
Pillar III Disclosure Report Half Year Report 2018

1 January – 30 June 2018

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All the figures in this Pillar III -report are consolidated figures of MuniFin Group unless otherwise stated. In tables decimal marker is a comma and thousands separator is a space.

Municipality Finance Plc (“MuniFin”) has republished Pillar III Disclosure Report Half Year Report 2018 originally made public on 14 August 2018. This republished report corrects a technical error in the regulatory CVA VaR calculations, which has

had an effect on MuniFin’s ratio of tier 1 capital to risk-weighted assets (“Tier 1 Ratio”), ratio of common equity tier 1 to risk-weighted assets (“CET 1 Ratio”), and the ratio of total own funds to risk-weighted assets (“Total Capital Adequacy Ratio”).

Section 1. Own funds

Table 1.1
Consolidated own funds

(EUR 1,000)	30 Jun 2018	31 Dec 2017
Share capital	42 583	42 583
Reserve for invested non-restricted equity	40 366	40 366
Retained earnings	983 195	879 799
Fair value reserve and cost of hedging	10 578	28 944
Other reserves	277	277
Minority interest, transitional provision	-	-
Part of interim profit not eligible	-17 133	-6 250
Accrued interest net of deferred taxes of AT1 capital loan treated as equity	-3 107	-9 459
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1 056 759	976 260
Intangible assets	-12 756	-10 196
Deductions due to prudential filters on Common Equity Tier 1	-28 440	-20 544
Common Equity Tier 1 (CET1) capital	1 015 564	945 519
Instruments included in Additional Tier 1 capital	347 454	347 454
Additional Tier 1 (AT1) capital	347 454	347 454
Tier 1 (T1) capital	1 363 017	1 292 973
Tier 2 (T2) capital	-	-
Total own funds	1 363 017	1 292 973

Common Equity Tier 1 capital includes the net profit for the period of 1 January - 30 June 2018. The result for the period 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 Common Equity Tier 1 are made up of MuniFin’s debt value adjustment (DVA) and prudent valuation. There was no additional valuations adjustments (AVA) at the end of June 2018.

Since MuniFin does not have an approved dividend policy, there is a deduction made from CET1 based on Commission Delegated Regulation 241/2014.

Change in own credit risk is excluded from own funds (CRR art. 33).

Additional Tier 1 capital contains MuniFin’s AT1 capital loan EUR 350 million which was issued on October 1st 2015.

Table 1.2
Main features of capital instruments

(EUR 1,000)	Common equity Tier 1 capital Shares A and B of share capital, reserve for invested non-restricted equity, retained earnings and reserve fund	Additional Tier 1 instrument 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 million, as of most recent reporting date)	1 056 759	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	Liability, amortized cost
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.
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

(EUR 1,000)	Common equity Tier 1 capital Shares A and B of share capital, reserve for invested non-restricted equity, retained earnings and reserve fund	Additional Tier 1 instrument EUR 350,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Securities
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 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

Table 1.3
Transitional own funds

	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
30 Jun 2018 (EUR 1,000)			
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)	
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)	51 221	26 (1)	
5. Minority interest (amount allowed in consolidated CET1)		84, 479, 480	
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	79 221	26 (2)	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments	1 056 759		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7. Additional value adjustments (negative amount)	-24 941	34, 105	
8. Intangible assets (net of related tax liability) (negative amount)	-12 756	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-3 499	33 (b)	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)	-41 196		
29. Common Equity Tier 1 (CET1) capital	1 015 564		
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			
43. Total regulatory adjustments to Additional Tier 1 (AT1) capital	0		
44. Additional Tier 1 (AT1) capital	347 454		
45. Tier 1 capital (T1 = CET1 + AT1)	1 363 017		
Tier 2 (T2) capital: instruments and provisions			
51. Tier 2 (T2) capital before regulatory adjustments	0		
Tier 2 (T2) capital: regulatory adjustments			
57. Total regulatory adjustments to Tier 2 (T2) capital	0		
58. Tier 2 (T2) capital	0		
59. Total capital (TC = T1 + T2)	1 363 017		
60. Total risk weighted assets	1 664 489		
Capital ratios and buffers			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	61,01 %	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	81,89 %	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	81,89 %	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)	3,36 %	CRD 129, 129, 130	
65. of which: capital conservation buffer requirement	2,50 %		
66. of which: countercyclical buffer requirement	0,36 %	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)	56,51 %	CRD 128	

	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
31 Dec 2017 (EUR 1,000)			
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)	
2. Retained earnings	721 134	26 (1) c	
3. Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	69 587	26 (1)	
5. Minority interest (amount allowed in consolidated CET1)		84, 479, 480	
5a. Independently reviewed interim profits net of any foreseeable charge or dividends	142 956	26 (2)	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments	976 260		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7. Additional value adjustments (negative amount)	-16 437	34, 105	
8. Intangible assets (net of related tax liability) (negative amount)	-10 196	36 (1) (b), 37, 472 (4)	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-4 107	33 (b)	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)	-30 741		
29. Common Equity Tier 1 (CET1) capital	945 519		
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			
43. Total regulatory adjustments to Additional Tier 1 (AT1) capital	0		
44. Additional Tier 1 (AT1) capital	347 454		
45. Tier 1 capital (T1 = CET1 + AT1)	1 292 973		
Tier 2 (T2) capital: instruments and provisions			
46. Capital instruments and the related share premium accounts		62, 63	
51. Tier 2 (T2) capital before regulatory adjustments	0		
Tier 2 (T2) capital: regulatory adjustments			
57. Total regulatory adjustments to Tier 2 (T2) capital	0		
58. Tier 2 (T2) capital	0		
59. Total capital (TC = T1 + T2)	1 292 973		
60. Total risk weighted assets	1 783 501		
Capital ratios and buffers			
61. Common Equity Tier 1 (as percentage of risk exposure amount)	53,01 %	92 (2) (a), 465	
62. Tier 1 (as percentage of risk exposure amount)	72,50 %	92 (2) (b), 465	
63. Total capital (as percentage of risk exposure amount)	72,50 %	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)	3,34 %	CRD 129, 129, 130	
65. of which: capital conservation buffer requirement	2,50 %		
66. of which: countercyclical buffer requirement	0,34 %	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)	48,51 %	CRD 128	

Section 2. Capital requirements

Table 2.1
Consolidated key figures for capital adequacy

Consolidated key figures for capital adequacy	30 Jun 2018	31 Dec 2017
Ratio of Common Equity Tier 1 (CET1) to risk-weighted assets, %	61,01	53,01
Ratio of Tier 1 (T1) capital to risk-weighted assets, %	81,89	72,50
Ratio of total own funds to risk-weighted assets, %	81,89	72,50

Table 2.2
Consolidated minimum requirement for own funds

The capital requirement for credit risk is calculated using the standardised approach. MuniFin has refined the treatment of given cash collateral under derivatives netting agreement in counterparty credit risk (CCR) calculations, which has reduced the CCR exposure at default. Posted collateral has been excluded from RWA for institutions and is treated as a part of the net replacement cost under CCR, when netting under Capital Requirements Regulation is approved.

At the end of 2017 the accrued interests were included in Other exposures. From 30th June onwards, they have been included in the carrying amount and allocated in relevant exposure groups.

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. As foreign exchange risk is hedged by swapping all currency denominated funding and investments into euros, the company's foreign exchange position is very small. There was no capital requirement for foreign exchange risk since the net position did not exceed 2 percent of the own funds (CRR 575/2013 art. 351).

Guarantees granted by the Municipal Guarantee Board for certain derivative counterparties are not taken into account in credit valuation adjustment risk from December 2017 onwards. This has resulted in increased exposure for credit valuation adjustments. In addition MuniFin amended the formula for calculating credit valuation adjustment risk.

The capital requirement for operational risk is calculated using the basic indicator approach.

(EUR 1,000)	30 Jun 2018		31 Dec 2017	
	Capital requirement	Risk-weighted assets	Capital requirement	Risk-weighted assets
Credit and counterparty risk, standardised approach	80 384	1 004 800	88 603	1 107 536
Exposures to central governments or central banks	-	-	302	3 780
Exposures to regional governments or local authorities	342	4 272	332	4 153
Exposures to public sector entities	5 166	64 580	4 742	59 271
Exposures to multilateral development banks	953	11 909	953	11 914
Exposures to institutions	54 126	676 570	62 294	778 671
Exposures in the form of covered bonds	19 242	240 526	19 063	238 284
Items representing securitisation positions	23	287	104	1 296
Exposures in the form of shares in CIUs	96	1 194	103	1 286
Other exposures	437	5 462	710	8 881
Market risk	-	-	-	-
Credit valuation adjustment risk (CVA VaR), standard method	22 131	276 640	27 294	341 179
Operational risk, basic indicator approach	30 644	383 048	26 783	334 786
Total	133 159	1 664 489	142 680	1 783 501

Table 2.3

Consolidated exposure by class

30 Jun 2018 (EUR 1,000)

Exposure classes	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk-weighted assets
Exposures to central governments or central banks	4 387 757	-	-	4 387 757	4 631 253	0
Exposures to regional governments or local authorities	9 835 433	1 108 616	153 687	11 097 736	11 047 781	4 272
Exposures to public sector entities	292 593	-	-	292 593	291 612	64 580
Exposures to multilateral development banks	222 577	-	-	222 577	222 837	11 909
Exposures to international organisations	73 590	-	-	73 590	73 970	-
Exposures to institutions	2 518 583	-	519 490	3 038 073	3 247 893	676 570
Exposures to corporates	5 038 237	290 901	-	5 329 138	5 349 545	-
Exposures secured by mortgages on immovable property	8 168 052	1 158 243	-	9 326 295	9 241 420	-
Exposures in default	-	-	-	-	225	-
Exposures in the form of covered bonds	1 901 730	-	-	1 901 730	1 922 977	240 526
Items representing securitisation positions	1 435	-	-	1 435	1 477	287
Exposures in the form of shares in CIUs	9 576	-	-	9 576	9 593	1 194
Other items	12 912	-	-	12 912	13 013	5 462
Total	32 462 475	2 557 759	673 177	35 693 411	36 049 165	1 004 800

31 Dec 2017 (EUR 1,000)

Exposure classes	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk-weighted assets
Exposures to central governments or central banks	4 004 347	-	-	4 004 347	3 307 052	3 780
Exposures to regional governments or local authorities	9 578 898	873 521	160 014	10 612 433	10 890 553	4 153
Exposures to public sector entities	281 233	-	-	281 233	278 233	59 271
Exposures to multilateral development banks	232 631	-	-	232 631	238 805	11 914
Exposures to international organisations	73 917	-	-	73 917	95 083	-
Exposures to institutions	2 891 157	-	521 880	3 413 037	4 283 925	778 671
Exposures to corporates	5 086 565	274 461	-	5 361 025	5 459 483	-
Exposures secured by mortgages on immovable property	7 733 922	1 122 364	-	8 856 287	8 564 424	-
Exposures in default	450	-	-	450	113	-
Exposures in the form of covered bonds	1 938 881	-	-	1 938 881	1 961 964	238 284
Items representing securitisation positions	6 478	-	-	6 478	18 128	1 296
Exposures in the form of shares in CIUs	9 635	-	-	9 635	9 663	1 286
Other items	79 780	-	-	79 780	88 119	8 881
Total	31 917 893	2 270 346	681 895	34 870 134	35 195 544	1 107 536

Table 2.4
EU OV1 Overview of RWAs

(EUR 1,000)	RWAs		Minimum capital requirements
	30 Jun 2018	31 Dec 2017	30 Jun 2018
1 Credit risk (excluding CCR)	963 472	1 066 762	77 078
2 Of which the standardised approach	963 472	1 066 762	77 078
6 CCR	317 682	380 657	25 415
7 Of which mark to market	41 042	39 478	3 283
12 Of which CVA	276 640	341 179	22 131
13 Settlement risk	-	-	-
14 Securitisation exposures in the banking book (after the cap)	287	1 296	23
19 Market risk	-	-	-
20 Of which the standardised approach	-	-	-
22 Large exposures	-	-	-
23 Operational risk	383 048	334 786	30 644
24 Of which basic indicator approach	383 048	334 786	30 644
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
28 Floor adjustment	-	-	-
29 Total	1 664 489	1 783 501	133 159

MuniFin has refined the treatment of given cash collateral under derivatives netting agreement in counterparty credit risk (CCR) calculations, which has reduced the CCR exposure at default. There are no risk-weighted assets for market risk as the foreign exchange net position did not exceed 2 percent of the own funds. Guarantees granted by the Municipal

Guarantee Board for certain derivative counterparties are not taken into account in credit valuation adjustment risk from December 2017 onwards. This has resulted in increased exposure for credit valuation adjustments. In addition MuniFin amended the formula for calculating credit valuation adjustment risk.

Section 3. Capital buffers

Table 3.1
Minimum capital requirements and capital buffers

Minimum capital requirements and capital buffers (%) 30 Jun 2018	Capital requirement	Capital conservation buffer ¹⁾	Counter-cyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4,50%	2,50%	0,36%	0,50%	3,36%	7,86%
Tier 1 Capital (T1)	6,00%	2,50%	0,36%	0,50%	3,36%	9,36%
Total own funds	8,00%	2,50%	0,36%	0,50%	3,36%	11,36%

Minimum capital requirements and capital buffers (EUR 1,000) 30 Jun 2018	Capital requirement	Capital conservation buffer ¹⁾	Counter-cyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	74 902	41 612	6 068	8 322	56 003	130 905
Tier 1 Capital (T1)	99 869	41 612	6 068	8 322	56 003	155 872
Total own funds	133 159	41 612	6 068	8 322	56 003	189 162

Minimum capital requirements and capital buffers (%) 31 Dec 2017	Capital requirement	Capital conservation buffer ¹⁾	Counter-cyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	4,50%	2,50%	0,34%	0,50%	3,34%	7,84%
Tier 1 Capital (T1)	6,00%	2,50%	0,34%	0,50%	3,34%	9,34%
Total own funds	8,00%	2,50%	0,34%	0,50%	3,34%	11,34%

Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2017	Capital requirement	Capital conservation buffer ¹⁾	Counter-cyclical buffer ²⁾	O-SII ³⁾	Total capital buffers	Total
Common Equity Tier 1 (CET1)	80 258	44 588	6 017	8 918	59 522	139 780
Tier 1 Capital (T1)	107 010	44 588	6 017	8 918	59 522	166 532
Total own funds	142 680	44 588	6 017	8 918	59 522	202 202

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 Capital Requirements Regulation and Directive (CRR/CRD4). On 29th June 2018 (21 December 2017), 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 Municipality Finance it is 0,36% on 30 June 2018.

³⁾ The additional capital requirement for other systemically important institutions: Act on Credit Institutions (610/2014), Chapter 10, Section 8, and the EU capital requirements Regulation (575/2013; CRR) and Directive (2013/36/EU; CRD IV). The additional capital requirement (O-SII) imposed on MuniFin is 0.5% as per the decision of the Financial Supervisory Authority made on 6 July 2015, valid from 7 January 2016.

As part of the annual supervisor's review (SREP), the European Central Bank has imposed an additional Pillar II capital requirement of 1.75% (P2R) on MuniFin, effective from 1 January 2018. The minimum level of CET1 capital adequacy is 9.61% when taking into account the P2R additional capital requirement, and the minimum level of overall capital adequacy is 13.09%. In relation to this, the ECB also updated the indicative additional capital requirement of 4.0% (P2G). Falling below this level does not have an effect on issues such as the distribution of profit. Based on the above, at the end of June 2018, with the additional capital requirement and the indicative additional capital requirement taken into account, the new minimum for CET1 capital adequacy is 13.61%.

Future changes in capital buffers

In December 2017, the Financial Supervisory Authority decided that the additional capital requirement for other systematically important institutions applied

to MuniFin will be increased from 0.5% to 1.0%. This requirement will become effective on 1 July 2018. The new minimum level for CET1 capital ratio is 10.11% including P2R.

Furthermore, in June 2018, the Financial Supervisory Authority FIN-FSA made a macro-prudential decision on structural additional capital requirements and decided to impose a systemic risk buffer on credit institutions. For MuniFin, the additional capital requirement imposed based on the systemic risk buffer is 1.5%. The Financial Supervisory Authority also reviewed the additional capital requirements for global (G-SII/B) and national (O-SII) systemically important credit institutions, and in relation to this, it lowered the O-SII requirement for MuniFin to 0.5%. The systemic risk buffer and the O-SII additional capital requirement are parallel buffers, of which the greater is applied. The effective date of these requirements is 1 July 2019 and the new minimum level for CET1 capital ratio is 10.61% including P2R.

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

30 Jun 2018 (EUR 1,000)	General credit exposures		Securitisation exposure		Own funds requirements		Total	Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Exposure value for SA	Exposure value IRB	Of which: General credit exposures	Of which: Securitisation exposure			
Breakdown by country	010	020	050	060	070	090	100	110	120
010 AU	136 043	-	-	-	2 177	-	2 177	11,0 %	0,0 %
010 BE	74 970	-	-	-	600	-	600	3,0 %	0,0 %
010 CA	277 456	-	-	-	4 439	-	4 439	22,4 %	0,0 %
010 CH	24 421	-	-	-	392	-	392	2,0 %	0,0 %
010 DE	63	-	-	-	5	-	5	0,0 %	0,0 %
010 DK	93 818	-	-	-	752	-	752	3,8 %	0,0 %
010 ES	-	-	1 435	-	-	23	23	0,1 %	0,0 %
010 FI	358 068	-	-	-	3 078	-	3 078	15,5 %	0,0 %
010 FR	186 642	-	-	-	1 509	-	1 509	7,6 %	0,0 %
010 GB	201 352	-	-	-	1 685	-	1 685	8,5 %	0,5 %
010 LU	9 576	-	-	-	96	-	96	0,5 %	0,0 %
010 NL	98 932	-	-	-	791	-	791	4,0 %	0,0 %
010 NO	196 781	-	-	-	1 574	-	1 574	8,0 %	2,0 %
010 NZ	65 624	-	-	-	1 050	-	1 050	5,3 %	0,0 %
010 SE	200 293	-	-	-	1 613	-	1 613	8,1 %	2,0 %
010 US	179	-	-	-	14	-	14	0,1 %	0,0 %
020 Total	1 924 218	-	1 435	-	19 775	23	19 798	100,0 %	

30 Dec 2017 (EUR 1,000)		General credit exposures		Securitisation exposure		Own funds requirements		Own funds requirement weights	Countercyclical capital buffer rate	
		Exposure value for SA	Exposure value IRB	Exposure value for SA	Exposure value IRB	Of which: General credit exposures	Of which: Securitisation exposure			
Breakdown by country								Total		
Row		010	020	050	060	070	090	100	110	120
010	Other Countries	1 630	-	-	-	7	-	7	0,0 %	0,0 %
010	AE	-	-	-	-	-	-	-	0,0 %	0,0 %
010	AT	627	-	-	-	-	-	-	0,0 %	0,0 %
010	AU	116 950	-	-	-	1 871	-	1 871	9,4 %	0,0 %
010	BE	76 101	-	-	-	602	-	602	3,0 %	0,0 %
010	CA	248 067	-	-	-	3 935	-	3 935	19,7 %	0,0 %
010	CH	24 626	-	-	-	395	-	395	2,0 %	0,0 %
010	DE	7 932	-	-	-	58	-	58	0,3 %	0,0 %
010	DK	94 748	-	-	-	759	-	759	3,8 %	0,0 %
010	ES	-	-	1 607	-	-	26	26	0,1 %	0,0 %
010	FI	434 393	-	-	-	3 395	-	3 395	17,0 %	0,0 %
010	FR	198 964	-	-	-	1 614	-	1 614	8,1 %	0,0 %
010	GB	219 524	-	-	-	1 852	-	1 852	9,3 %	0,0 %
010	IT	-	-	-	-	-	-	-	0,0 %	0,0 %
010	JP	372	-	-	-	8	-	8	0,0 %	0,0 %
010	KR	709	-	-	-	6	-	6	0,0 %	0,0 %
010	LU	9 635	-	-	-	103	-	103	0,5 %	0,0 %
010	NL	117 315	-	4 871	-	942	78	1 020	5,1 %	0,0 %
010	NO	215 256	-	-	-	1 722	-	1 722	8,6 %	2,0 %
010	NZ	58 486	-	-	-	937	-	937	4,7 %	0,0 %
010	SE	203 121	-	-	-	1 648	-	1 648	8,2 %	2,0 %
010	SG	-	-	-	-	-	-	-	0,0 %	0,0 %
010	US	289	-	-	-	23	-	23	0,1 %	0,0 %
020	Total	2 028 746	-	6 478	-	19 876	104	19 980	100,0 %	

Table 3.3
Amount of institution-specific countercyclical capital buffer

30 Jun 2018		Column
Row		010
010	Total risk exposure amount	1 664 489
020	Institution-specific countercyclical buffer rate	0,36 %
030	Institution-specific countercyclical buffer requirement	6 068

31 Dec 2017		Column
Row		010
010	Total risk exposure amount	1 783 501
020	Institution-specific countercyclical buffer rate	0,34 %
030	Institution-specific countercyclical buffer requirement	6 017

Section 4. Credit risk and general information on credit risk mitigation

Table 4.1

EU CR1-A Credit quality of exposures by exposure class and instrument

		a	b	c	g
		Gross carrying values of			
30 Jun 2018 (EUR 1,000)		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Net values
16	Central governments or central banks	-	4 387 757	-	4 387 757
17	Regional governments or local authorities	-	11 097 770	34	11 097 736
18	Public sector entities	-	292 593	-	292 593
19	Multilateral development banks	-	222 577	-	222 577
20	International organisations	-	73 590	-	73 590
21	Institutions	-	3 038 684	612	3 038 073
22	Corporates	-	5 329 249	110	5 329 138
26	Secured by mortgages on immovable property	-	9 326 304	10	9 326 295
28	Exposures in default	1 801	-	1 801	0
30	Covered bonds	-	1 901 730	-	1 901 730
32	Collective investments undertakings	-	9 576	-	9 576
34	Other exposures	-	12 912	-	12 912
35	Total standardised approach	1 801	35 692 743	2 567	35 691 977
36	Total	1 801	35 692 743	2 567	35 691 977
37	Of which: Loans	-	27 279 478	704	27 278 773
38	Of which: Debt securities	-	6 223 776	2	6 223 775
39	Of which: Off-balance sheet exposures	-	2 557 759	8	2 557 751

		a	b	c	g
		Gross carrying values of			
31 De 2017 (EUR 1,000)		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Net values
16	Central governments or central banks	-	4 004 347	-	4 004 347
17	Regional governments or local authorities	-	10 612 433	-	10 612 433
18	Public sector entities	-	281 233	-	281 233
19	Multilateral development banks	-	232 631	-	232 631
20	International organisations	-	73 917	-	73 917
21	Institutions	-	3 413 037	-	3 413 037
22	Corporates	-	5 361 025	-	5 361 025
26	Secured by mortgages on immovable property	-	8 856 287	-	8 856 287
28	Exposures in default	1 816	-	1 366	450
30	Covered bonds	-	1 938 881	-	1 938 881
32	Collective investments undertakings	-	9 635	-	9 635
34	Other exposures	-	79 780	-	79 780
35	Total standardised approach	1 816	34 863 207	1 366	34 863 657
36	Total	1 816	34 863 207	1 366	34 863 657
37	Of which: Loans	1 816	26 338 111	1 366	26 338 111
38	Of which: Debt securities	-	6 519 543	-	6 519 543
39	Of which: Off-balance sheet exposures	-	2 270 346	-	2 270 346

At the end of 2017 the accrued interests were included in Other exposures. From 30th June onwards, they have been included in the carrying amount and allocated in relevant exposure groups.

Table 4.2
EU CR1-B Credit quality of exposures by industry or counterparty types

30 Jun 2018 (EUR 1,000)	a	b	c	g
	Gross carrying values of			Net values
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	
4 Electricity, gas, steam and air conditioning supply	-	471 714	1	471 713
5 Water supply	-	426 824	1	426 822
6 Construction	-	212 184	0	212 183
8 Transport and storage	-	308 136	1	308 135
XX Financial and insurance activities	-	9 113 747	612	9 113 136
11 Real estate activities	-	12 586 750	78	12 586 673
14 Public administration and defence, compulsory social security	-	10 783 098	33	10 783 065
16 Human health services and social work activities	1 801	1 205 102	1 804	1 205 099
18 Other services	-	585 188	36	585 152
19 Total	1 801	35 692 743	2 567	35 691 977

31 De 2017 (EUR 1,000)	a	b	c	g
	Gross carrying values of			Net values
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	
4 Electricity, gas, steam and air conditioning supply	-	486 722	-	486 722
5 Water supply	-	409 607	-	409 607
6 Construction	-	217 354	-	217 354
8 Transport and storage	-	306 978	-	306 978
XX Financial and insurance activities	-	9 095 894	-	9 095 894
11 Real estate activities	-	12 227 547	-	12 227 547
14 Public administration and defence, compulsory social security	-	10 360 855	-	10 360 855
16 Human health services and social work activities	1 816	1 223 639	1 366	1 224 089
18 Other services	-	534 611	-	534 611
19 Total	1 816	34 863 207	1 366	34 863 657

Table 4.3
EU CR1-C Credit quality of exposures by geography

		a	b	c	g
		Gross carrying values of			
30 Jun 2018 (EUR 1,000)		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Net values
1	Finland	1 801	30 587 237	2 567	30 586 471
2	Other Nordic countries	-	900 391	-	900 391
3	Other EU countries	-	2 578 216	-	2 578 216
4	Other countries	-	1 626 899	-	1 626 899
5	Total	1 801	35 692 743	2 567	35 691 977

		a	b	c	g
		Gross carrying values of			
31 Dec 2017 (EUR 1,000)		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Net values
1	Finland	1 816	29 218 815	1 366	29 220 631
2	Other Nordic countries	-	1 045 574	-	1 045 574
3	Other EU countries	-	2 868 912	-	2 868 912
4	Other countries	-	1 728 539	-	1 728 539
5	Total	1 816	34 861 841	1 366	34 863 657

The net value of Other EU countries has decreased due to change in CCR calculation and treatment of posted collateral.

Table 4.4
EU CR1-D Ageing of past-due exposures

		a
30 Jun 2018 (EUR 1,000)		Gross carrying values
		<= 30 days
1	Loans	112
2	Debt securities	-
3	Total exposures	112

		a
31 Dec 2017 (EUR 1,000)		Gross carrying values
		<= 30 days
1	Loans	12 457
2	Debt securities	-
3	Total exposures	12 457

At the end of the reporting period all the loans were less than 3 days past due. The number of past-due loans is very small and large carrying amounts of individual loans explain the change between the periods.

Table 4.5
EU CR1-E Non-performing and forborne exposures

		a	b	c	d	e	f	g	l
		Gross carrying values of performing and non-performing exposures							
		Of which non-performing							Collaterals and financial guarantees received
		Of which performing but past due > 30 days and <= 90 days		Of which performing forborne		Of which defaulted	Of which impaired	Of which forborne	On non-performing exposures
30 Jun 2018 (EUR 1,000)									
010	Debt securities	6 223 776	-	-	-	-	-	-	-
020	Loans and advances	27 279 478	-	55 724	-	-	-	-	-
030	Off-balance sheet exposures	2 557 759	-	-	-	-	-	-	-

		a	b	c	d	e	f	g	l
		Gross carrying values of performing and non-performing exposures							
		Of which non-performing							Collaterals and financial guarantees received
		Of which performing but past due > 30 days and <= 90 days		Of which performing forborne		Of which defaulted	Of which impaired	Of which forborne	On non-performing exposures
31 Dec 2017 (EUR 1,000)									
010	Debt securities	6 519 543	-	-	-	-	-	-	-
020	Loans and advances	26 338 111	-	48 548	1 816	1 816	1 366	1 816	1 816
030	Off-balance sheet exposures	2 270 346	-	-	-	-	-	-	-

Table 4.6
EU CR2-A Changes in the stock of general and specific credit risk adjustments

30 Jun 2018 (EUR 1,000)	a	b
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1 Opening balance	1 366	-
2 Increases due to amounts set aside for estimated loan losses during the period	1 201	-
9 Closing balance	2 567	-
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	0	-

31 Dec 2017 (EUR 1,000)	a	b
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1 Opening balance	-	-
2 Increases due to amounts set aside for estimated loan losses during the period	1 366	-
9 Closing balance	1 366	-
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	0	-

Table 4.7
EU CR2-B Changes in the stock of defaulted and impaired loans and debt securities

30 Jun 2018 (EUR 1,000)	a
	Gross carrying value of defaulted exposures
1 Opening balance	1 816
2 Loans and debt securities that have defaulted or impaired since the last reporting period	-
4 Amounts written off	-
5 Other changes	-15
6 Closing balance	1 801

31 Dec 2017 (EUR 1,000)	a
	Gross carrying value of defaulted exposures
1 Opening balance	-
2 Loans and debt securities that have defaulted or impaired since the last reporting period	1 816
6 Closing balance	1 816

Table 4.8
EU CR3 CRM techniques – Overview

30 Jun 2018 (EUR 1,000)		a	b	d
		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by financial guarantees
1	Total loans	12 430 764	14 848 714	14 848 714
2	Total debt securities	5 751 713	1 145 240	1 145 240
3	Total exposures	18 182 477	15 993 954	15 993 954
4	Of which defaulted	-	-	-

31 Dec 2017 (EUR 1,000)		a	b	d
		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by financial guarantees
1	Total loans	11 931 226	14 406 885	14 406 885
2	Total debt securities	5 990 740	1 210 698	1 210 698
3	Total exposures	17 921 966	15 617 583	15 617 583
4	Of which defaulted	-	450	450

MuniFin uses only guarantees for credit risk mitigation.

Section 5. Credit risk and credit risk mitigation in the standardised approach

Table 5.1
EU CR4 Standardised approach – Credit risk exposure and CRM effects

30 Jun 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	4 387 757	-	13 136 350	339 798	-	-	-	-	-	0 %	-	-
2	Regional governments or local authorities	9 989 155	1 108 616	15 207 757	857 477	4 272	-	-	-	-	0 %	-	-
3	Public sector entities	292 593	-	676 893	-	64 580	-	-	-	-	10 %	-	-
4	Multilateral development banks	222 577	-	222 577	-	11 909	-	-	-	-	5 %	-	-
5	International organisations	73 590	-	73 590	-	-	-	-	-	-	0 %	-	-
6	Institutions	3 038 684	-	1 892 832	-	676 570	-	-	-	-	36 %	-	-
7	Corporates	5 038 348	290 901	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	8 168 062	1 158 243	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	1 801	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	1 901 730	-	1 901 730	-	240 526	-	-	-	-	13 %	-	-
14	Collective investments undertakings	9 576	-	9 576	-	1 194	-	-	-	-	12 %	-	-
16	Other exposures	12 912	-	12 912	-	5 462	-	-	-	-	42 %	-	-
17	Total	33 136 784	2 557 759	33 134 218	1 197 274	1 004 514	-	-	-	-	3 %	-	-

31 Dec 2017 (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	4 004 347	-	12 366 061	112 522	3 780	-	-	-	-	0 %	-	-
2	Regional governments or local authorities	9 738 912	873 521	15 035 089	311 519	4 153	-	-	-	-	0 %	-	-
3	Public sector entities	281 233	-	684 273	-	59 271	-	-	-	-	9 %	-	-
4	Multilateral development banks	232 631	-	232 631	-	11 914	-	-	-	-	5 %	-	-
5	International organisations	73 917	-	73 917	-	0	-	-	-	-	0 %	-	-
6	Institutions	3 413 037	-	2 202 340	0	778 671	-	-	-	-	35 %	-	-
7	Corporates	5 086 565	274 461	0	-	0	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	7 733 922	1 122 364	0	-	0	-	-	-	-	-	-	-
10	Exposures in default	1 816	-	450	-	0	-	-	-	-	0 %	-	-
12	Covered bonds	1 938 881	-	1 938 881	-	238 284	-	-	-	-	12 %	-	-
14	Collective investments undertakings	9 635	-	9 635	-	1 286	-	-	-	-	13 %	-	-
16	Other exposures	79 780	-	79 780	-	8 881	-	-	-	-	11 %	-	-
17	Total	32 594 676	2 270 346	32 593 057	424 041	1 106 240	-	-	-	-	3 %	-	-

Table 5.2
EU CR5 Standardised approach

30 Jun 2018 (EUR 1,000)	Risk weight							Total	Of which unrated
	0 %	2 %	10 %	20 %	50 %	100 %	Others		
1 Central governments or central banks	13 476 148	-	-	-	-	-	-	13 476 148	-
2 Regional governments or local authorities	16 043 873	-	-	21 360	-	-	-	16 065 233	15 425 395
3 Public sector entities	384 300	-	-	272 389	20 204	-	-	676 893	-
4 Multilateral development banks	163 031	-	-	59 545	-	-	-	222 577	-
5 International organisations	73 590	-	-	-	-	-	-	73 590	-
6 Institutions	-	157 261	-	647 868	1 087 703	-	-	1 892 832	18 840
7 Corporates	-	-	-	-	-	-	-	-	-
9 Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
10 Exposures in default	-	-	-	-	-	-	-	-	-
12 Covered bonds	-	-	1 398 199	503 532	-	-	-	1 901 730	-
14 Collective investments undertakings	-	-	-	-	-	-	9 576	9 576	-
16 Other exposures	7 450	-	-	-	-	5 462	-	12 912	5 462
17 Total	30 148 393	157 261	1 398 199	1 504 694	1 107 907	5 462	9 576	34 331 492	15 449 657

31 Dec 2017 (EUR 1,000)	Risk weight							Total	Of which unrated
	0 %	2 %	10 %	20 %	50 %	100 %	Others		
Exposure classes									
1 Central governments or central banks	12 429 937	-	-	18 899	-	-	-	12 448 583	-
2 Regional governments or local authorities	15 325 843	-	-	20 765	-	-	-	15 346 608	14 691 584
3 Public sector entities	403 040	-	-	271 152	10 082	-	-	684 273	-
4 Multilateral development banks	173 061	-	-	59 571	-	-	-	232 631	-
5 International organisations	73 917	-	-	-	-	-	-	73 917	-
6 Institutions	-	146 546	-	840 522	1 215 271	-	-	2 202 340	15 670
7 Corporates	-	-	-	-	-	-	-	-	-
9 Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
10 Exposures in default	450	-	-	-	-	-	-	704	-
12 Covered bonds	-	-	1 494 922	443 959	-	-	-	1 938 881	-
14 Collective investments undertakings	-	-	-	-	-	-	9 635	9 635	-
16 Other exposures	57 285	1	9 612	5 417	1 257	6 208	-	79 780	6 208
17 Total	28 463 533	146 547	1 504 534	1 660 285	1 226 610	6 208	9 635	33 017 352	14 713 462

Section 6 Counterparty credit risk

Table 6.1
EU CCR1 Analysis of CCR exposure by approach

	a	b	c	d	e	f	g
30 Jun 2018 (EUR 1,000)	Notional	Replacement cost / current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1 Mark to market		136 556	536 621			288 877	41 042
2 Original exposure	-					-	-
3 Standardised approach		-				-	-
4 IMM (for derivatives and SFTs)				-	-	-	-
5 Of which securities financing transactions				-	-	-	-
6 Of which derivatives and long settlement transactions				-	-	-	-
7 Of which from contractual crossproduct netting				-	-	-	-
8 Financial collateral simple method (for SFTs)						-	-
9 Financial collateral comprehensive method (for SFTs)						-	-
10 VaR for SFTs						-	-
11 Total							41 042

	a	b	c	d	e	f	g
31 Dec 2017 (EUR 1,000)	Notional	Replacement cost / current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1 Mark to market		148 584	533 311			278 855	39 478
2 Original exposure	-					-	-
3 Standardised approach		-				-	-
4 IMM (for derivatives and SFTs)				-	-	-	-
5 Of which securities financing transactions				-	-	-	-
6 Of which derivatives and long settlement transactions				-	-	-	-
7 Of which from contractual crossproduct netting				-	-	-	-
8 Financial collateral simple method (for SFTs)						-	-
9 Financial collateral comprehensive method (for SFTs)						-	-
10 VaR for SFTs						-	-
11 Total							39 478

Table 6.2
EU CCR2 CVA capital charge

30 Jun 2018 (EUR 1,000)		a	b
		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3x multiplier)		-
3	(ii) SVaR component (including the 3x multiplier)		-
4	All portfolios subject to the standardised method	464 171	276 640
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	464 171	276 640

31 Dec 2017 (EUR 1,000)		a	b
		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3x multiplier)		-
3	(ii) SVaR component (including the 3x multiplier)		-
4	All portfolios subject to the standardised method	572 353	341 179
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	572 353	341 179

Guarantees granted by the Municipal Guarantee Board for certain derivative counterparties are not taken into account in credit valuation adjustment risk from December 2017 onwards. This has resulted in increased exposure for credit valuation adjustments. In addition MuniFin amended the formula for calculating credit valuation adjustment risk.

Table 6.3
EU CCR8 Exposures to CCPs

30 Jun 2018 (EUR 1,000)		a	b
		EAD post CRM	RWAs
1	Exposures to QCCPs (total)		1 106
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	55 318	1 106
3	(i) OTC derivatives	55 318	1 106
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	102 000	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Alternative calculation of own funds requirements for exposures		-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-
31 Dec 2017 (EUR 1,000)		a	b
		EAD post CRM	RWAs
1	Exposures to QCCPs (total)		831
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	41 546	831
3	(i) OTC derivatives	41 546	831
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	105 000	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Alternative calculation of own funds requirements for exposures		-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Table 6.4
EU CCR3 Standardised approach – CCR exposures by regulatory portfolio and risk

30 Jun 2018 (EUR 1,000) Exposure classes	Risk weight				Total	Of which unrated
	0 %	2 %	20 %	50 %		
1 Central governments or central banks	-	-	-	-	-	-
2 Regional governments or local authorities	153 687	-	-	-	153 687	153 687
6 Institutions	-	55 318	162 470	301 701	519 490	-
11 Total	153 687	55 318	162 470	301 701	673 177	153 687

31 Dec 2017 (EUR 1,000) Exposure classes	Risk weight				Total	Of which unrated
	0 %	2 %	20 %	50 %		
1 Central governments or central banks	-	-	-	-	-	-
2 Regional governments or local authorities	160 014	-	-	-	160 014	160 014
6 Institutions	-	41 546	149 246	331 089	521 880	-
11 Total	160 014	41 546	149 246	331 089	681 895	160 014

Table 6.5
EU-CCR5-A Impact of netting and collateral held on exposure values

30 Jun 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	911 463	774 907	136 556	43 442	136 556
2 SFTs	-	-	-	-	-
3 Cross-product netting	-	-	-	-	-
4 Total	911 463	774 907	136 556	43 442	136 556

31 Dec 2017 (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	814 232	665 648	148 584	29 979	148 584
2 SFTs	-	-	-	-	-
3 Cross-product netting	-	-	-	-	-
4 Total	814 232	665 648	148 584	29 979	148 584

Collateral held (d) is the collateral surplus received that has not been taken into account in the netting benefits (b).

Table 6.6
EU CCR5-B Composition of collateral for exposures to CCR

30 Jun 2018 (EUR 1,000)	a		b		c		d	
	Collateral used in derivative transactions							
	Fair value of collateral received				Fair value of posted collateral			
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Unsegregated	
Cash	-	813 380			102 000		1 419 292	
Total	-	813 380			102 000		1 419 292	

31 Dec 2017 (EUR 1,000)	a		b		c		d	
	Collateral used in derivative transactions							
	Fair value of collateral received				Fair value of posted collateral			
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Unsegregated	
Cash	-	699 780			105 000		1 270 375	
Total	-	699 780			105 000		1 270 375	

Section 7 Market risk

Table 7.1
EU MR1 Market risk under the standardised approach

30 Jun 2018 (EUR 1,000)	a	b
	RWAs	Capital requirements
Outright products		
1 Interest rate risk (general and specific)	-	-
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	-	-
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation (specific risk)	-	-
9 Total	-	-

31 Dec 2017 (EUR 1,000)	a	b
	RWAs	Capital requirements
Outright products		
1 Interest rate risk (general and specific)	-	-
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	-	-
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation (specific risk)	-	-
9 Total	-	-

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.

At the end of December 2017 and June 2018 there was no capital requirement for foreign exchange risk since the position was less than 2 percent of the own funds (CRR 575/2013 art. 351).

MuniFin does not have a trading book.

Section 8 Leverage ratio

Table 8.1

LRSum Summary reconciliation of accounting assets and leverage ratio exposures

		30 Jun 2018	31 Dec 2017
	(EUR 1,000)	Applicable Amount	Applicable Amount
1	Total assets as per published financial statements	35 520 542	34 738 139
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-	-
	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-	-
3		-	-
4	Adjustments for derivative financial instruments	-2 357 310	-2 133 649
5	Adjustment for securities financing transactions (SFTs)	-	-
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1 213 596	1 075 117
	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-	-
EU-6a		-	-
	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-	-
EU-6b		-	-
7	Other adjustments	-12 756	-10 196
8	Leverage ratio total exposure measure	34 364 072	33 669 410

Table 8.2
LRCom Leverage ratio common disclosure

		30 Jun 2018	31 Dec 2017
	(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)	32 360 475	31 812 893
2	(Asset amounts deducted in determining Tier 1 capital)	-	-
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	32 360 475	31 812 893
	Derivative exposures	-	-
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	136 556	147 268
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	653 446	634 131
EU-5a	Exposure determined under Original Exposure Method	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivatives exposures (sum of lines 4 to 10)	790 001	781 400
	SFT exposures	-	-
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk exposure for SFT assets	-	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-	-
15	Agent transaction exposures	-	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-	-
	Other off-balance sheet exposures	-	-
17	Off-balance sheet exposures at gross notional amount	2 557 759	2 270 346
18	(Adjustments for conversion to credit equivalent amounts)	-1 344 164	-1 195 229
19	Other off-balance sheet exposures (sum of lines 17 and 18)	1 213 596	1 075 117
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	-	-
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
	Capital and total exposure measure	-	-
20	Tier 1 capital	1 363 017	1 292 973
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	34 364 072	33 669 410
	Leverage ratio	-	-
22	Leverage ratio	3,97 %	3,84 %
	Choice on transitional arrangements and amount of derecognised fiduciary items	-	-
EU-23	Choice on transitional arrangements for the definition of the capital measure	-	-
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-	-

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

(EUR 1,000)		30 Jun 2018	31 Dec 2017
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	32 360 475	31 812 893
EU-2	Trading book exposures	-	-
EU-3	Banking book exposures, of which:	32 360 475	31 812 893
EU-4	Covered bonds	1 901 730	1 938 881
EU-5	Exposures treated as sovereigns	13 136 350	12 336 314
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	15 642 829	15 462 856
EU-7	Institutions	1 665 219	1 988 135
EU-8	Secured by mortgages of immovable properties	0	0
EU-9	Retail exposures	-	-
EU-10	Corporate	0	0
EU-11	Exposures in default	0	450
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	14 347	86 257

Table 8.4
LRQua Disclosure on qualitative items

The leverage ratio is part of MuniFin's risk appetite framework and is regularly monitored in Risk Appetite Dashboard and in internal monthly reporting.

The consolidated leverage ratio was 3.97% at the end of the period compared to 3.84% at end of 2017. During the year, the leverage ratio improved mainly by increase in CET1 capital, namely due to continued profit generation.



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