

Pillar III Disclosure Report Half Year Report 2019

1 January – 30 June 2019

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All the figures in this Pillar III -report are consolidated figures of MuniFin Group unless otherwise stated.

This Pillar III Half Year Report complies with principles described in Pillar III Disclosure Report 2018.

Section 1

Own funds

1.1 Consolidated own funds

(EUR 1,000)	30 Jun 2019	31 Dec 2018
Share capital	42,583	42,583
Reserve for invested non-restricted equity	40,366	40,366
Retained earnings	1,043,803	1,035,692
Fair value reserve	15,222	14,961
Other reserves	277	277
Foreseeable dividend	-3,125	-6,250
Accrued interest net of deferred taxes of AT1 capital loan treated as equity	-3,098	-9,459
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,136,028	1,118,171
Intangible assets	-17,100	-14,850
Deductions due to prudential filters on Common Equity Tier 1 (CET1)	-43,133	-37,865
Common Equity Tier 1 (CET1) capital	1,075,794	1,065,455
Instruments included in Additional Tier 1 capital	347,454	347,454
Additional Tier 1 (AT1) capital	347,454	347,454
Tier 1 (T1) capital	1,423,248	1,412,909
Total own funds	1,423,248	1,412,909

The consolidated own funds have increased by EUR 10 million at the end of reporting period, mainly driven by continued profit generation.

Common Equity Tier 1 (CET1) capital includes the interim profit, which has been subject to a review by the auditors, and therefore can be included in CET1 capital on the basis of permission granted by the ECB in accordance with the Capital Requirements Regulation. Deductions due to prudential filters on CET1 are made up of MuniFin's debt value adjustment (DVA), value adjustments due to the requirements for prudent valuation and the anticipated distribution of earnings.

Change in own credit risk is not included in the own funds (CRR art. 33).

Additional Tier 1 capital contains MuniFin's AT1 capital loan EUR 350 million which was issued on October 1 2015. The main features of the capital instruments are described in table 1.2.

1.2 Main features of capital instruments

	Common Equity Tier 1 capital	Additional Tier 1 instrument
(EUR 1,000)	Shares A and B of share capital	EUR 350,000,000 Perpetual Fixed Rate Resetable Additional Tier 1 Securities
1. Issuer	Municipality Finance Plc	Municipality Finance Plc
2. Unique identifier	N/A	ISIN: XS1299724911
3. Governing law(s) of the instrument	Finnish Law	English law, except for the provisions of Status and Subordination (section 3) and Enforcement Events (section 10) which are governed by Finnish law.
Regulatory treatment		
4. Transitional CRR rules	CET1	AT1
5. Post-transitional CRR rules	CET1	AT1
6. Eligible at solo/consolidated / solo&consolidated	Solo and consolidated	Solo and consolidated
7. Instrument type (types to be specified by each jurisdiction)	Share capital as defined in Regulation No (EU) 575/2013 Article 28, Finnish Limited Liability Companies Act	Additional Tier 1 as defined in Regulation No (EU) 575/2013 Article 52, Finnish Limited Liability Companies Act
8. Amount recognised in regulatory capital (currency in thousand euros, as of most recent reporting date)	42,583	347,454
9. Nominal amount of instrument	N/A	350,000
9a. Issue price	N/A	100%
9b. Redemption price	Redemption price according to the Articles of Association depending of the redemption situation	100%
10. Accounting classification	Shareholders' equity	Other equity instrument issued
11. Original date of issuance	N/A	Oct 1, 2015
12. Perpetual or dated	Perpetual	Perpetual
13. Original maturity date	No maturity	No maturity
14. Issuer call subject to prior supervisory approval	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	1) Right to redeem on April 1, 2022 and subsequently on each annual coupon payment date; 2) Right to redeem subsequent to a Capital or Tax Event as defined in the terms. Redemption price is 100%.
16. Subsequent call dates, if applicable	N/A	Annually April 1 after the first call date.

	Common Equity Tier 1 capital	Additional Tier 1 instrument
	Shares A and B of share capital	EUR 350,000,000 Perpetual Fixed Rate Resetable Additional Tier 1 Securities
Coupons/Dividends		
17. Fixed or floating dividend/coupon	Fixed	Fixed coupon until April 1 2022, thereafter floating.
18. Coupon rate and any related index	N/A	4.5% to but excluding the first call date 1.4.2022. After 1.4.2022 the rate is the 5 year swap rate plus a margin of 3.960% and reset each fifth anniversary.
19. Existence of a dividend stopper	No	No
20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21. Existence of step up or other incentive to redeem	No	No
22. Noncumulative or cumulative	Non-cumulative	Non-cumulative
23. Convertible or non-convertible	Non-convertible	Non-convertible
24. If convertible, conversion trigger(s)	N/A	N/A
25. If convertible, fully or partially	N/A	N/A
26. If convertible, conversion rate	N/A	N/A
27. If convertible, mandatory or optional conversion	N/A	N/A
28. If convertible, specify instrument type convertible into	N/A	N/A
29. If convertible, specify issuer of instrument it converts to	N/A	N/A
30. Write-down features	No	Yes
31. If write-down, write-down trigger(s)	N/A	CET1 capital ratio of the Issuer and/or the Group less than 5.125%
32. If write-down, full or partial	N/A	Full or partially
33. If write-down, permanent or temporary	N/A	Temporary
34. If temporary write-down, description of write-up mechanism	N/A	Fully discretionary
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2
36. Non-compliant transitioned features	No	No
37. If yes, specify non-compliant features	N/A	N/A

1.3 Transitional own funds

30 Jun 2019 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1. Capital instruments and the related share premium accounts	42,583	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: share capital	42,583	EBA list 26 (3)	
2. Retained earnings	1,016,842	26 (1) c	
3. Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	55,865	26 (1)	
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	20,738	26 (2)	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,136,028		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7. Additional value adjustments (negative amount)	-40,964	34, 105	
8. Intangible assets (net of related tax liability) (negative amount)	-17,100	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2,170	33 (b)	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)	-60,234		
29. Common Equity Tier 1 (CET1) capital	1,075,794		
Additional Tier 1 (AT1) capital: instruments			
30. Capital instruments and the related share premium	347,454	51, 52	
31. of which: classified as equity under applicable accounting standards	347,454		
36. Additional Tier 1 (AT1) capital before regulatory adjustments	347,454		
Additional Tier 1 (AT1): regulatory adjustments			
44. Additional Tier 1 (AT1) capital	347,454		
45. Tier 1 capital (T1 = CET1 + AT1)	1,423,248		
59. Total capital (TC = T1 + T2)	1,423,248		
60. Total risk weighted assets	1,557,240		
Capital ratios and buffers			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	69.08%	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	91.40%	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	91.40%	92 (2) (c)	
64. Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of risk exposure amount)	7.99%	CRD 128, 129, 130	
65. of which: capital conservation buffer requirement	2.50%		
66. of which: countercyclical buffer requirement	0.49%	CRD 130	
67. of which: systemic risk buffer requirement	0.00%		
67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.50%	CRD 131	
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	64.58%	CRD 128	

31 Dec 2018 (EUR 1,000)	Amount at disclosure date	Regulation (EU) No 575/2013 article reference	Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1. Capital instruments and the related share premium accounts	42,583	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: share capital	42,583	EBA list 26 (3)	
2. Retained earnings	883,734	26 (1) c	
3. Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	55,604	26 (1)	
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	136,249	26 (2)	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,118,171		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7. Additional value adjustments (negative amount)	-33,870	34, 105	
8. Intangible assets (net of related tax liability) (negative amount)	-14,850	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-3,996	33 (b)	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)	-52,715		
29. Common Equity Tier 1 (CET1) capital	1,065,455		
Additional Tier 1 (AT1) capital: instruments			
30. Capital instruments and the related share premium	347,454	51, 52	
31. of which: classified as equity under applicable accounting standards	347,454		
36. Additional Tier 1 (AT1) capital before regulatory adjustments	347,454		
Additional Tier 1 (AT1): regulatory adjustments			
44. Additional Tier 1 (AT1) capital	347,454		
45. Tier 1 capital (T1 = CET1 + AT1)	1,412,909		
59. Total capital (TC = T1 + T2)	1,412,909		
60. Total risk weighted assets	1,606,172		
Capital ratios and buffers			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	66.34%	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	87.97%	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	87.97%	92 (2) (c)	
64. Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of risk exposure amount)	8.45%	CRD 128, 129, 130	
65. of which: capital conservation buffer requirement	2.50%		
66. of which: countercyclical buffer requirement	0.45%	CRD 130	
67. of which: systemic risk buffer requirement	0.00%		
67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.00%	CRD 131	
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	61.84%	CRD 128	

Section 2

Capital requirements

2.1 Consolidated key figures for capital adequacy

During the reporting period, the risk exposure amount decreased by EUR 49 million which together with EUR 10 million increase in own funds resulted in stronger capital adequacy.

Consolidated key figures for capital adequacy	30 Jun 2019	31 Dec 2018
Common Equity Tier 1 (CET1) capital ratio, %	69.08	66.34
Tier 1 (T1) capital ratio, %	91.40	87.97
Total capital ratio, %	91.40	87.97

2.2 Consolidated minimum requirement for own funds

The capital requirement for credit risk is calculated using the standardised approach. Starting from 1 January 2019, the Securitisation Standardised Approach (SEC-SA) with risk-weight 1250% according to revised securitisation framework under CRR2, is used for securitisation positions. In calculating the capital

requirements for market risk, only foreign exchange risk is taken into account as the group does not have a trading book nor share or commodity positions. The capital requirement for operational risk is calculated using the basic indicator approach.

(EUR 1,000)	30 Jun 2019		31 Dec 2018	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Credit and counterparty risk, standardised approach	69,307	866,340	78,128	976,596
Exposures to regional governments or local authorities	150	1,878	353	4,413
Exposures to public sector entities	1,729	21,608	4,807	60,086
Exposures to multilateral development banks	526	6,580	951	11,884
Exposures to institutions	44,675	558,440	52,470	655,875
Exposures in the form of covered bonds	19,315	241,436	18,986	237,323
Items representing securitisation positions	763	9,543	13	165
Exposures in the form of shares in CIUs	81	1,009	88	1,103
Other items	2,068	25,846	460	5,746
Market risk	3,341	41,762	-	-
Credit valuation adjustment risk (CVA VaR), standard method	18,090	226,121	19,722	246,528
Operational risk, basic indicator approach	33,841	423,016	30,644	383,048
Total	124,579	1,557,240	128,494	1,606,172

Exposures to institutions includes capital requirement for counterparty risk by EUR 2,867 thousand (2018: EUR 3,617 thousand).

2.3 Consolidated exposures by class

MuniFin has invested in automated digital solution for regulatory reporting. As a result, the identification of covered and uncovered part of loans collateralised by real estate collateral has improved. The effect is seen within exposure classes "secured by mortgages on immovable property", "corporates" and "regional governments or local authorities" for both on-balance and off-balance sheet items.

Only the covered part is included in exposure class "secured by mortgages on immovable property". This change had no impact on risk exposure amount. Changes in exposures to institutions between reporting periods are mainly driven by changes in the liquidity portfolio.

30 Jun 2019 (EUR 1,000)	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk exposure amount
Exposures to central governments or central banks	3,810,683	-	-	3,810,683	4,589,444	-
Exposures to regional governments or local authorities	10,777,675	931,280	298,761	12,007,716	12,159,733	1,878
Exposures to public sector entities	287,699	-	-	287,699	271,802	21,608
Exposures to multilateral development banks	196,261	-	-	196,261	209,415	6,580
Exposures to international organisations	81,893	-	-	81,893	90,687	-
Exposures to institutions	2,169,655	-	503,881	2,673,537	2,611,859	558,440
Exposures to corporates	6,304,925	1,544,668	-	7,849,593	6,631,275	-
Exposures secured by mortgages on immovable property	7,855,308	4,279	-	7,859,587	8,964,227	-
Exposures in default	28,420	-	-	28,420	14,210	-
Exposures in the form of covered bonds	1,953,986	-	-	1,953,986	1,873,141	241,436
Items representing securitisation positions	763	-	-	763	778	9,543
Exposures in the form of shares in CIUs	9,828	-	-	9,828	9,746	1,009
Other items	29,938	-	-	29,938	25,899	25,846
Total	33,507,034	2,480,226	802,643	36,789,903	37,452,216	866,340

31 Dec 2018 (EUR 1,000)	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk exposure amount
Exposures to central governments or central banks	3,920,338	-	-	3,920,338	4,144,181	-
Exposures to regional governments or local authorities	10,077,540	1,161,635	163,192	11,402,368	11,159,722	4,413
Exposures to public sector entities	270,265	-	-	270,265	286,313	60,086
Exposures to multilateral development banks	222,280	-	-	222,280	222,498	11,884
Exposures to international organisations	73,324	-	-	73,324	73,660	-
Exposures to institutions	2,525,096	-	536,274	3,061,369	3,626,873	655,875
Exposures to corporates	5,129,701	292,570	-	5,422,271	5,380,951	-
Exposures secured by mortgages on immovable property	8,527,156	1,342,548	-	9,869,704	9,532,723	-
Exposures in default	-	-	-	-	113	-
Exposures in the form of covered bonds	1,887,770	-	-	1,887,770	1,898,486	237,323
Items representing securitisation positions	825	-	-	825	1,282	165
Exposures in the form of shares in CIUs	9,494	-	-	9,494	9,554	1,103
Other items	17,386	-	-	17,386	14,135	5,746
Total	32,661,175	2,796,753	699,466	36,157,395	36,350,490	976,596

EU OV1

2.4 Overview of RWAs

The overall risk exposure amount has moderately decreased during the first half of the year 2019. The credit risk has decreased due to the changes in the liquidity portfolio. The amount of centrally cleared derivatives has increased, thus the exposure value under CVA capital charge and risk exposure amount has decreased.

At the end of June 2019, there was a capital requirement for market risk as the foreign exchange net position exceeded two percent of the own funds.

(EUR 1,000)	RWAs		Minimum capital requirements	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
1 Credit risk (excluding CCR)	820,954	931,224	65,676	74,498
2 Of which the standardised approach	820,954	931,224	65,676	74,498
6 CCR	261,963	291,735	20,957	23,339
7 Of which mark to market	35,842	45,207	2,867	3,617
12 Of which CVA	226,121	246,528	18,090	19,722
14 Securitisation exposures in the banking book (after the cap)	9,543	165	763	13
18 Of which standardised approach	9,543	165	763	13
19 Market risk	41,762	-	3,341	-
20 Of which the standardised approach	41,762	-	3,341	-
23 Operational risk	423,016	383,048	33,841	30,644
24 Of which basic indicator approach	423,016	383,048	33,841	30,644
29 Total	1,557,240	1,606,172	124,579	128,494

Section 3

Capital buffers

3.1 Minimum capital requirements and capital buffers

Minimum capital requirements and capital buffers, % 30 Jun 2019	Capital requirement	Capital conservation buffer ¹⁾	Countercyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4.50%	2.50%	0.49%	0.50%	3.49%	7.99%
Tier 1 Capital (T1)	6.00%	2.50%	0.49%	0.50%	3.49%	9.49%
Total own funds	8.00%	2.50%	0.49%	0.50%	3.49%	11.49%

Minimum capital requirements and capital buffers (EUR 1,000) 30 Jun 2019	Capital requirement	Capital conservation buffer ¹⁾	Countercyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	70,076	38,931	7,649	7,786	54,366	124,442
Tier 1 Capital (T1)	93,434	38,931	7,649	7,786	54,366	147,801
Total own funds	124,579	38,931	7,649	7,786	54,366	178,945

Minimum capital requirements and capital buffers, % 31 Dec 2018	Capital requirement	Capital conservation buffer ¹⁾	Countercyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4.50%	2.50%	0.45%	1.00%	3.95%	8.45%
Tier 1 Capital (T1)	6.00%	2.50%	0.45%	1.00%	3.95%	9.95%
Total own funds	8.00%	2.50%	0.45%	1.00%	3.95%	11.95%

Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2018	Capital requirement	Capital conservation buffer ¹⁾	Countercyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	72,278	40,154	7,168	16,062	63,384	135,662
Tier 1 Capital (T1)	96,370	40,154	7,168	16,062	63,384	159,754
Total own funds	128,494	40,154	7,168	16,062	63,384	191,878

1) Act on Credit Institutions (610/2014), Chapter 10, Section 3, and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). Valid from 1 January 2015.

2) Act on Credit Institutions (610/2014) Sect 10:4-5 § and EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). On 28 June 2019, the Board of Financial Supervisory Authority (FIN-FSA) decided not to set countercyclical capital buffer requirement for credit exposures allocated to Finland. The institution-specific countercyclical capital buffer requirement is determined on the basis of the geographical distribution of the exposures. For MuniFin it is 0.49% (31 Dec 2018: 0.45%)

3) Other Systemically Important Institutions additional capital requirements: Act on Credit Institutions (610/2014) Sect 10:8 § and the EU Capital Requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). Additional capital requirement (O-SII) for MuniFin is 0.5%. The decision of the Board of FIN-FSA on 29 June 2018, effective on 1 January 2019 (31 Dec 2018: 1%).

As part of the yearly Supervisory Review and Evaluation Process, ECB updated the additional capital requirement (P2R) for MuniFin to 2.25%, effective on 1 March 2019. Considering the additional capital requirement the new minimum level for CET1 capital ratio is 10.24% and total capital ratio 13.74%.

Future changes in capital buffers

On 29 June 2018 FIN-FSA made a macroprudential decision to impose a systemic risk buffer requirement on credit institutions. The buffer set for MuniFin is 1.5% and it will be covered by CET1. The systemic risk buffer and the O-SII additional capital requirement are parallel buffers, of which the greater is applied. This new requirement will be effective on 1 July 2019. The systemic risk buffer requirement is reviewed annually, and the FIN-FSA confirmed in June 2019 that it would maintain MuniFin's requirement also effective on 1 July 2020. From the beginning of July 2019, the new minimum level of CET1 capital ratio will be 11.24% when taking into account P2R additional capital requirement, and the minimum level of overall capital ratio will be 14.74%.

3.2 Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

30 Jun 2019 (EUR 1,000) Breakdown by country		General credit exposures	Securitisation exposure	Own funds requirements		Own funds requirement weights	Countercyclical capital buffer rate	
		Exposure value for SA	Exposure value for SA	Of which: General credit exposures	Of which: Securitisation exposure			Total
Row		010	050	070	090	100	110	120
010	AU	118,569	-	1,897	-	1,897	8.46%	0.0%
010	BE	54,851	-	439	-	439	1.96%	0.0%
010	CA	228,470	-	3,656	-	3,656	16.31%	0.0%
010	DK	34,141	-	273	-	273	1.22%	0.5%
010	ES	-	763	-	763	763	3.41%	0.0%
010	FI	426,633	-	5,915	-	5,915	26.39%	0.0%
010	FR	183,582	-	1,469	-	1,469	6.55%	0.0%
010	GB	232,758	-	1,862	-	1,862	8.31%	1.0%
010	NL	97,289	-	778	-	778	3.47%	0.0%
010	NO	272,559	-	2,180	-	2,180	9.73%	2.0%
010	NZ	53,691	-	859	-	859	3.83%	0.0%
010	SE	290,741	-	2,326	-	2,326	10.38%	2.0%
020	Total	1,993,284	763	21,654	763	22,418	100%	

31 Dec 2018 (EUR 1,000) Breakdown by country		General credit exposures	Securitisation exposure	Own funds requirements		Own funds requirement weights	Countercyclical capital buffer rate	
		Exposure value for SA	Exposure value for SA	Of which: General credit exposures	Of which: Securitisation exposure			Total
Row		010	050	070	090	100	110	120
010	AU	142,804	-	2,285	-	2,285	11.7%	0.0%
010	BE	74,848	-	599	-	599	3.1%	0.0%
010	CA	243,373	-	3,894	-	3,894	19.9%	0.0%
010	CH	23,978	-	384	-	384	2.0%	0.0%
010	DK	79,647	-	638	-	638	3.3%	0.0%
010	ES	-	825	-	13	13	0.1%	0.0%
010	FI	370,073	-	3,207	-	3,207	16.4%	0.0%
010	FR	168,271	-	1,352	-	1,352	6.9%	0.0%
010	GB	175,188	-	1,459	-	1,459	7.5%	1.0%
010	LU	9,494	-	88	-	88	0.5%	0.0%
010	NL	98,090	-	785	-	785	4.0%	0.0%
010	NO	233,916	-	1,872	-	1,872	9.6%	2.0%
010	NZ	75,302	-	1,205	-	1,205	6.2%	0.0%
010	SE	219,586	-	1,760	-	1,760	9.0%	2.0%
010	US	79	-	6	-	6	0.0%	0.0%
020	Total	1,914,650	825	19,534	13	19,547	100.0%	

3.3 Amount of institution-specific countercyclical capital buffer

30 Jun 2019
(EUR 1,000)
Row

Column
010

010	Total risk exposure amount	1,557,240
020	Institution-specific countercyclical buffer rate	0.49%
030	Institution-specific countercyclical buffer requirement	7,649

31 Dec 2018
(EUR 1,000)
Row

Column
010

010	Total risk exposure amount	1,606,172
020	Institution-specific countercyclical buffer rate	0.45%
030	Institution-specific countercyclical buffer requirement	7,168

Section 4

Credit risk and general information on credit risk mitigation

EU CR1-A

4.1 Credit quality of exposures by exposure class and instrument

In this section, the increase in defaulted and non-performing loans consists of a small number of individual loans with large carrying amounts. This explains the notable changes between the periods.

30 Jun 2019 (EUR 1,000)	a		b	c	f	g
	Gross carrying values of		Non-defaulted exposures	Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values (a+b-c)
	Defaulted exposures					
16 Central governments or central banks	-	3,810,683		0	0	3,810,683
17 Regional governments or local authorities	-	12,007,729		13	2	12,007,716
18 Public sector entities	-	287,699		-	-	287,699
19 Multilateral development banks	-	196,261		-	-	196,261
20 International organisations	-	81,893		-	-	81,893
21 Institutions	-	2,673,545		9	-46	2,673,537
22 Corporates	-	7,849,615		21	-38	7,849,593
26 Secured by mortgages on immovable property	-	7,859,587		0	-4	7,859,587
27 Of which: SMEs	-	-		-	-	-
28 Exposures in default	30,419	-		1,999	199	28,420
30 Covered bonds	-	1,953,986		-	-	1,953,986
32 Collective investments undertakings	-	9,828		-	-	9,828
34 Other exposures	-	29,938		-	-	29,938
35 Total standardised approach	30,419	36,760,763		2,042	112	36,789,140
36 Total	30,419	36,760,763		2,042	112	36,789,140
37 Of which: Loans	30,419	23,733,534		2,031	156	23,761,922
38 Of which: Debt securities	-	5,966,420		0	0	5,966,420
39 Of which: Off-balance sheet exposures	-	2,480,229		3	0	2,480,226

31 Dec 2018 (EUR 1,000)	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures			
16 Central governments or central banks	-	3,920,338	-	-	3,920,338
17 Regional governments or local authorities	-	11,402,378	11	-23	11,402,367
18 Public sector entities	-	270,265	-	-	270,265
19 Multilateral development banks	-	222,280	-	-	222,280
20 International organisations	-	73,324	-	-	73,324
21 Institutions	-	3,061,425	55	-4	3,061,369
22 Corporates	-	5,422,331	59	-51	5,422,271
26 Secured by mortgages on immovable property	-	9,869,709	5	-5	9,869,704
28 Exposures in default	1,800	-	1,800	-2	0
30 Covered bonds	-	1,887,770	-	-	1,887,770
32 Collective investments undertakings	-	9,494	-	-	9,494
34 Other exposures	-	17,386	-	-	17,386
35 Total standardised approach	1,800	36,156,700	1,930	-85	36,156,570
36 Total	1,800	36,156,700	1,930	-85	36,156,570
37 Of which: Loans	1,800	23,008,885	1,875	-78	23,008,809
38 Of which: Debt securities	-	5,885,988	0	-2	5,885,988
39 Of which: Off-balance sheet exposures	-	2,796,753	-	-5	2,796,753

EU CR1-B

4.2 Credit quality of exposures by industry or counterparty types

30 Jun 2019 (EUR 1,000)	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures			
4 Electricity, gas, steam and air conditioning supply	-	431,296	0	0	431,295
5 Water supply	-	456,998	0	0	456,997
6 Construction	-	364,299	0	0	364,299
8 Transport and storage	-	331,983	0	0	331,982
XX Financial and insurance activities	-	8,541,527	9	-46	8,541,518
11 Real estate activities	-	13,382,266	19	-22	13,382,248
14 Public administration and defence, compulsory social security	-	11,053,680	11	2	11,053,669
16 Human health services and social work activities	1,979	1,610,856	1,982	181	1,610,854
18 Other services	28,440	587,857	20	-2	616,277
19 Total	30,419	36,760,763	2,042	112	36,789,140

31 Dec 2018 (EUR 1,000)	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures			
4 Electricity, gas, steam and air conditioning supply	-	450,310	0	-1	450,310
5 Water supply	-	428,652	0	-1	428,651
6 Construction	-	241,099	0	0	241,099
8 Transport and storage	-	301,557	0	0	301,557
XX Financial and insurance activities	-	8,687,160	55	-4	8,687,105
11 Real estate activities	-	13,134,032	41	-37	13,133,991
14 Public administration and defence, compulsory social security	-	10,968,811	10	-23	10,968,801
16 Human health services and social work activities	1,800	1,292,131	1801	-3	1,292,129
18 Other services	-	652,949	22	-15	652,927
19 Total	1,800	36,156,700	1,930	-85	36,156,570

EU CR1-C

4.3 Credit quality of exposures by geography

30 Jun 2019 (EUR 1,000)	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures			
1 Finland	30,419	31,995,335	2,039	109	32,023,715
2 Other Nordic countries	-	1,028,099	-	-	1,028,099
3 Other EU countries	-	2,587,158	3	3	2,587,158
4 Other countries	-	1,150,167	-	-	1,150,167
5 Total	30,419	36,760,760	2,042	112	36,789,140

31 Dec 2018 (EUR 1,000)	a	b	c	f	g
	Gross carrying values of		Specific credit risk adjustment	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures			
1 Finland	1,800	31,199,312	1,930	-85	31,199,181
2 Other Nordic countries	-	923,966	-	-	923,966
3 Other EU countries	-	2,455,991	-	-	2,455,991
4 Other countries	-	1,577,431	-	-	1,577,431
5 Total	1,800	36,156,700	1,930	-85	36,156,570

EU CR1-D

4.4 Ageing of past-due exposures

The number of past-due loans is very small and large carrying amounts of individual loans explain the change between the periods.

30 Jun 2019 (EUR 1,000)	a	b
	Gross carrying values	Gross carrying values
	<= 30 days	> 30 days <= 60 days
1 Loans	25,989	1,303
3 Total exposures	25,989	1,303

31 Dec 2018 (EUR 1,000)	a	b
	Gross carrying values	Gross carrying values
	<= 30 days	> 30 days <= 60 days
1 Loans	296	-
3 Total exposures	296	-

EU CR1-E

4.5 Non-performing and forborne exposures

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk			Collaterals and financial guarantees received		
	Of which non-performing							On performing exposures	On non-performing exposures	On non-performing exposures	Of which forborne exposures		
	Of which performing but past due > 30 days and ≤ 90 days	Of which performing forborne		Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne			
30 Jun 2019 (EUR 1,000)													
010 Debt securities	5,966,420	-	-	-	-	-	-	0	-	-	-	-	-
Loans and advances	28,058,186	-	47,206	28,440	-	-	-	74	7	19	-	28,420	27,881
Off-balance sheet exposures	2,480,226	-	-	-	-	-	-	-	-	-	-	-	-

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk			Collaterals and financial guarantees received		
	Of which non-performing							On performing exposures	On non-performing exposures	On non-performing exposures	Of which forborne exposures		
	Of which performing but past due > 30 days and ≤ 90 days	Of which performing forborne		Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne			
31 Dec 2018 (EUR 1,000)													
010 Debt securities	5,885,988	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	27,731,767	-	61,676	-	-	-	-	21	21	-	-	-	61,656
Off-balance sheet exposures	2,796,753	-	-	-	-	-	-	-	-	-	-	-	-

EU CR2-A

4.6 Changes in the stock of general and specific credit risk adjustments

	a	b
30 Jun 2019 (EUR 1,000)	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1 Opening balance	1,930	-
2 Increases due to amounts set aside for estimated loan losses during the period	112	-
9 Closing balance	2,042	-

	a	b
31 Dec 2018 (EUR 1,000)	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1 Opening balance	2,015	-
2 Increases due to amounts set aside for estimated loan losses during the period	-85	-
9 Closing balance	1,930	-

EU CR2-B

4.7 Changes in the stock of defaulted and impaired loans and debt securities

The number of defaulted loans is very small and large carrying amounts of individual loans explain the notable change between the periods.

	a
30 Jun 2019 (EUR 1,000)	Gross carrying value of defaulted exposures
1 Opening balance	0
2 Loans and debt securities that have defaulted or impaired since the last reporting period	28,440
6 Closing balance	28,440

	a
31 Dec 2018 (EUR 1,000)	Gross carrying value of defaulted exposures
1 Opening balance	1,816
5 Other changes	-1,816
6 Closing balance	0

EU CR3

4.8 CRM techniques - Overview

The unsecured loans are direct loans granted to municipalities or municipal federations. Collaterals reported in this table consist exclusively of real estate. For further credit risk mitigation, all loans secured by real estate collateral have guarantees from the Finnish government or municipalities.

Unsecured debt securities include covered bonds by EUR 1,954 million.

		a	b	c	d
30 Jun 2019 (EUR 1,000)		Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1	Total loans	9,761,792	14,002,193	7,855,308	6,354,834
2	Total debt securities	5,633,127	333,293	-	333,293
3	Total exposures	15,394,919	14,335,486	7,855,308	6,688,127
4	Of which defaulted	-	-	-	28,420

		a	b	c	d
31 Dec 2018 (EUR 1,000)		Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1	Total loans	9,230,092	13,778,718	8,527,155	5,251,563
2	Total debt securities	5,070,882	814,281	-	814,281
3	Total exposures	14,300,974	14,592,999	8,527,155	6,065,844

Section 5

Credit risk and credit risk mitigation in the standardised approach

EU CR4

5.1 Standardised approach – Credit risk exposure and CRM effects

Decrease in risk weighted amounts between periods are mainly driven by beneficial changes in the liquidity portfolio.

30 Jun 2019 (EUR 1,000)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
1	Central governments or central banks	3,810,683	-	13,276,538	807,806	-	0%
2	Regional governments or local authorities	10,777,675	931,280	15,647,305	390,286	1,878	0%
3	Public sector entities	287,699	-	287,699	-	21,608	8%
4	Multilateral development banks	196,261	-	196,261	-	6,580	3%
5	International organisations	81,893	-	81,893	-	-	0%
6	Institutions	2,169,655	-	2,022,823	-	522,598	26%
7	Corporates	6,304,925	1,544,668	-	-	-	-
9	Secured by mortgages on immovable property	7,855,308	4,279	-	-	-	-
10	Exposures in default	28,420	-	-	-	-	-
12	Covered bonds	1,953,986	-	1,953,986	-	241,436	12%
14	Collective investments undertakings	9,828	-	9,828	-	1,009	10%
16	Other exposures	29,938	-	29,938	-	25,846	86%
17	Total	33,506,270	2,480,226	33,506,270	1,198,092	820,954	2%

31 Dec 2018 (EUR 1,000)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
1	Central governments or central banks	3,920,338	-	13,024,826	314,011	-	0%
2	Regional governments or local authorities	10,077,540	1,161,635	15,360,121	1,010,975	4,413	0%
3	Public sector entities	270,265	-	270,265	-	60,086	22%
4	Multilateral development banks	222,280	-	222,280	-	11,884	5%
5	International organisations	73,324	-	73,324	-	-	0%
6	Institutions	2,525,096	-	1,794,885	-	610,669	34%
7	Corporates	5,129,701	292,570	-	-	-	-
9	Secured by mortgages on immovable property	8,527,156	1,342,548	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
12	Covered bonds	1,887,770	-	1,887,770	-	237,323	13%
14	Collective investments undertakings	9,494	-	9,494	-	1,103	12%
16	Other exposures	17,386	-	17,386	-	5,746	33%
17	Total	32,660,350	2,796,753	32,660,350	1,324,987	931,224	3%

EU CR5

5.2 Standardised approach

MuniFin has implemented digital solution for regulatory reporting. As a result, financial entities identified as PSE's within article 116 (4) of the CRR, have been classified directly with 0 % risk weight (increase of EUR 180 million in 0% risk weighted public sector

entities from institutions). Other changes in risk weight allocation between reporting periods are mainly driven by changes in the liquidity portfolio.

30 Jun 2019 (EUR 1,000) Exposure classes	Risk weight							Total	Of which unrated
	0%	2%	10%	20%	50%	100%	Others		
1 Central governments or central banks	14,084,344	-	-	-	-	-	-	14,084,344	-
2 Regional governments or local authorities	16,028,202	-	-	9,389	-	-	-	16,037,591	15,760,533
3 Public sector entities	179,662	-	-	108,038	-	-	-	287,699	-
4 Multilateral development banks	163,358	-	-	32,902	-	-	-	196,261	-
5 International organisations	81,893	-	-	-	-	-	-	81,893	-
6 Institutions	-	112,995	-	1,448,586	461,241	-	-	2,022,823	24,300
12 Covered bonds	-	-	1,493,613	460,373	-	-	-	1,953,986	-
14 Collective investments undertakings	-	-	-	-	-	-	9,828	9,828	-
16 Other exposures	4	-	-	5,111	-	24,823	-	29,938	24,823
17 Total	30,537,462	112,995	1,493,613	2,064,399	461,241	24,823	9,828	34,704,362	15,809,656

31 Dec 2018 (EUR 1,000) Exposure classes	Risk weight							Total	Of which unrated
	0%	2%	10%	20%	50%	100%	Others		
1 Central governments or central banks	13,338,837	-	-	-	-	-	-	13,338,837	-
2 Regional governments or local authorities	16,349,029	-	-	22,067	-	-	-	16,371,096	15,734,408
3 Public sector entities	-	-	-	250,155	20,109	-	-	270,265	-
4 Multilateral development banks	162,861	-	-	59,419	-	-	-	222,280	-
5 International organisations	73,324	-	-	-	-	-	-	73,324	-
6 Institutions	-	112,994	-	775,122	906,769	-	-	1,794,885	22,932
12 Covered bonds	-	-	1,402,313	485,457	-	-	-	1,887,770	-
14 Collective investments undertakings	-	-	-	-	-	-	9,494	9,494	-
16 Other exposures	11,635	-	-	6	-	5,745	-	17,386	5,745
17 Total	29,935,687	112,994	1,402,313	1,592,226	926,878	5,745	9,494	33,985,337	15,763,085

Section 6

Counterparty credit risk

EU CCR1

6.1 Analysis of CCR exposure by approach

MuniFin limits credit risk arising from its derivative counterparties with ISDA Credit Support Annexes. At the end of June 2019, MuniFin had 39 active Credit Support Annexes in force of which 36 require daily margining. Additionally, the Municipal Guarantee Board's guarantees are used as credit risk mitigation technique. The market

value of derivatives within exposures to regional governments or local authorities has increased the replacement cost value. Risk weighted assets have decreased, when the amount of centrally cleared derivatives has increased.

	b	c	f	g
30 Jun 2019 (EUR 1,000)	Replacement cost / current market value	Potential future credit exposure	EAD post CRM	RWAs
1 Mark to market	289,844	512,799	445,028	35,842
11 Total				35,842

	b	c	f	g
31 Dec 2018 (EUR 1,000)	Replacement cost / current market value	Potential future credit exposure	EAD post CRM	RWAs
1 Mark to market	162,744	536,722	312,814	45,207
11 Total				45,207

EU CCR2

6.2 CVA capital charge

The amount of centrally cleared derivatives have increased, thus the exposure value under CVA capital charge and risk weighted assets has decreased during the first half of the year 2019.

	a	b
30 Jun 2019 (EUR 1,000)	Exposure value	RWAs
4 All portfolios subject to the standardised method	426,837	226,121
5 Total subject to the CVA capital charge	426,837	226,121

	a	b
31 Dec 2018 (EUR 1,000)	Exposure value	RWAs
4 All portfolios subject to the standardised method	474,599	246,528
5 Total subject to the CVA capital charge	474,599	246,528

EU CCR3

6.3 Standardised approach – CCR exposures by regulatory portfolio and risk

The market value of derivatives within exposures to regional governments or local authorities has increased the exposure value. These exposures are under 0% risk weight.

30 Jun 2019 (EUR 1,000)		Risk weight				Total	Of which unrated
		0%	2%	20%	50%		
Exposure classes							
2	Regional governments or local authorities	298,761	-	-	-	298,761	298,761
6	Institutions	-	77,044	233,863	192,974	503,881	-
11	Total	298,761	77,044	233,863	192,974	802,643	298,761

31 Dec 2018 (EUR 1,000)		Risk weight				Total	Of which unrated
		0%	2%	20%	50%		
Exposure classes							
2	Regional governments or local authorities	163,192	-	-	-	163,192	163,192
6	Institutions	-	61,675	252,410	222,189	536,274	-
11	Total	163,192	61,675	252,410	222,189	699,466	163,192

EU CCR5-A

6.4 Impact of netting and collateral held on exposure values

30 Jun 2019 (EUR 1,000)		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	2,354,156	1,043,908	1,310,248	1,057,495	252,753
4	Total	2,354,156	1,043,908	1,310,248	1,057,495	252,753

31 Dec 2018 (EUR 1,000)		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	1,665,936	791,781	874,155	739,260	134,895
4	Total	1,665,936	791,781	874,155	739,260	134,895

EU CCR5-B

6.5 Composition of collateral for exposures to CCR

The amount of collaterals posted for derivative transactions at the end of June 2019 was EUR 1,201 million (2018: EUR 1,440 million). MuniFin holds a strong credit rating (Aa1/AA+). The impact of a

possible credit downgrade lower than four notches of MuniFin would not have any impact on the collateral posted.

30 Jun 2019 (EUR 1,000)	b	c	d
	Collateral used in derivative transactions		
	Fair value of collateral received		Fair value of posted collateral
	Unsegregated	Segregated	Unsegregated
Cash	1,096,938	112,999	1,087,832
Total	1,096,938	112,999	1,087,832

31 Dec 2018 (EUR 1,000)	b	c	d
	Collateral used in derivative transactions		
	Fair value of collateral received		Fair value of posted collateral
	Unsegregated	Segregated	Unsegregated
Cash	739,260	112,999	1,327,197
Total	739,260	112,999	1,327,197

EU CCR8

6.6 Exposures to CCPs

The amount of centrally cleared derivatives have increased by EUR 5,320 million from year-end 2018 to the end of June 2019. All centrally cleared derivatives require daily margining, thus the net position post CRM has increased only by EUR 15 million.

30 Jun 2019 (EUR 1,000)	a	b
	EAD post CRM	RWAs
1 Exposures to QCCPs (total)		1,541
Exposures for trades at QCCPs		
2 (excluding initial margin and default fund contributions); of which	77,044	1,541
3 (i) OTC derivatives	77,044	1,541
7 Segregated initial margin	112,999	

31 Dec 2018 (EUR 1,000)	a	b
	EAD post CRM	RWAs
1 Exposures to QCCPs (total)		1,233
Exposures for trades at QCCPs		
2 (excluding initial margin and default fund contributions); of which	61,675	1,233
3 (i) OTC derivatives	61,675	1,233
7 Segregated initial margin	112,999	

Section 7

Market risk

EU MR1

7.1 Market risk under the standardised approach

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

The foreign exchange risk position was EUR 41.8 million at the end of June 2019 (EUR 2.0 million at the end of 2018).

MuniFin does not hold trading book exposures.

30 Jun 2019 (EUR 1,000)	a	b
	RWAs	Capital requirements
Outright products		
3 Foreign exchange risk	41,762	3,341
9 Total	41,762	3,341

Section 8

Leverage ratio

LRSum

8.1 Summary reconciliation of accounting assets and leverage ratio exposures

	30 Jun 2019	31 Dec 2018
(EUR 1,000)	Applicable Amount	Applicable Amount
1 Total assets as per published financial statements	36,955,574	35,676,739
4 Adjustments for derivative financial instruments	-2,435,095	-2,169,194
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,198,092	1,339,665
7 Other adjustments	-16,730	-14,850
8 Leverage ratio total exposure measure	35,701,840	34,832,360

LRCom

8.2 Leverage ratio common disclosure

	30 Jun 2019	31 Dec 2018
(EUR 1,000)	CRR leverage ratio exposures	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	34,611,967	34,003,222
2 (Asset amounts deducted in determining Tier 1 capital)	-17,100	-14,850
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	34,594,866	33,988,372
Derivative exposures		
4 Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin)	297,845	169,721
5 Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	698,870	661,799
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1,087,832	-1,327,197
11 Total derivatives exposures (sum of lines 4 to 10)	-91,117	-495,677
Other off-balance sheet exposures		
17 Off-balance sheet exposures at gross notional amount	2,480,226	2,796,753
18 (Adjustments for conversion to credit equivalent amounts)	-1,282,135	-1,457,088
19 Other off-balance sheet exposures (sum of lines 17 and 18)	1,198,092	1,339,665
Capital and total exposure measure		
20 Tier 1 capital	1,423,248	1,412,909
21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	35,701,840	34,832,360
Leverage ratio		
22 Leverage ratio	3.99%	4.06%

LRSpI

8.3 Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

(EUR 1,000)		30 Jun 2019	31 Dec 2018
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	33,524,134	32,676,025
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	33,524,134	32,676,025
EU-4	Covered bonds	1,953,986	1,887,770
EU-5	Exposures treated as sovereigns	15,003,881	14,234,064
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	150,329	329,683
EU-7	Institutions	2,169,655	2,525,096
EU-8	Secured by mortgages of immovable properties	7,855,308	8,527,156
EU-9	Retail exposures		
EU-10	Corporate	6,304,925	5,129,701
EU-11	Exposures in default	28,420	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	57,630	42,555

LRQua

8.4 Disclosure on qualitative items

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

The consolidated leverage ratio was 3.99% at the end of June 2019 compared to year-end 4.06%. The balance sheet exposures grew by net EUR 606 million during the reporting period. The change was mainly driven by increased lending to the public and public sector entities. Off-balance sheet exposures, loan promises to public and public sector entities, decreased by EUR 317 million during the reporting period. Tier 1 capital grew in the period by EUR 10 million, mainly driven by the continued profit generation.

Municipality Finance Plc is one of the largest credit institutions in Finland: the company's balance sheet totals nearly EUR 37 billion. The company is owned by Finnish municipalities, the public sector pension fund Keva and the Republic of Finland.

MuniFin's mission is to build a better future in line with the principles of responsibility and in cooperation with its customers. MuniFin's customers are Finnish municipalities, municipal federations, municipally controlled companies and non-profit housing organisations. Lending is used for environmentally and socially responsible investment targets such as public transportation, sustainable buildings, hospitals and healthcare centres, schools and day care centres, and homes for people with special needs.

MuniFin's customers are domestic but the company operates in a completely global business environment. It is the most active Finnish bond issuer in international capital markets and the first Finnish green bond issuer. The funding is exclusively guaranteed by the Municipal Guarantee Board.

The Municipality Finance Group also includes the subsidiary company, Financial Advisory Services Inspira Ltd.

Read more: www.munifin.fi

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