*
Total	**6,934,977**	**4,806,173**	**25,011,701**	**7,528,528**	**2,895,761**	**47,177,141**

Note 8. Cash and cash equivalents

30 Jun 2024 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Central bank deposits payable on demand	-	-	-
Cash and balances with central banks	**2**	**2**	**-**
Loans and advances to credit institutions payable on demand	54,403	54,403	0
Total cash and cash equivalents	**54,405**	**54,405**	**0**

31 Dec 2023 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Central bank deposits payable on demand	0	0	-
Cash and balances with central banks	**2**	**2**	**-**
Loans and advances to credit institutions payable on demand	63,211	63,212	0
Total cash and cash equivalents	**63,214**	**63,214**	**0**

Note 9. Derivative contracts

	Nominal value of underlying instrument					
	Remaining maturity				Fair value	
30 Jun 2024 (EUR 1,000)	Less than 1 year	1–5 years	Over 5 years	Total	Positive	Negative
Derivative contracts in hedge accounting						
Interest rate derivatives						
Interest rate swaps	4,374,204	12,907,011	19,012,587	36,293,803	1,092,619	-1,630,987
, of which cleared by the central counterparty	*4,314,927*	*12,787,783*	*18,315,392*	*35,418,102*	*1,056,411*	*-1,606,632*
Currency derivatives						
Cross currency interest rate swaps	2,101,760	13,413,320	450,541	15,965,622	435,566	-408,876
Total derivative contracts in hedge accounting	**6,475,964**	**26,320,332**	**19,463,128**	**52,259,424**	**1,528,185**	**-2,039,863**
Derivative contracts at fair value through profit or loss						
Interest rate derivatives						
Interest rate swaps	5,086,452	9,756,599	4,708,992	19,552,044	259,155	-895,214
, of which cleared by the central counterparty	*3,485,400*	*7,165,835*	*1,801,141*	*12,452,376*	*186,623*	*-11,553*
Currency derivatives						
Cross currency interest rate swaps	927,980	2,327,886	64,012	3,319,878	62,901	-225,949
Forward exchange contracts	2,410,769	-	-	2,410,769	12,789	-2,056
Equity derivatives	16,576	-	-	16,576	-	-10,001
Total derivative contracts at fair value through profit or loss	**8,441,777**	**12,084,485**	**4,773,004**	**25,299,266**	**334,844**	**-1,133,220**
Total derivative contracts	**14,917,741**	**38,404,817**	**24,236,132**	**77,558,690**	**1,863,029**	**-3,173,083**

Line item *Derivative contracts at fair value through profit or loss* contain all derivatives of the Group which are not included in hedge accounting, even if they are entered into for risk management purposes. The category contains derivative contracts used for hedging financial assets and liabilities designated at fair value through profit or loss, all derivative contracts with municipalities and all derivative contracts hedging derivatives with municipalities. In addition to these, the category contains derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified.

Interest accruals from derivative contracts are included in the statement of financial position line items *Accrued income and prepayments* and *Accrued expenses and deferred income*.

	Nominal value of underlying instrument					
	Remaining maturity				Fair value	
31 Dec 2023 (EUR 1,000)	Less than 1 year	1–5 years	Over 5 years	Total	Positive	Negative
Derivative contracts in hedge accounting						
Interest rate derivatives						
Interest rate swaps	4,082,331	11,468,301	18,991,507	34,542,139	1,148,245	-1,581,581
, of which cleared by the central counterparty	*3,967,376*	*11,288,451*	*18,280,451*	*33,536,278*	*1,114,996*	*-1,563,069*
Currency derivatives						
Cross currency interest rate swaps	1,838,537	10,963,203	479,835	13,281,574	395,568	-633,792
Total derivative contracts in hedge accounting	**5,920,868**	**22,431,503**	**19,471,342**	**47,823,713**	**1,543,813**	**-2,215,373**
Derivative contracts at fair value through profit or loss						
Interest rate derivatives						
Interest rate swaps	4,387,178	11,024,261	4,300,134	19,711,573	257,271	-831,692
, of which cleared by the central counterparty	*3,211,225*	*8,099,203*	*1,540,172*	*12,850,600*	*173,241*	*-32,697*
Currency derivatives						
Cross currency interest rate swaps	335,671	2,845,363	69,179	3,250,213	52,741	-203,865
Forward exchange contracts	3,890,874	-	-	3,890,874	2,919	-100,348
Equity derivatives	85,340	-	-	85,340	26	-21,237
Total derivative contracts at fair value through profit or loss	**8,699,063**	**13,869,624**	**4,369,313**	**26,938,000**	**312,957**	**-1,157,142**
Total derivative contracts	**14,619,930**	**36,301,128**	**23,840,655**	**74,761,713**	**1,856,769**	**-3,372,514**

Note 10. Changes in intangible and tangible assets

	Intangible assets	Tangible assets			
Jan–Jun 2024 (EUR 1,000)	Total	Other real estate	Other tangible assets	Right-of-use assets	Total
Acquisition cost 1 Jan	29,014	299	6,478	15,406	22,183
+ Additions	239	-	-	269	269
- Disposals	-	-	-29	-742	-771
Acquisition cost 30 Jun	29,253	299	6,448	14,934	21,681
Accumulated depreciation and impairment charges 1 Jan	22,703	-	5,920	6,614	12,535
- Accumulated depreciation on disposals	-	-	-29	-542	-572
+ Depreciation for the period	1,869	-	369	874	1,244
Accumulated depreciation and impairment charges 30 Jun	24,571	-	6,260	6,946	13,207
Carrying amount 30 Jun	**4,682**	**299**	**188**	**7,988**	**8,474**

	Intangible assets	Tangible assets			
Jan–Dec 2023 (EUR 1,000)	**Total**	**Other real estate**	**Other tangible assets**	**Right-of-use assets**	**Total**
Acquisition cost 1 Jan	28,074	299	7,230	9,818	17,347
+ Additions	940	-	7	8,013	8,020
- Disposals	-	-	-759	-2,425	-3,184
Acquisition cost 31 Dec	29,014	299	6,478	15,406	22,183
Accumulated depreciation and impairment charges 1 Jan	19,243	-	5,665	6,620	12,285
- Accumulated depreciation on disposals	-	-	-739	-2,090	-2,829
+ Depreciation for the period	3,460	-	995	2,084	3,079
Accumulated depreciation and impairment charges 31 Dec	22,703	-	5,920	6,614	12,535
Carrying amount 31 Dec	**6,311**	**299**	**557**	**8,792**	**9,648**

Note 11. Credit risks of financial assets and other commitments

MuniFin Group's credit risks are described in the Consolidated Financial Statements 2023 in Note *2 Risk management principles and the Group's risk position* in Section *7. Credit Risk*. The accounting policies of the expected credit loss calculations and impairment stages are described in the accounting policies of the Consolidated Financial Statements 2023 (Note *1*) in Section *9. Impairment of financial assets.*

The following table presents exposures under expected credit loss calculations by asset groups and impairment stages.

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*			
30 Jun 2024 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks at amortised cost	2	-	-	-	-	-	2	-
Loans and advances to credit institutions at amortised cost	9,156,715	-70	-	-	-	-	9,156,715	-70
Loans and advances to the public and public sector entities at amortised cost	30,346,356	-128	1,252,647	-1,561	144,345	-248	31,743,348	-1,937
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,499,626	-8	3,322	-11	-	-	1,502,948	-19
Debt securities at amortised cost	1,290,723	-2	984	0	-	-	1,291,706	-2
Debt securities at fair value through other comprehensive income	354,759	-45	-	-	-	-	354,759	-45
Cash collateral to CCPs in Other assets at amortised cost	1,162,135	-7	-	-	-	-	1,162,135	-7
Total balance sheet items	**43,810,315**	**-260**	**1,256,953**	**-1,572**	**144,345**	**-248**	**45,211,613**	**-2,080**
Credit commitments (off-balance sheet)	2,883,375	-14	122,804	-3	-	-	3,006,180	-17
Total	**46,693,690**	**-273**	**1,379,758**	**-1,575**	**144,345**	**-248**	**48,217,793**	**-2,097**

* The Group has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in the Consolidated Financial Statements 2023 in Note *2 Risk management principles and the Group's risk position* in Section *7. Credit risk*. The Group's management expects that all the stage 3 receivables will be recovered, and no final credit loss will emerge. Stage 3 receivables include EUR 1,961 thousand (EUR 2,031 thousand) of originated credit impaired receivables (*Purchased or Originated Credit Impaired, POCI*). Expected credit losses for the POCI receivables amount to EUR 3 thousand (EUR 3 thousand).

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
31 Dec 2023 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks at amortised cost	2	-	-	-	-	-	2	-
Loans and advances to credit institutions at amortised cost	9,187,144	-73	-	-	-	-	9,187,144	-73
Loans and advances to the public and public sector entities at amortised cost	28,859,183	-122	1,524,888	-1,872	140,359	-214	30,524,430	-2,207
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,420,170	-8	21,546	-21	-	-	1,441,715	-29
Debt securities at amortised cost	1,573,803	-1	1,152	0	-	-	1,574,955	-1
Debt securities at fair value through other comprehensive income	369,711	-42	-	-	-	-	369,711	-42
Cash collateral to CCPs in Other assets at amortised cost	1,048,419	-6	-	-	-	-	1,048,419	-6
Total balance sheet items	**42,458,432**	**-252**	**1,547,586**	**-1,893**	**140,359**	**-214**	**44,146,377**	**-2,359**
Credit commitments (off-balance sheet)	3,017,837	-15	53,406	0	-	-	3,071,243	-15
Total	**45,476,269**	**-267**	**1,600,992**	**-1,894**	**140,359**	**-214**	**47,217,620**	**-2,375**

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The following table presents a summary of total changes and reconciliation of expected credit losses by impairment stages during the period.

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-267**	**-1,894**	**-214**	**-2,375**
New assets originated or purchased	-40	-112	-72	-224
Assets derecognised or repaid (excluding write-offs)	33	103	48	184
Transfers to Stage 1	-2	126	-	124
Transfers to Stage 2	1	-278	-	-278
Transfers to Stage 3	0	0	-11	-11
Additional provision (*Management overlay*)	-	375	-	375
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models* and inputs** used for ECL calculations	1	105	0	107
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 30 Jun 2024	**-273**	**-1,575**	**-248**	**-2,097**

* The Group has updated in its expected credit loss calculations the model of probability of default with regards to the indicator of probability of default within one year in customer receivables. In the previous model, a 30-day delay in payments to MuniFin Group was used as the indicator of probability of default within one year. In the updated model, the solvency occurrence is used as an indicator for the probability of default within one year resulting to a transfer to stage 3 according to the ECL model.

** Changes in the model parameters consist of updates to the Group's macroeconomic variables to reflect current forward-looking information at the end of the period. In addition, probabilities of default have been updated according to the update cycle.

MuniFin Group has updated in the first half of 2024 the probabilities of default according to the update cycle, and updated the indicator of probability of default within one year for customer receivables to meet the market practices. In addition, macro scenarios were updated to take into account forward-looking information at the end of the reporting period. The expected credit losses decreased by EUR 107 thousand due to changes made in models and parameters during the reporting period.

The Group has assessed the impact of increased interest rate levels on its customer receivables and credit risk. In June 2023, the Group's management decided to record an additional discretionary provision of EUR 609 thousand. This was based on a group-specific assessment that some customers may face challenges in the sufficiency of cash flows during the second half of 2023. At the end of the financial year 2023 the Group's management further assessed the need of discretionary provision and decided to record an additional provision of EUR 16 thousand, increasing the total provision to EUR 625 thousand.

According to the Group's assessment, some customers may face challenges in the sufficiency of cash flows also in the first half of 2024, which could manifest in increased payment delays and forbearances for MuniFin Group. At the end of June 2024, the Group's management assessed that the increased interest rate levels have impacted customers especially within the housing sector, and a slightly larger than normal amount of payment delays and forbearances have been observed during the first half of the year. According to the management's judgement, a smaller number of customers may experience the effects of increased interest rate levels at a slight delay and these customers may continue to face challenges in the sufficiency of cash flows, which may cause further payment delays and forbearances for MuniFin Group. Part of the previous additional discretionary provision has been realised during the first half of 2024 as transfers to levels 2 and 3. Thus the Group's management reassessed the need for additional discretionary provision, and decided to decrease it by EUR 375 thousand, making the additional discretionary provision based on a group-specific assessment EUR 250 thousand at the end of June. The additional discretionary provision relates to the balance sheet item *Loans and advances to the public and public sector entities*. The additional discretionary provision has not been allocated to the contract level.

The total credit risk of the MuniFin Group has remained low, and the amount of expected credit losses (*ECL*) remains low. MuniFin Group's customer exposures have zero risk weight in the capital adequacy calculation as they are from Finnish municipalities, joint municipal authorities, wellbeing services counties, or involve a municipality, joint municipal authority, wellbeing services county's guarantee or a state deficiency guarantee supplementing the real estate collateral. The Group's management estimates that all receivables will be recovered in full and therefore no final credit loss will arise. On 30 June 2024, MuniFin Group had EUR 13 million in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing or where the credit receivable is due for payment by the guarantor (at the end of 2023 there were no such receivables). Credit risk of the liquidity portfolio has remained on a good quality level and the average rating of debt securities in the portfolio was AA+ (AA+).

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Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-464**	**-686**	**-21**	**-1,171**
New assets originated or purchased	-60	-65	0	-126
Assets derecognised or repaid (excluding write-offs)	87	31	18	136
Transfers to Stage 1	-1	88	-	87
Transfers to Stage 2	2	-40	-	-38
Transfers to Stage 3	0	0	-65	-65
Additional provision *(Management overlay)*	-	-625	-	-625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	168	-596	-145	-573
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 31 Dec 2023	**-267**	**-1,894**	**-214**	**-2,375**

The following tables present changes and reconciliation of expected credit losses by impairment stages and asset groups during the period.

Expected credit losses on Cash and balances with central banks at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Total 30 Jun 2024	**-**	**-**	**-**	**-**

Expected credit losses on Cash and balances with central banks at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-**	**-**	**-**	**-**
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Total 31 Dec 2023	**-**	**-**	**-**	**-**

Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-73**	**-**	**-**	**-73**
New assets originated or purchased	-9	-	-	-9
Assets derecognised or repaid (excluding write-offs)	11	-	-	11
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	1	-	-	1
Total 30 Jun 2024	**-70**	**-**	**-**	**-70**

Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-109**	**-**	**-**	**-109**
New assets originated or purchased	-4	-	-	-4
Assets derecognised or repaid (excluding write-offs)	46	-	-	46
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-6	-	-	-6
Total 31 Dec 2023	**-73**	**-**	**-**	**-73**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-122**	**-1,872**	**-214**	**-2,207**
New assets originated or purchased	-11	-109	-72	-192
Assets derecognised or repaid (excluding write-offs)	6	102	48	157
Transfers to Stage 1	-2	120	-	118
Transfers to Stage 2	0	-267	-	-266
Transfers to Stage 3	0	0	-11	-11
Additional provision *(Management overlay)*	-	375	-	375
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	0	90	0	90
Write-offs	-	-	-	-
Total 30 Jun 2024	**-128**	**-1,561**	**-248**	**-1,937**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-89**	**-662**	**-21**	**-772**
New assets originated or purchased	-20	-65	0	-85
Assets derecognised or repaid (excluding write-offs)	3	12	18	34
Transfers to Stage 1	-1	87	-	86
Transfers to Stage 2	2	-38	-	-36
Transfers to Stage 3	0	0	-65	-65
Additional provision *(Management overlay)*	-	-625	-	-625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-18	-582	-145	-745
Write-offs	-	-	-	-
Total 31 Dec 2023	**-122**	**-1,872**	**-214**	**-2,207**

Expected credit losses on Leased assets in Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-8**	**-21**	**-**	**-29**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	0	0	-	0
Transfers to Stage 1	-	5	-	5
Transfers to Stage 2	0	-11	-	-11
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	16	-	16
Total 30 Jun 2024	**-8**	**-11**	**-**	**-19**

Expected credit losses on Leased assets in Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-6**	**-22**	**0**	**-28**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	0	16	0	16
Transfers to Stage 1	-	1	-	1
Transfers to Stage 2	0	-2	-	-2
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	-14	0	-15
Total 31 Dec 2023	**-8**	**-21**	**0**	**-29**

Expected credit losses on Debt securities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-1**	**0**	**-**	**-1**
New assets originated or purchased	-2	0	-	-2
Assets derecognised or repaid (excluding write-offs)	1	0	-	1
Transfers to Stage 1	0	0	-	0
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 30 Jun 2024	**-2**	**0**	**-**	**-2**

Expected credit losses on Debt securities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-1**	**-**	**-**	**-1**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	1	-	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 31 Dec 2023	**-1**	**0**	**-**	**-1**

Expected credit losses on Debt securities at fair value through other comprehensive income by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-42**	**-**	**-**	**-42**
New assets originated or purchased	-10	-	-	-10
Assets derecognised or repaid (excluding write-offs)	7	-	-	7
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 30 Jun 2024	**-45**	**-**	**-**	**-45**

The loss allowance on debt instruments classified at fair value through comprehensive income is recognised in the fair value reserve. The accumulated loss allowance is recognised to the profit or loss upon derecognition of the assets. More details regarding presentation of allowance for expected credit losses is presented in Consolidated Financial Statements 2023 accounting policies in Note *1* in Section *9.4 Presentation of allowance for ECL in the statement of financial position*.

Expected credit losses on Debt securities at fair value through other comprehensive income by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-44**	**-**	**-**	**-44**
New assets originated or purchased	-22	-	-	-22
Assets derecognised or repaid (excluding write-offs)	27	-	-	27
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-3	-	-	-3
Total 31 Dec 2023	**-42**	**-**	**-**	**-42**

Expected credit losses on Cash collateral to CCPs in Other assets at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-6**	**-**	**-**	**-6**
New assets originated or purchased	-1	-	-	-1
Assets derecognised or repaid (excluding write-offs)	0	-	-	0
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 30 Jun 2024	**-7**	**-**	**-**	**-7**

Expected credit losses on Cash collateral to CCPs in Other assets at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-203**	**-**	**-**	**-203**
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	197	-	-	197
Total 31 Dec 2023	**-6**	**-**	**-**	**-6**

Expected credit losses on Credit commitments (off-balance sheet) by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-15**	**0**	**-**	**-15**
New assets originated or purchased	-7	-3	-	-10
Assets derecognised or repaid (excluding write-offs)	8	0	-	8
Transfers to Stage 1	0	0	-	0
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 30 Jun 2024	**-14**	**-3**	**-**	**-17**

The loss allowance on binding credit commitments is recognised under *Other liabilities*. More details regarding presentation of allowance for expected credit losses is presented in Consolidated Financial Statements 2023 accounting policies in Note *1* in Section *9.4 Presentation of allowance for ECL in the statement of financial position.*

Expected credit losses on Credit commitments (off-balance sheet) by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-11**	**-2**	**-**	**-14**
New assets originated or purchased	-12	0	-	-12
Assets derecognised or repaid (excluding write-offs)	9	2	-	11
Transfers to Stage 1	0	0	-	0
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 31 Dec 2023	**-15**	**0**	**-**	**-15**

Forward-looking information

In the assessment of whether the credit risk of an instrument has significantly increased (*SICR*) and in the measurement of expected credit losses, forward-looking information and macroeconomic scenarios are included in the model. These macroeconomic projections cover a period of 3 years and as no reliable macroeconomic projections exceeding a three-year time horizon are available, forward-looking adjustment will be limited to a three-year period. Mainly three scenarios are used; base, optimistic and adverse. Scenarios include probability weights. The scenario probability weightings are presented in the adjacent table.

	30 Jun 2024			31 Dec 2023		
Scenario	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
Adverse	40%	40%	40%	40%	40%	40%
Base	50%	50%	50%	50%	50%	50%
Optimistic	10%	10%	10%	10%	10%	10%

MuniFin Group has identified key drivers of credit losses for each portfolio that share similar kinds of credit risk characteristics and estimated the relationship between macroeconomic variables and credit losses. The ECL model consists of the following macroeconomic variables for Finnish counterparties of financial assets: Finnish government long-term interest rates, the development of residential housing prices and unemployment rate. For non-Finnish financial assets, stress test scenarios published by the ECB are employed in the model and scenario parameters. Each variable covers an estimate over a period of three years. The adjacent table presents the macroeconomic variables and their forecasts over the three-year forecast period.

		30 Jun 2024			31 Dec 2023		
Macroeconomic variables	**Scenario**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
10Y Fin Government rate, %	Adverse	3.8	3.7	3.6	3.8	3.7	3.7
	Base	3.0	3.0	2.9	3.5	3.5	3.4
	Optimistic	3.5	3.5	3.4	3.3	3.2	3.2
Residential Real Estate (selling price, YoY change), %	Adverse	-13.0	-2.0	3.0	-13.0	-2.0	3.0
	Base	-1.0	4.0	2.5	-1.0	4.0	2.5
	Optimistic	2.5	4.0	2.5	2.5	4.0	2.5
Unemployment rate, %	Adverse	10.2	9.9	8.5	9.9	9.6	8.5
	Base	8.0	7.5	7.0	7.7	7.4	7.0
	Optimistic	7.1	6.1	5.8	7.1	6.1	5.8

Despite the rapid tightening of monetary policy, the economic downturn in the euro area has remained quite mild, and economic expectations have started to strengthen. Global economic growth forecasts have also been revised upward. Inflation is slowing down but is still projected to average above the ECB's 2% target level in 2024. There remains a considerable amount of uncertainty related to inflation, including factors such as significant wage increases and prices of services. Monetary policy tightening has been felt more prominently in Finland, and the economic downturn has been deeper than in the Eurozone as a whole. Finland's gross domestic product declined by 1.0% in 2023, and the economy is expected to contract by an additional 0.5% in 2024. Cyclical recovery along with investments in the green transition are seen to accelerate GDP growth to 2% in 2025, after which the economy converges to its long-term growth trajectory. Significant increases in unemployment are not expected, as several sectors continue to face a shortage of labor. Average yearly unemployment rate is expected to peak at 8.0% in 2024 and remain elevated above 7% in 2025–2026. The prices of owner-occupied apartments in major cities, on average, are expected to decrease by 7% in 2023. The recovery of the real estate market begins in 2024, but the annual average prices continue to decline slightly. Given the high real interest rates relative to the economy's growth potential, there is already a case for easing monetary policy. However, due to uncertainties related to inflation, interest rates can only be lowered in small steps. The ECB is likely to reach a terminal deposit rate of 2.5% by the end of 2025.

In comparison to the baseline scenario, the Group's optimistic outlook envisions a less severe economic impact from tight financial conditions. In the optimistic scenario, the projected growth of the Finnish GDP is 1.0% in 2024 and 3.5% in 2025. The unemployment rate is expected to continue its gradual decline throughout the forecast period from 2024 to 2027. Consumer price inflation is forecasted to cool down to 2.0% in 2024 and remain just below 2% over the subsequent three years. Housing demand is projected to recover in 2024, with home prices expected to rise by 2.5% from the previous year. Home price inflation is anticipated to accelerate to 4.0% in 2025, followed by a moderation to a 2.5% level in annual price gains. Due to the faster-than-expected recovery in aggregate demand, the ECB is anticipated to lower interest rates more gradually than in the baseline scenario.

The Group's adverse scenario depicts an outcome wherein monetary tightening and geopolitical tensions ultimately instigate a synchronized downturn in the global economy. Both Finland and the entire eurozone endure a profound recession, persisting well into 2025. Unemployment experiences a substantial surge and maintains elevated levels throughout the forecast period. The contraction in aggregate demand exacerbates deflationary pressures in the economy, resulting in a more rapid cooling of inflation compared to the baseline scenario. Lower inflation, coupled with formidable economic headwinds, prompts an abrupt shift in monetary policy. The ECB initiates a series of multiple rate cuts in 2024 and continues to pursue monetary easing throughout 2025. The diminished demand in the housing market leads to a sharp decline in home prices. The prolonged global recession induces tensions in financial markets, causing wider risk premia in asset pricing. Poor economic performance and the mounting public debt significantly elevate the Finnish-German interest rate differential.

The following table presents the sensitivity of the expected credit losses to the forward-looking information assuming 100% weight for adverse scenario until 2024 (2023).

Sensitivity analysis	30 Jun 2024			31 Dec 2023		
(EUR 1,000)	Weighted scenario	Adverse scenario (100%)	Excluding weighted scenario	Weighted scenario	Adverse scenario (100%)	Excluding weighted scenario
ECL	1,847	1,925	1,718	1,750	2,414	1,618
Proportion of the exposure in Stage 2 and 3	3.46%	3.91%	3.46%	3.94%	5.10%	3.78%

The sensitivity analysis does not include the additional discretionary provisions (*management overlay*).

Non-performing and forborne exposures

Non-performing and forborne exposures refer to receivables that are more than 90 days past due, other receivables classified as risky and forborne exposures due to the customer's financial difficulties.

Non-performing and forborne exposures 30 Jun 2024 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	7,539	7,539	-78	7,460
Unlikely to be paid	-	18,038	18,038	-61	17,977
Forborne exposures	389,199	118,768	507,967	-482	507,486
Total	**389,199**	**144,345**	**533,544**	**-621**	**532,923**

Non-performing and forborne exposures 31 Dec 2023 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	7,491	7,491	-36	7,454
Unlikely to be paid	-	19,037	19,037	-59	18,978
Forborne exposures	377,463	113,832	491,295	-570	490,725
Total	**377,463**	**140,359**	**517,823**	**-666**	**517,157**

Forbearance measures are concessions to original contractual payment terms agreed at the customers' initiative to help the customer through temporary payment difficulties. Performing forborne exposures include forborne exposures reclassified as performing during their probation period or forbearance measures made into a performing loan. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Performing forborne exposures are classified in stage 2 in ECL calculations and non-performing forborne exposures in stage 3.

Geopolitical uncertainties have had no direct impact on MuniFin Group's customers or receivables. The inflation and rising interest rate levels appeared in the first half of 2024, and may continue to appear as increased forbearance measures, payment delays and as a deterioration of the customers' creditworthiness.

Realised credit losses

The Group has not had any final realised credit losses during the reporting period or the comparison period.

Note 12. Liabilities to credit institutions

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Bilateral loans to credit institutions	141,756	129,878
Liabilities to credit institutions, payable on demand	-	2,177
Received collateral on derivatives	183,970	81,640
Total	**325,726**	**213,695**

Note 13. Debt securities issued

(EUR 1,000)	30 Jun 2024 Carrying amount	30 Jun 2024 Nominal value	31 Dec 2023 Carrying amount	31 Dec 2023 Nominal value
Bonds	38,757,504	41,405,925	36,614,320	38,680,909
Other*	3,125,486	3,145,392	3,987,327	4,017,074
Total	**41,882,991**	**44,551,317**	**40,601,646**	**42,697,983**

* Line item contains short-term funding issued by MuniFin.

All funding issued by MuniFin is guaranteed by the Municipal Guarantee Board.

Benchmark issuances during the reporting period	Value date	Maturity date	Interest-%	Nominal value (1,000)	Currency
Fixed rate benchmark bond, issued under the MTN programme	17 Jan 2024	2 Feb 2034	2.750%	1,000,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	31 Jan 2024	31 Jan 2029	4.250%	1,500,000	USD
Fixed rate benchmark bond, issued under the MTN programme	23 Apr 2024	23 Apr 2027	4.875%	1,000,000	USD

In the above table, the benchmark issuances are included by the settlement date. The offering circular is available in English on the website at www.kuntarahoitus.fi/en/for-investors/funding.

MuniFin Group takes into account the guarantee given by the Municipal Guarantee Board in its issued debt securities in the fair value of those financial liabilities on a net basis.

Note 14. Provisions and other liabilities

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Provisions		
Restructuring provision	407	-
Other liabilities		
Lease liabilities	8,016	8,837
Cash collateral taken from CCPs	373,743	392,173
Other	17,710	17,265
Total	**399,876**	**418,275**

	Restructuring provision		Other provisions	
(EUR 1,000)	Jan–Jun 2024	Jan–Dec 2023	Jan–Jun 2024	Jan–Dec 2023
Carrying amount at the beginning of the period	-	-	-	446
Increase in provisions	407	-	-	-
Unused amounts reversed	-	-	-	-446
Carrying amount at the end of the period	**407**	-	-	-

The restructuring provision is related to the termination of subsidiary Inspira's business during the reporting period in 2024. Unused amounts reversed during financial year 2023 related to a tax interpretation issue for which the Group requested a preliminary ruling and for which the Group received the decision of the Supreme Administrative Court during the the first half of 2023. The provision has been reversed on the basis of the received decision.

Note 15. Collateral given

Given collaterals on behalf of own liabilities and commitments (EUR 1,000)	30 Jun 2024	31 Dec 2023
Loans and advances to credit institutions to the counterparties of derivative contracts*	863,839	1,060,913
Loans and advances to credit institutions to the central bank**	26,098	35,152
Loans and advances to the public and public sector entities to the central bank***	4,688,702	4,598,718
Loans and advances to the public and public sector entities to the Municipal Guarantee Board****	12,975,707	12,701,070
Debt securities to the central counterparty	99,047	70,062
Other assets to the counterparties of derivative contracts*	1,162,128	1,048,412
Total	**19,815,521**	**19,514,327**

* MuniFin Group has pledged cash collateral to the counterparties of derivative contracts based on the CSA agreements of the derivative contracts (*ISDA/Credit Support Annex*).

** Item consists of minimum reserve in the central bank.

*** MuniFin is a monetary policy counterparty approved by the central bank and for this purpose, loans have been pledged to the central bank for possible operations related to this counterparty position.

**** MuniFin Group has pledged loans to the Municipal Guarantee Board. The Municipal Guarantee Board guarantees MuniFin's funding and MuniFin places collateral for the Municipal Guarantee Board's guarantees as defined in the Act on the Municipal Guarantee Board.

Collateral given is presented at the carrying amounts of the reporting date.

Note 16. Contingent assets and liabilities

The Group has no contingent assets or liabilities at 30 June 2024 or at the comparison date 31 December 2023.

Note 17. Off-balance-sheet commitments

(EUR 1,000)	30 Jun 2024	31 Dec 2023
Credit commitments	3,006,180	3,071,228
Total	**3,006,180**	**3,071,228**

Expected credit loss on credit commitments is EUR 17 thousand (EUR 15 thousand). More information on credit risks of financial assets and other commitments can be found on Note *11*.

Note 18. Related-party transactions

MuniFin Group's related parties include:

- MuniFin's shareholders whose ownership and corresponding voting rights in the Company exceed 20%. The shareholder with more than 20% of the voting rights is Keva.
- The key management personnel including the CEO, the Deputy to the CEO, other members of the Executive Management Team, members of the Board of Directors, the spouses, children and dependents of these persons and the children and dependents of these persons' spouses.
- Entities, which are directly or indirectly controlled or jointly controlled by the above-mentioned persons or where these persons have significant influence.
- MuniFin's related party is also its Subsidiary Financial Advisory Services Inspira Ltd.

The Group's operations are restricted by the Act on the Municipal Guarantee Board and the framework agreement concluded between MuniFin and the Municipal Guarantee Board, pursuant to which MuniFin may only grant loans to parties stipulated by law (municipalities, joint municipal authorities, corporations that are wholly owned by municipalities or under their control, wellbeing services counties and joint county authorities for wellbeing services, other units of wellbeing services counties that are wholly owned or under control of wellbeing services county administration and wellbeing services enterprises, and corporations designated by government authorities and engaged in the renting or production and maintenance of housing on social grounds).

The Group has carried out only employment-based remuneration transactions with the related party persons. The Group does not have loan or financial receivables from these related parties. Transactions with Inspira comprise fees related to administrative services, and advisory services MuniFin has purchased from Inspira.

There have been no material changes in the related party transactions after 31 December 2023.

Note 19. Events after the reporting period

The MuniFin's Board of Directors is not aware of any events having taken place after the end of the reporting period that would have a material effect on the Group's financial standing.

Auditor's report on review of interim financial information of Municipality Finance Plc for the six-month-period ended 30 June 2024

To the Board of Directors of Municipality Finance Plc

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Municipality Finance Plc as of 30 June 2024 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flows for the six-month period then ended and notes. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting.

Helsinki 13 August 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)