



MuniFin investor presentation

May 2021

MuniFin



Agenda

- » **MuniFin and the set-up of the Finnish public sector**
- » **The Finnish economy and economic outlook**
- » **Funding operations**
- » **Sustainable bonds – Green and social bonds**
- » **Appendices**

MuniFin and the set-up of the Finnish public sector

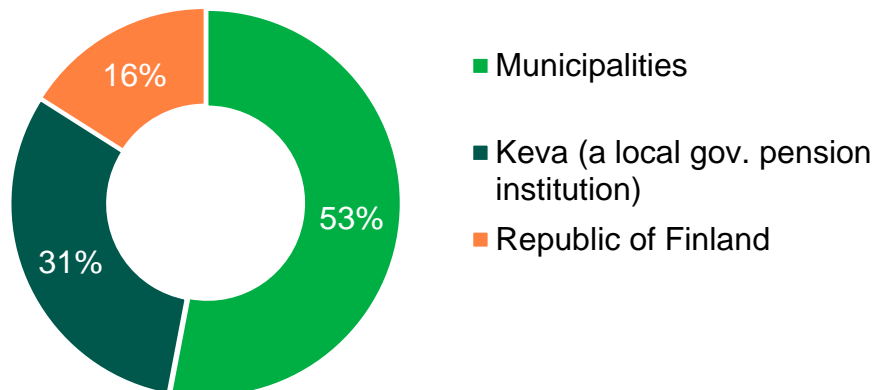


MuniFin in brief

The leading provider of financial services to Finland's municipal sector and non-profit housing production

- Funding explicitly guaranteed by the Municipal Guarantee Board (MGB)
- Ratings are in line with those of the Finnish sovereign
- Credit institution supervised by the ECB
- Credit institution of systemic importance to the Finnish financial system (O-SII)

100% Finnish public sector-owned credit institution




Credit ratings

MOODY'S
Aa1 (Stable)

S&P Global
Ratings
AA+ (Stable)

ESG ratings

ISS ESG 
C+ Prime
Ranking
Finance 11/117

 **SUSTAINALYTICS**
11.8
Ranking
Banks 29/1039

MSCI 
AA
Ranking
n/a

MuniFin is committed to building a better and more sustainable future with its customers



MuniFin's strategy highlights

MuniFin's key principles for responsibility and goals



- 1 We ensure the availability of financing for our customers in all market conditions.
- 2 We secure our strong position in the capital markets with good risk management, a low risk profile and a joint municipal funding system.
- 3 We aim to secure our profitability and operations in the long term, but do not aim to maximise our profit.

- 1 **Responsible products and services**
Goal 2024: Customer satisfaction is at a very good level
- 2 **Forerunner in sustainability**
Goal 2024: Green and social finance account for 20% of the long-term customer financing portfolio
- 3 **Developing wellbeing at work**
Goal 2024: Personnel satisfaction is at a good level
- 4 **Strong corporate governance**
Goal 2024: All ESG risks associated with customers are assessed with a uniform method

Public sector and social housing sector

Finnish public sector is split between central and local government



Comprises the ministries and the national agencies operating in their administrative branches

Services provided:

- Police
- Defence
- Highways
- Universities
- Judicial system
- Statistics and research



Currently 309 municipalities* and joint municipal authorities and municipality-controlled entities

Services provided:

- Education and day care services
- Cultural, youth and library services
- Health and social services**
- Fire and rescue services**
- Urban planning and land use
- Water and energy supply
- Waste management
- Environmental services

Social housing policy is implemented by a national agency and housing is produced by approved non-profit housing corporations



The housing finance and development centre of Finland (ARA) implements social housing policy. It is a governmental agency operating under the supervision of the Ministry of the Environment.

ARA supports social housing sector by providing housing finance in the form of e.g. interest subsidy loans or renovation subsidies.

Interest subsidy loan is granted by a bank or other financial institution. ARA accepts the loan, gives the loan a state guarantee and pays the interest subsidy.

Tenant selection criteria is specified annually by the government. Selection is based on the social appropriateness and financial need.

*293 mainland municipalities ** May be transferred to future regional governments

Finnish municipalities: Strong revenue base and close link to Central Government



By law, a Finnish municipality cannot be declared bankrupt

- Bankruptcy Act (120/2004)



Close link to the central government

- Highly independent and have a parallel status with the Central government confirmed in the constitution dating from 1917
- Large reform in the healthcare sector in process



Strong revenue base

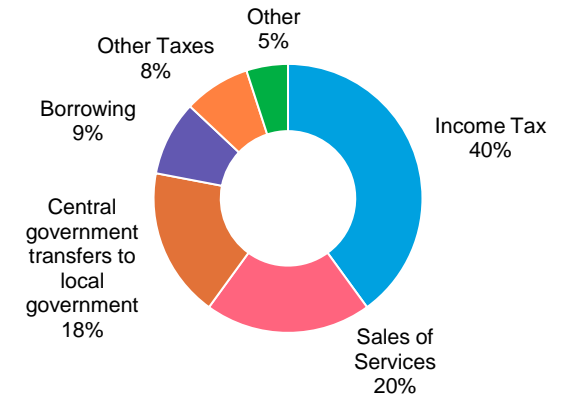
- Municipalities have an unlimited right to levy taxes on their inhabitants (municipal tax rate)
- Other revenues taxation related charges from service production



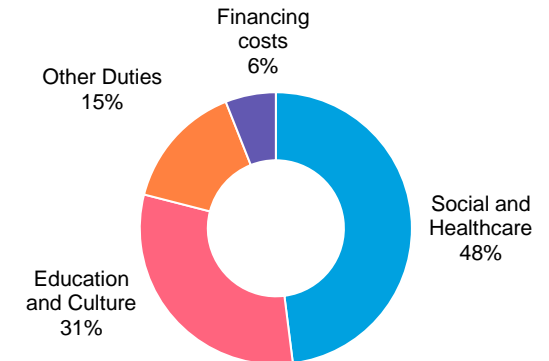
Budget Control

- Ministry of Finance is responsible for monitoring the municipal sector
- By law municipalities have an obligation to balance their finances over a four-year time frame

Revenues (~EUR 47 billion)



Expenditure (~EUR 47 billion)



Municipal Guarantee Board (MGB) provides the explicit guarantee for MuniFin's senior debt



Stable

- Aa1 (Stable)/AA+(Stable) rated
- MGB was established by an act passed by Finland's parliament in 1996 for the purposes of safeguarding and developing the joint funding of municipalities



Strong

- All Finnish mainland municipalities* are members, representing 100% of the taxation power in mainland Finland. Membership is permanent
- Members of the MGB are jointly liable for the explicit guarantee provided by MGB for MuniFin's funding



Immediately enforceable

- MGB can collect from members without a court order
- All debt guaranteed by MGB is BIS 0% risk-weighted in the EU area

Long-term customer financing

MuniFin has a dominant role as a provider of financing and services for its customers

Customers

- Municipalities
- Joint municipal authorities
- Municipality-controlled entities
- Non-profit housing corporations

Long-term customer financing

28.0

EUR, billion

Services

- Loans
- Property leases
- Green and social finance
- Risk management
- Analysis and reporting solutions
- Financial advisory services

Long-term loan portfolio

- Non-profit housing corporations 47%
- Municipalities 35%
- Municipality-controlled entities 13%
- Joint municipal authorities 6%

Guarantee

All customer financing is direct municipal risk or the financing is guaranteed by a municipality or central government (deficiency guarantee)

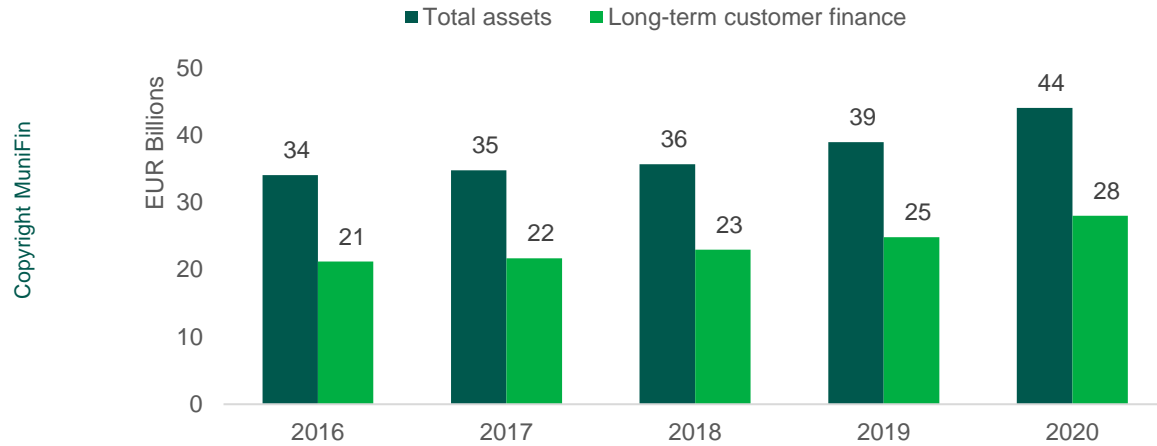
All customer financing carries **0%** risk weighting
a BIS

Goal

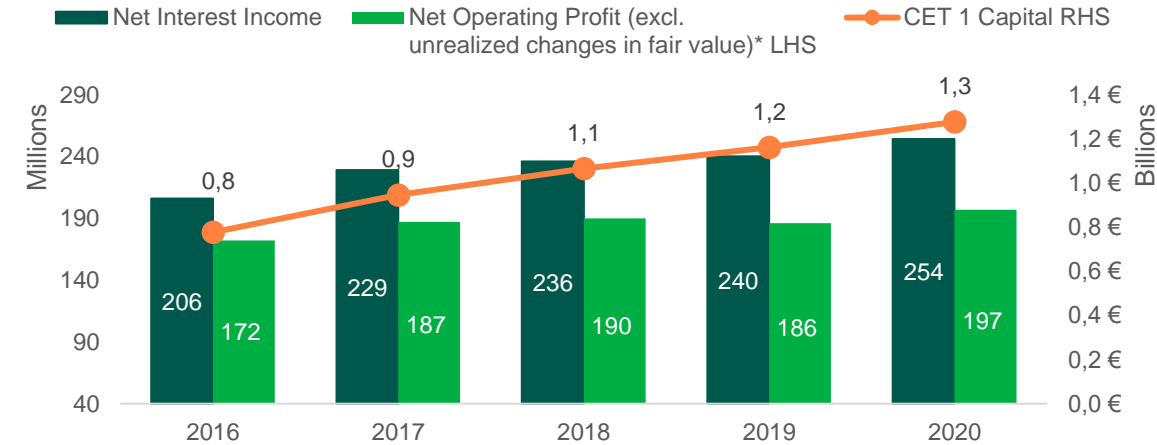
Green and social finance account for 20% of the long-term customer financing portfolio by 2024

Financial performance 2020

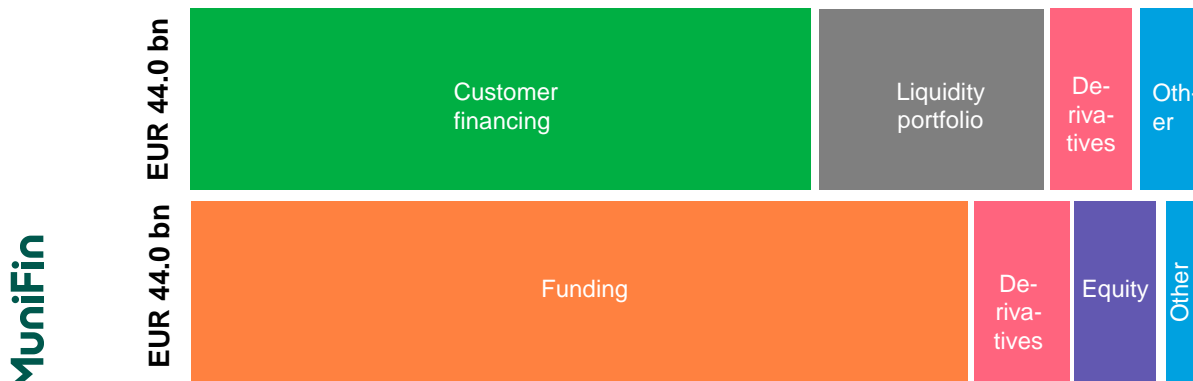
COVID-19 pandemic spurred growth in long-term customer finance



Solid capital adequacy was supported by profitability



Balance sheet totalled to EUR 44 billion



Cost-to-Income Ratio*	0.2	0.2	0.2	0.3	0.2
Return on Equity*	12.5%	12.6%	10.8%	6.8%	9.4%
Leverage Ratio	3.5%	3.8%	4.1%	4.0%	3.9% ¹
CET1 Ratio	46.2% ²	53.0% ²	66.3% ²	83.1% ²	104.3% ²

¹ MuniFin Group's leverage ratio was 13.4% calculated using the CRR II calculation principles, to be enforced in June 2021.






² The CET1 Ratio is a consolidated figure for Municipality Finance Group, not the parent company. The CET1 ratio of the parent company was 107.1% at the end of December 2020 and 85.0% at the end of December 2019.

* Alternative performance measure. More information on alternative performance measures can be found in the Annual Report/Board of Directors Report.

Operations rely on low risk appetite

MuniFin's risk pillars

Objectives and related measures

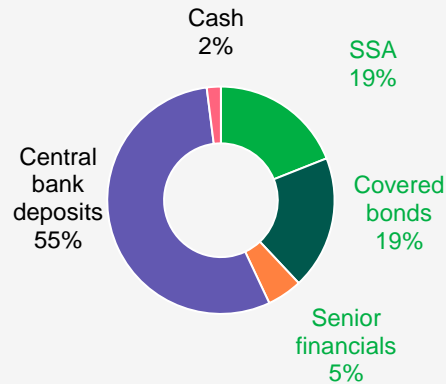
 <p>Profitability & Capital</p>	<p>A sufficient level of earnings, profitability and capital</p>
 <p>Liquidity & Funding risks</p>	<p>An adequate liquidity buffer and a sustainable funding position and profile</p> <ul style="list-style-type: none"> • Well diversified short- and long-term funding sources • Well-balanced, low risk liquidity portfolio with a high ratio of HQLA • Sufficient liquidity to cover continued undisturbed operations without new long-term funding for at least 12 months. Liquidity metrics, LCR and NSFR, to be kept well above regulatory requirements • Secondary source of funding: Monetary policy counterparty of the Bank of Finland
 <p>Credit risks</p>	<p>Sound credit risk profile appropriate for MuniFin's business model</p> <ul style="list-style-type: none"> • All customer financing is direct municipal risk, or the financing is guaranteed by a municipality or central government (deficiency guarantee) • All customer financing carries a 0% risk weighting in capital adequacy calculations • Liquidity portfolio rating target AA (single issuer minimum rating requirement A-) • Derivative counterparty minimum rating requirement A- (with minor exceptions) • 0/0 threshold two-way CSAs with daily collateral management
 <p>Market risks</p>	<p>Sound market risk profile appropriate for MuniFin's business model</p> <ul style="list-style-type: none"> • Funding and liquidity portfolio investments are as a norm back-to-back hedged to floating rate EUR • Customer financing is all in EUR and as a norm hedged to floating rate
 <p>Operational risks</p>	<p>Effective operational control and compliance to support functional and responsible operations</p> <ul style="list-style-type: none"> • Objective is to minimize operational risks related to business and operations by carefully identifying and analyzing the impact and probability of the risks

Strong liquidity position

Liquidity Portfolio

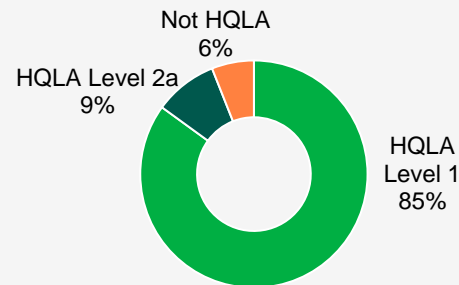
10.0

EUR, billion



Sufficient liquidity to cover continued undisturbed operations for at least 12 months

Secondary source of funding: Monetary policy counterparty of the Bank of Finland



Security investments in the liquidity portfolio

Average rating

AA+

ESG score

4.5%

over sustainability benchmark

The average ESG score of all security investments is monitored against a sustainability benchmark index

Average maturity

2.8 years

Only issuers from OECD countries

Separate sustainable investment portfolio

8%

of security investments

target size linked to the outstanding amount of green and social bonds

The Finnish economy and economic outlook



Highlights of the Finnish economy



5.5 million
People



50 247 US\$
GDP per capita



2.8 % of GDP
Above average gross
domestic spending on R&D



By 2035
Aims to be carbon neutral

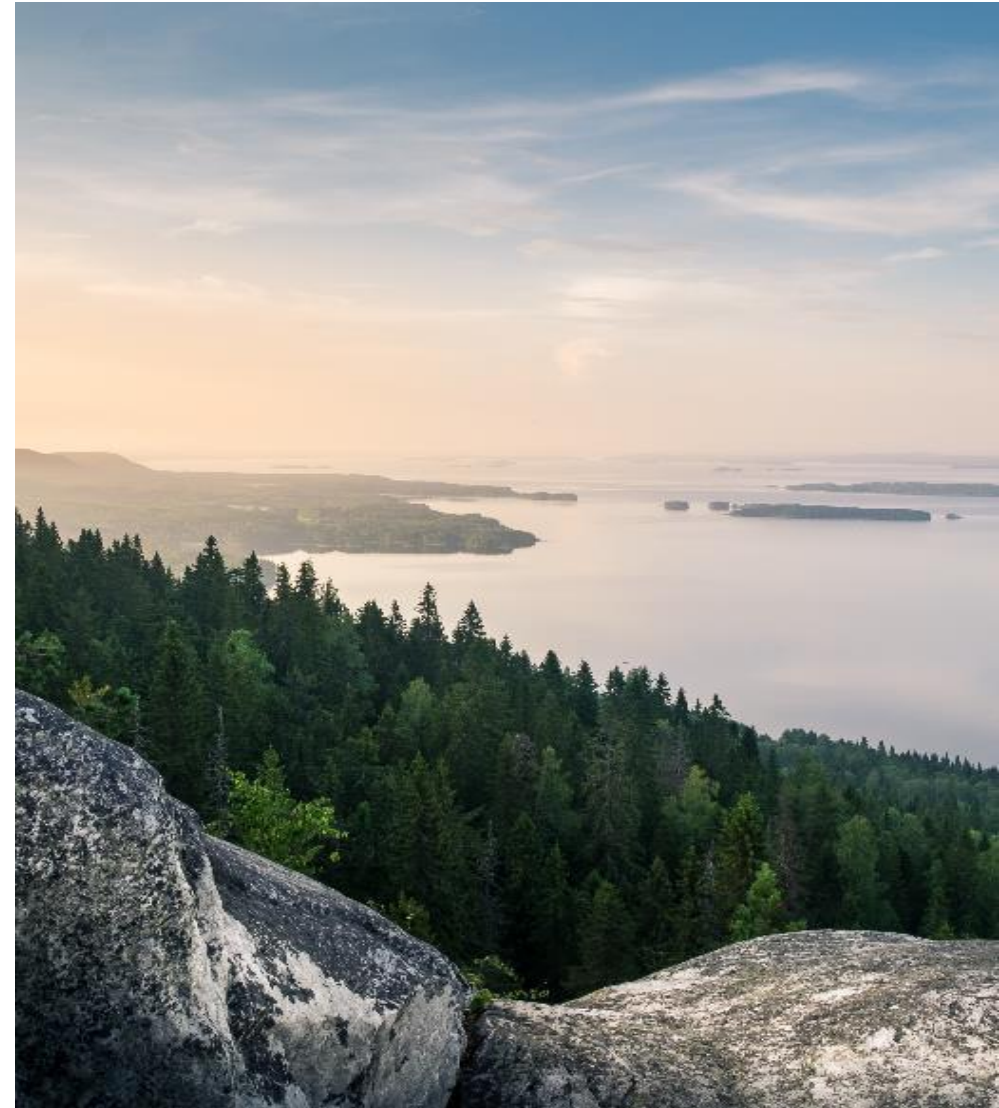


Machinery, Electrical equipment, Paper and Metal products
Largest manufacturing sectors

#1

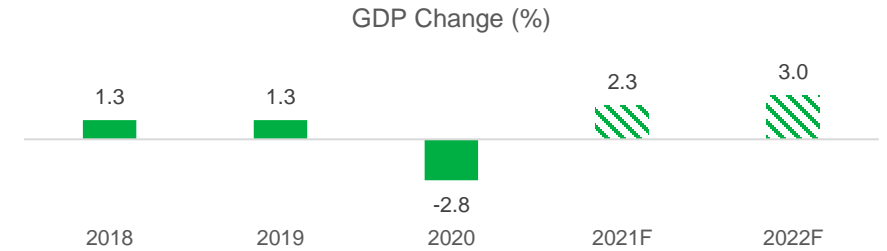


- **Happiest** country in the world four times in a row
- The most **stable** country in the world
- One of the top OECD countries in **education**
- The best **governance** in the world
- EU's best **digital** public services
- The **water** richest country in the world
- The most **forests** in Europe
- Finns drink most **coffee** per person in the world

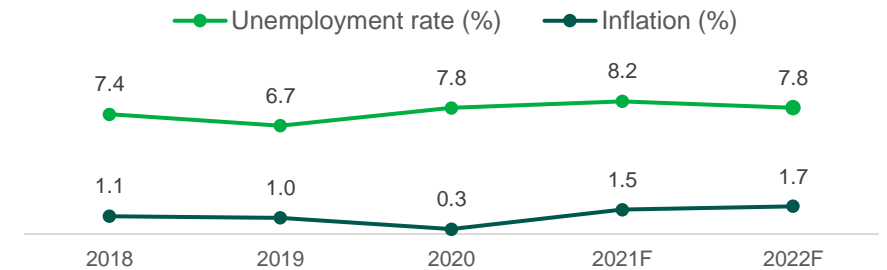


Economic outlook of Finland

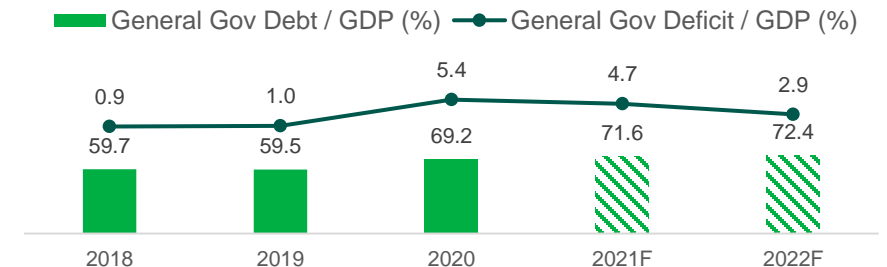
- Due to the Covid-19 outbreak, the Finnish GDP declined by 2.8 % in 2020. Early containment measures, increased public spending and diversified industrial base mitigated the economic impact of the epidemic
- GDP growth will resume this year driven by private consumption and is projected to be 2.3 %
- Unemployment has risen relatively moderately as firms have benefitted from temporary lay-offs to protect their long-term productive capacity
- Comparably low debt/GDP – even after the unavoidable rise in debt due to the Covid-19 crisis



Source: Statistics Finland and MuniFin



Source: Statistics Finland and MuniFin



Source: Statistics Finland and Ministry of Finance

The Finnish Economy

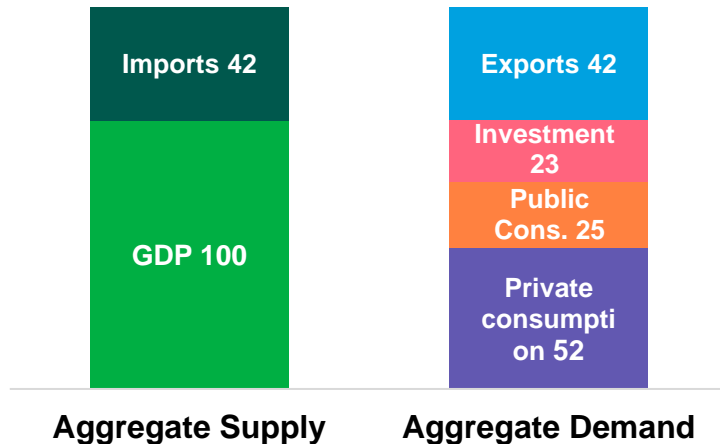
Know-how intensive production base

- Services account for ca. 70 % of GDP

Trade oriented open economy - export-to-GDP ca. 42 %

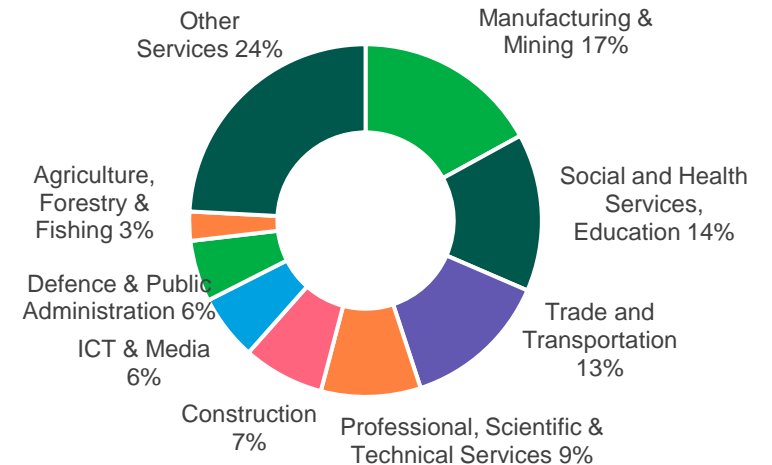
- Exports largely made up of investment goods and intermediate products
- Services' share of total exports doubled since 2007-2008
- Bridge between the East and the West: Over 40 % of exports outside the EU, largest trading partners being Germany, Sweden, USA, Netherlands, China and Russia

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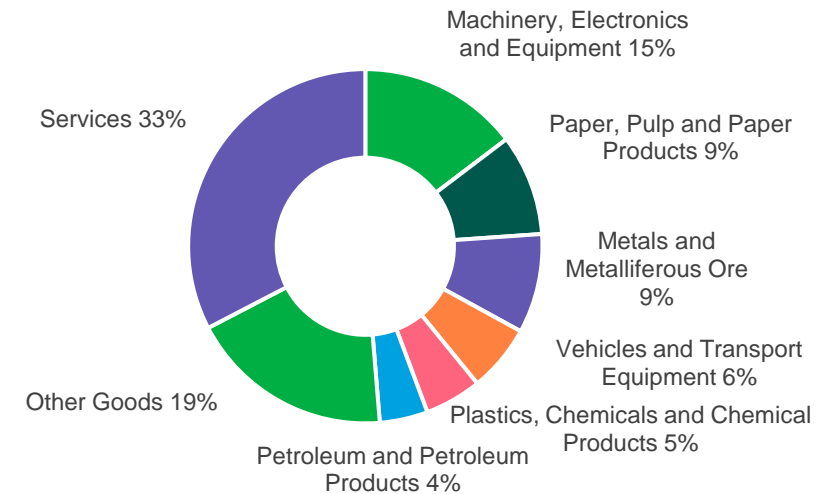
Source: Statistics Finland, MuniFin
Finland Supply and Demand 2020 GDP=100

Finnish GDP by Sector 2019



Source: Statistics Finland, Macrobond, MuniFin

Finnish Exports 2020



Source: Statistics Finland, Finnish Customs, Macrobond, MuniFin

Funding operations



W I N N E R
SSA Structured Notes
Issuer of the Year



W I N N E R
Issuer of the Year



Municipality Finance



Green bond of the Year - Sub-sovereign,
supranational and agency (SSA) and Biggest issuer - Local authority

Funding strategy

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Strategic benchmark markets



Tactical funding markets

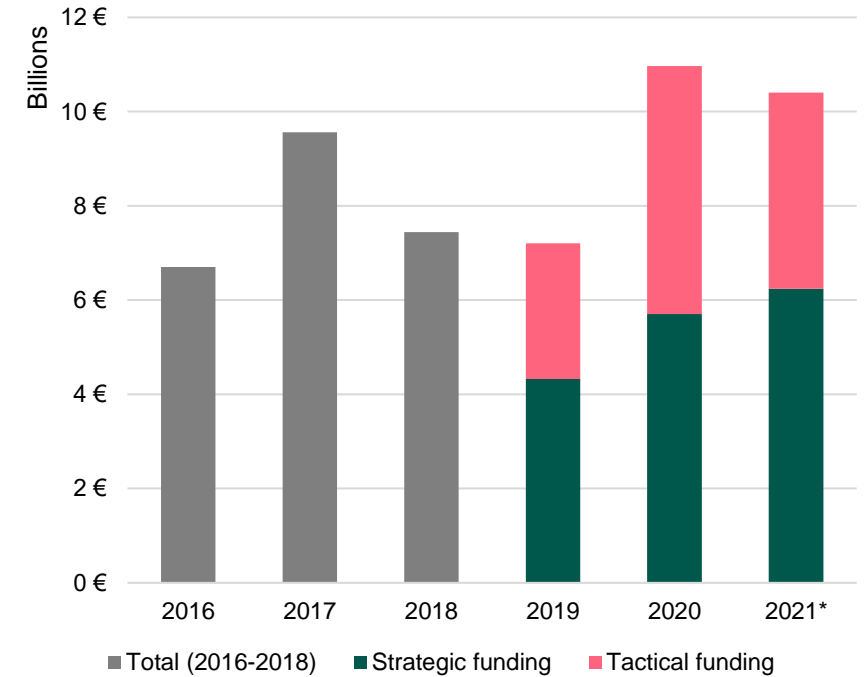


Euro commercial paper



MuniFin

Long-term funding program



BIS 0% risk-weighted

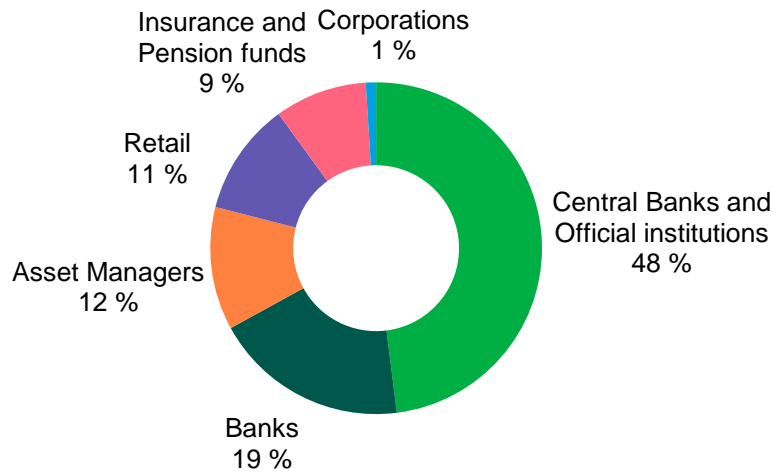
LCR HQLA Level 1 asset in the EU area and Switzerland

* Forecast as of May 2021

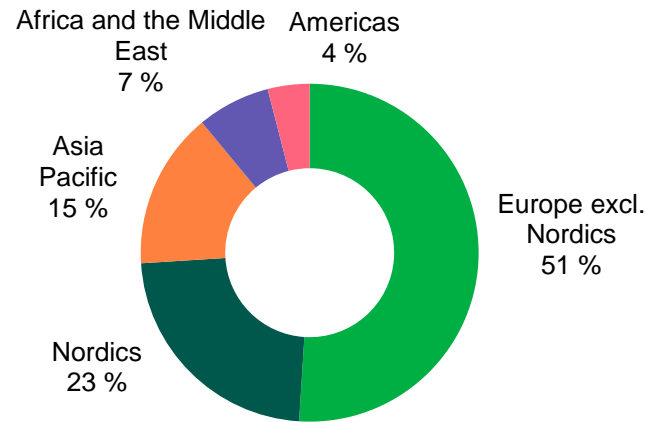
Funding breakdown 2020

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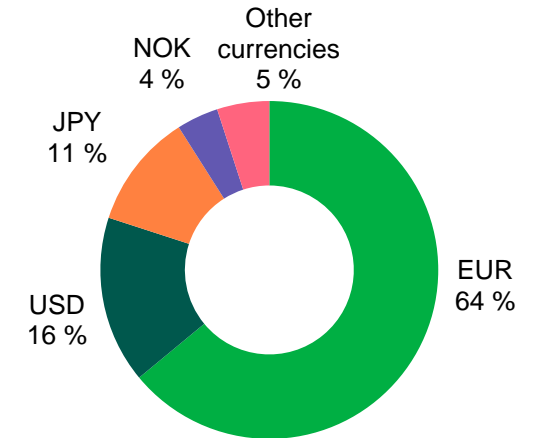
Funding by investor type



Funding by region



Funding by currency



Successful public market strategy

Strategic benchmark markets



EUR FIXED BENCHMARKS 12.6 bn

Oct 2021, Mar 2024, Nov 2024, April 2025, Nov 2026, [Sep 2027¹](#), April 2028, [Sep 2029¹](#), [Oct 2030¹](#), March 2031, Feb 2033, [Sep 2035²](#)



USD FIXED BENCHMARKS 8.25 bn

June 2021, [Sep 2021¹](#), Mar 2022, Sept 2022, Mar 2023, Sep 2023, Nov 2023, Mar 2026

Tactical other public markets



NOK 24.9 bn

Jan 2022, April 2022, Oct 2022, Feb 2023, July 2023, Sept 2023, Sept 2024, Jan 2025, Jan 2026



CHF 1.1 bn

April 2022, Feb 2023, Sept 2024, March 2026, June 2027, March 2030, Aug 2038



GBP 840 m

Dec 2022, Dec 2025



AUD 900 m

Mar 2024, Feb 2026, Jul 2027, Aug 2029

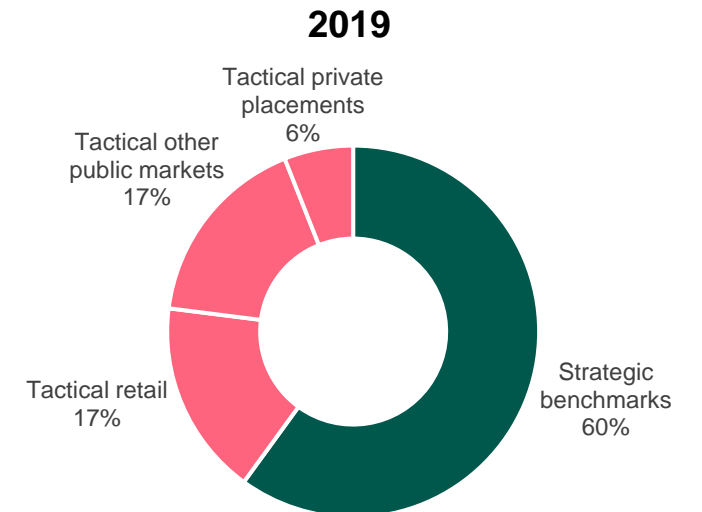
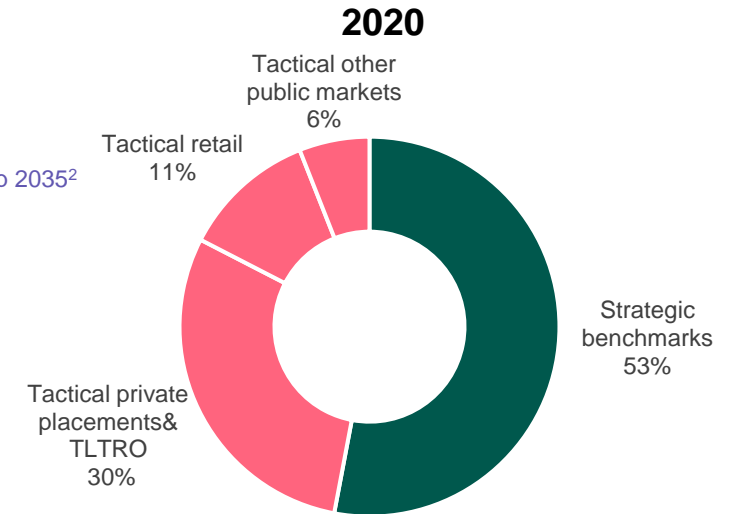


NZD 150 m

June 2023

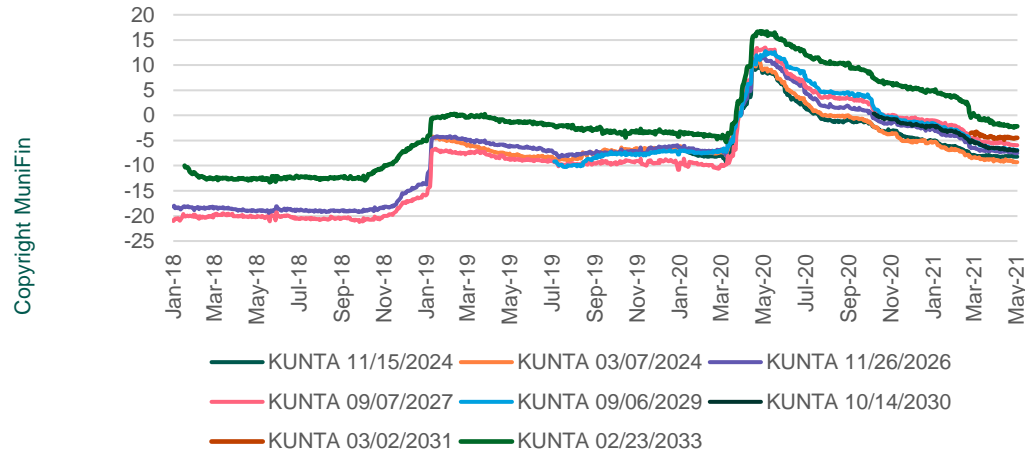
¹ Green bond issuance

² Social bond issuance

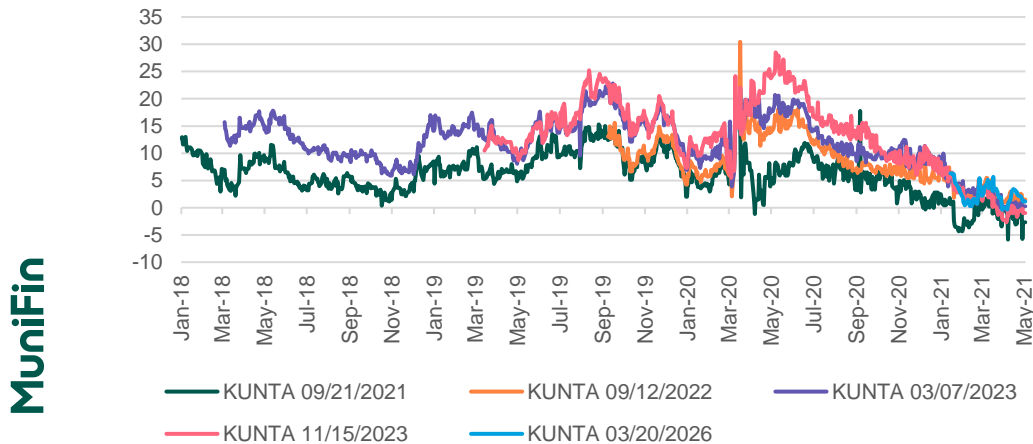


Secondary market of strategic benchmarks

Mid ASW spreads of selected MuniFin EUR Benchmarks



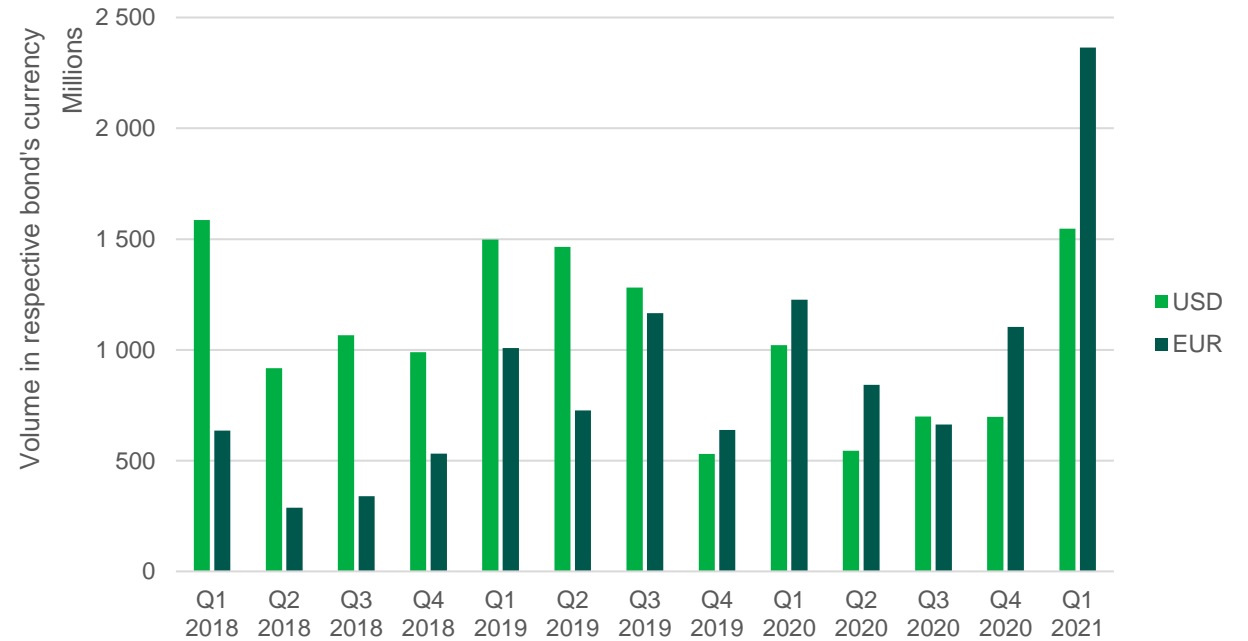
Mid ASW spreads of selected MuniFin USD Benchmarks



Source: Bloomberg 3 May 2021

MuniFin incentivizes dealer banks to maintain good liquidity in its benchmarks in the secondary market

- Secondary market data is collected every quarter from the dealer bank group
- The data is also used to assess each dealer bank's performance



Source: MuniFin 2021. This data is based on quarterly secondary turnover data received from the dealer banks.

Sustainable bonds

Green and social bonds



MuniFin's finance addresses SDG-related challenges in Finland

*"Inclusive and competent Finland – a socially, economically and ecologically sustainable society"*¹



Key challenges

- Per capita energy consumption
- GHG emissions
- Ageing water and sewage networks
- Eutrophication of bodies of water
- Biodiversity
- Recycling of waste
- Regional differences in access to services and transportation
- Increasing inequalities and social exclusion
- Outcomes between socio-economic groups

Finland's goal is
to be carbon
neutral by 2035

MuniFin's sustainable products



- First pure Finnish Green Bond issuer
- 5 Green Bonds issued since 2016
 - Outstanding ~2 billion €
- Green Bonds Framework
 - Prepared in accordance with ICMA GBP
 - Green Evaluation Team
 - Customer margin discount
- Second opinion
 - Cicero and Stockholm Environment Institute: Medium Green
- Annual allocation and impact reporting

CO₂



- First Nordic SSA Social Bond issuer
- Inaugural social bond issued in 2020
 - Outstanding 600 million €
- Social Bonds Framework
 - Prepared in accordance with ICMA SBP
 - Social Evaluation Team
 - Customer margin discount
- Second opinion
 - ISS ESG
- Annual allocation and impact reporting

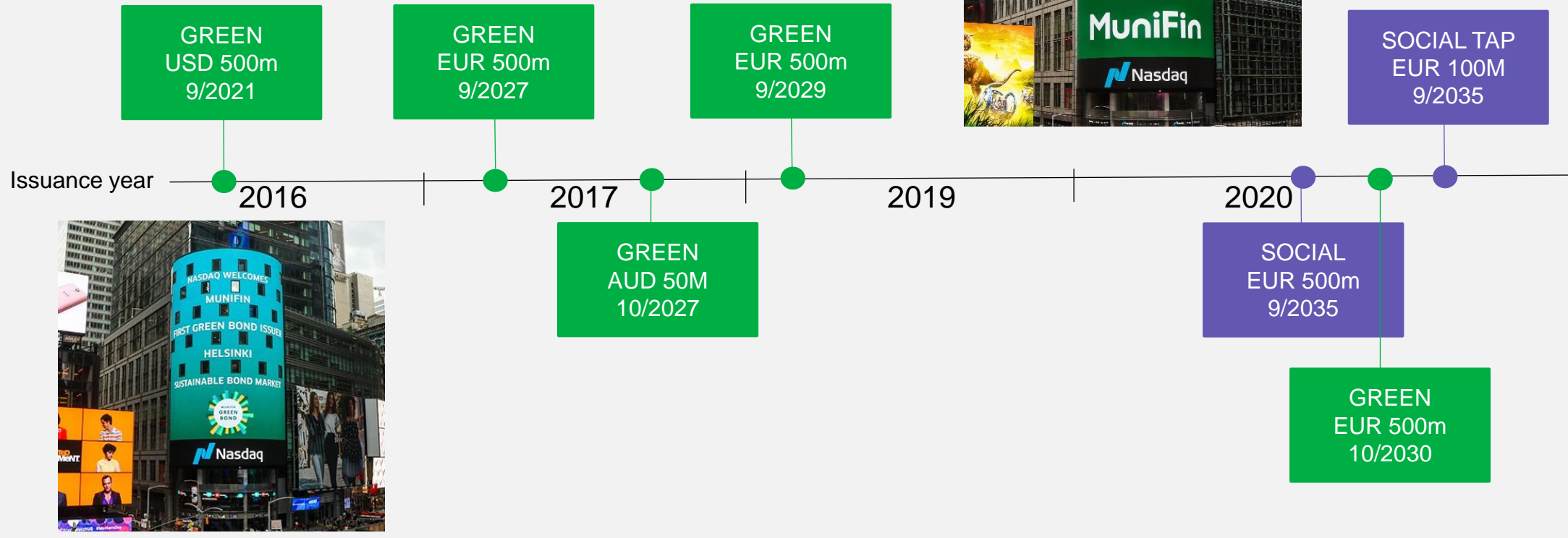


Sustainable bonds

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Outstanding Green bonds
5
 bonds
 ~**2.0**
 EUR, billion

Outstanding Social bonds
1
 bond
600
 EUR, million



MuniFin

Green finance in figures



Average remaining maturity of green projects: **24 years**



Annual energy savings (avoided/reduced):

23,558¹ MWh

Annual CO₂ emissions avoided/reduced:

50,260² tCO₂

Annual production of renewable energy:

17,879 MWh

Renewable energy production capacity:

35 MW

Annual amount of treated wastewater in existing plants immediately after project completion:

19,499,714 m³

Annual amount of treated wastewater with increased capacity in the future:

17,746,667 m³

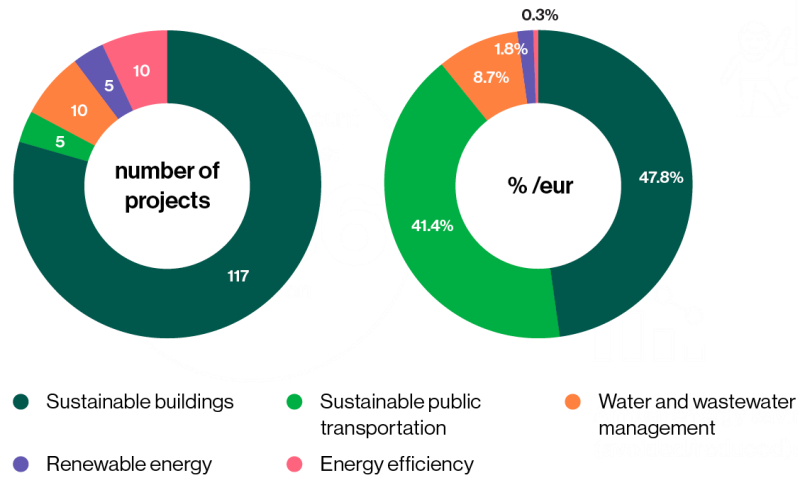
Figures based on the outstanding amount of green finance on 31 December 2020

¹ 23,558 MWh: Equals the annual consumption of about 1,170 electrically heated single-family houses (Source: Motiva)

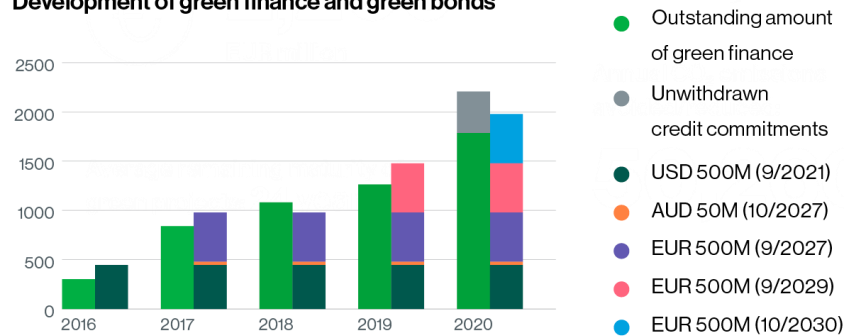
² 50,260 tCO₂: Equals the average annual carbon footprint of about 4,800 Finns (Source: Sitra)

Executive summary of green finance

Green finance project breakdown



Development of green finance and green bonds



Project category	Outstanding amount, EUR million	Annual CO ₂ emissions avoided/reduced, tCO ₂	Impact, tCO ₂ per EUR million
Sustainable buildings	853	4,706	6
Sustainable public transportation	740	6,865	9
Water and wastewater management	156	n/a	n/a
Renewable energy	31	37,512	1,192
Energy efficiency	6	1,176	207
Total	1786	50,260	n/a

Other impact indicators

Annual energy savings (avoided / reduced MWh)	23,558
Annual production of renewable energy (MWh)	17,879
Renewable energy production capacity (MW)	35
Annual amount of treated wastewater in existing plants immediately after project completion (m ³)	19,499,714
Annual amount of treated wastewater with increased capacity in the future (m ³)	17,746,667

Impact attributable to green bond investors

100%

Outstanding amount of green bonds divided by outstanding amount of green finance (in EUR) as of 31 Dec 2020. Capped at 100%

Amount	ISIN	Issue date	Maturity date	Impact
500m EUR	XS2242924491	14 Oct 2020	14 Oct 2030	25,3%
500m EUR	XS2023679843	10 July 2019	6 Sept 2029	25,3%
500m EUR	XS1692485912	3 Oct 2017	7 Sept 2027	25,3%
500m USD	XS1498532271/US62630CAH43	4 Oct 2016	2 Sept 2021	22,5%
50m AUD	XS1706174015	25 Oct 2017	25 Oct 2027	1,7%

Basic information

Green Bond Frameworks applied to the green finance portfolio	Green bonds frameworks as of May 2019, November 2018, August 2017 and February 2016
Reporting period	The reporting is based on the green finance portfolio as at 31 Dec 2020
Report publication date	4 March 2021
Frequency of reporting	Annual
Next reporting planned for	March/April 2022
Reporting approach	Portfolio-based and project-by-project reporting
Reporting framework	Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting (February 2020)

Thank you



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Appendices



Appendix 1

The Finnish healthcare, social services and regional government reform

The former Finnish government proposed changes to legislation concerning Finnish social and healthcare services as well as regional governments. Although the preparations for the implementation of this reform were discontinued in 2019, the current government has continued the preparations.

At this point in time MuniFin is not in a position to evaluate the reform's potential impact on its operations, as there is no finally approved legislation available and the plans related to the reform are under political discussion. While there is no telling how the reform will materialise and what effects it will have on MuniFin or its customers, it is not expected to have any significant effects on MuniFin's operations in 2021.

More information concerning the status of the reform, including the latest published draft proposals for legislation, can be found at: <https://soteuudistus.fi/en/frontpage>.

More information:

<https://www.kuntarahoitus.fi/app/uploads/sites/2/2021/05/Munifin-EMTN-2021-Offering-Circular.pdf>

MuniFin's credit assessment and credit granting process

Annual credit assessment

- MuniFin conducts an annual assessment of the ability of its customers to meet their future obligations.
- The assessment covers both economic and qualitative factors, including indicators of solvency, debt-servicing capacity and profitability. For municipality customers, the municipal evaluation criteria of the Ministry of Finance is taken into account.
- As a result of the annual assessment, MuniFin will have a view of a customer's current risk position.

Credit granting process

- MuniFin's credit granting process is carried out by the account manager, who will estimate whether a customer and a financing request will fulfill requirements of the Act on the Municipal Guarantee Board and MuniFin's credit risk strategy.
- As a part of the credit granting process MuniFin will conduct a credit analysis covering both financial and qualitative factors of the borrower. Factors include for example current, historical and future repayment capacity, purpose of the credit, borrower's funding structure, borrower's position within the sector, the outlook of borrower's industry and risks posed by macro-economic development.
→The final risk assessment and scoring of a customer is the weighted sum of financial and qualitative factors

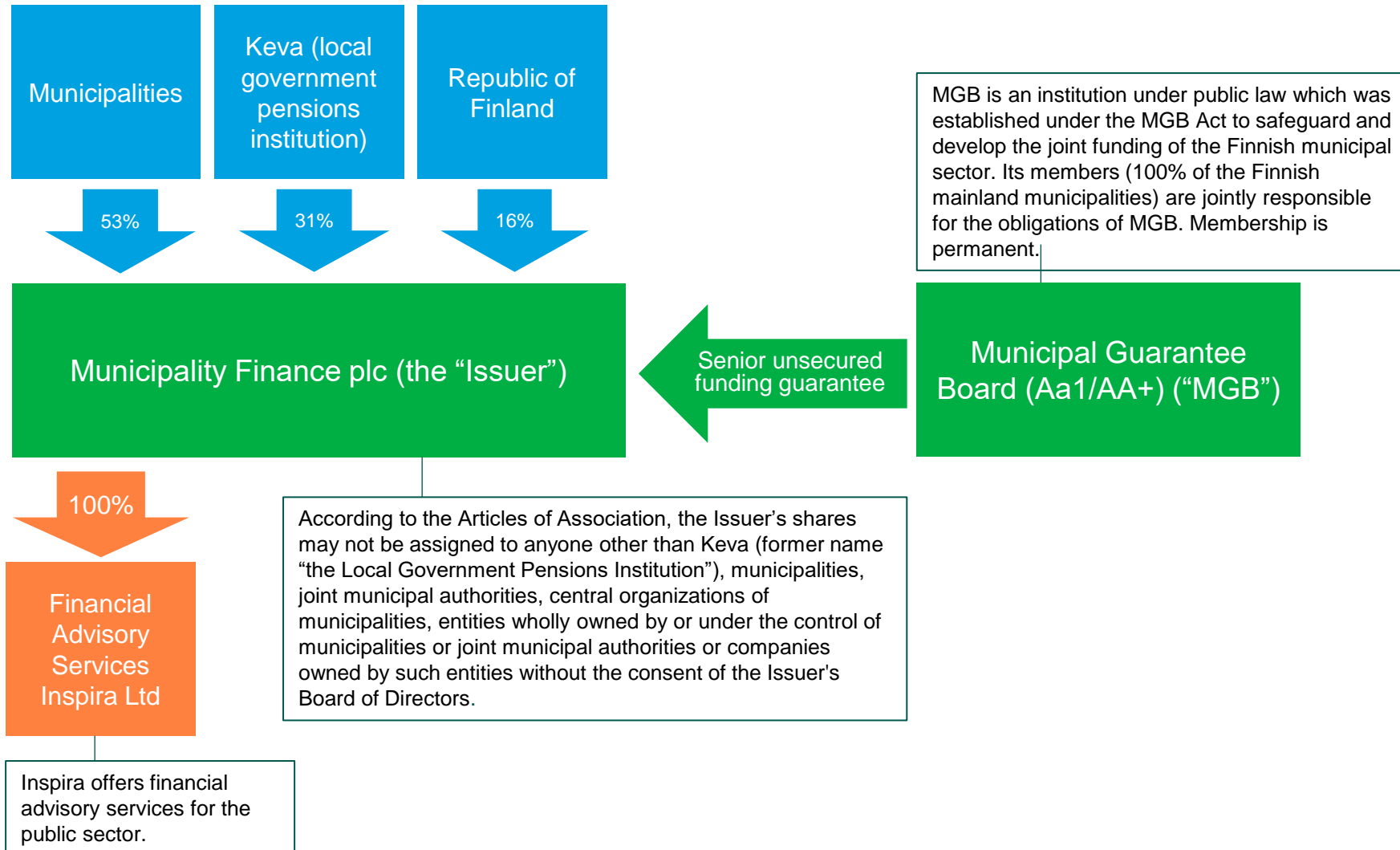
Decision making

- The results of both the annual credit assessment and the credit granting process indicate the risk profile of a customer and will influence the final credit decision.

Appendix 3

Municipality Finance – Legal structure

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Appendix 4

Finnish economy: Key forecast figures

	2020 EUR billion	2020 change in volume (%)	2021* change in volume (%)	2022* change in volume (%)
GDP at market prices	237	-2.8	2.6	2.5
Imports	84	-6.6	4.1	3.8
Total supply	322	-3.8	3.0	2.8
Exports	85	-6.6	4.6	4.7
Consumption	178	-2.7	3.1	2.0
- private	120	-4.9	3.5	2.9
- public	58	2.3	2.3	0.0
Investment	56	-3.1	-0.2	3.5
- private	45	-4.6	-1.0	4.8
- public	11	3.4	3.3	-2.0
Total demand	321	-3.8	3.4	3.2

*forecast

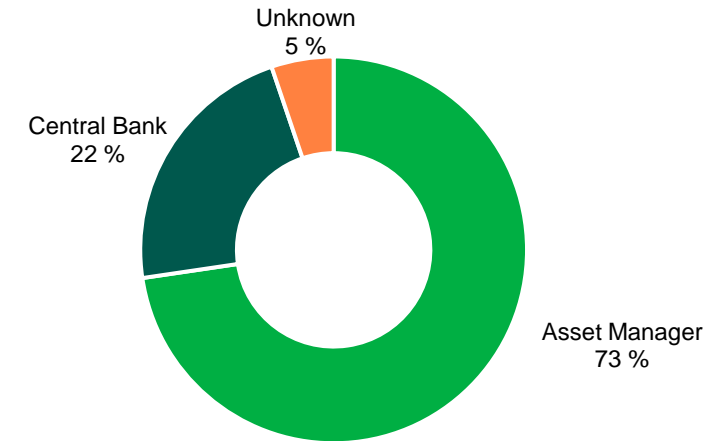
Source: Ministry of Finance, Economic Survey, Spring 2021

Appendix 5

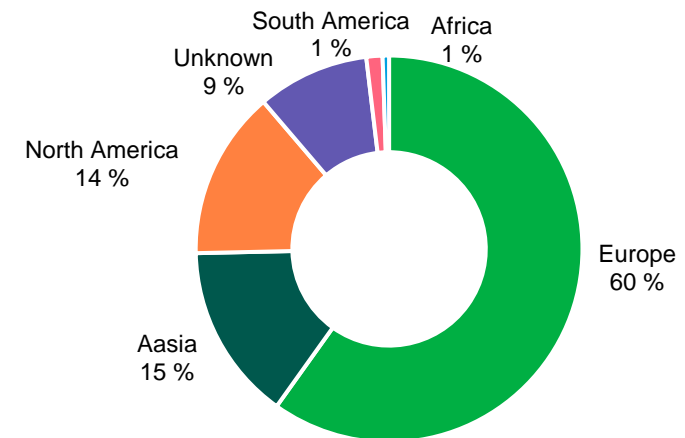
MuniFin Euro-Commercial Paper (ECP) programme

- The size of the programme (under English law) is EUR 10 billion
- STEP-compliant since 2020
- Outstandings have been during 2020 on average EUR 3.5 billion
- Main currencies: EUR and USD
 - Also available: CHF, GBP, SEK
- Dealers: Citibank, BAML, Barclays, BMO, Bred, UBS and Rabobank

Investor by type 2020



Investor by region 2020

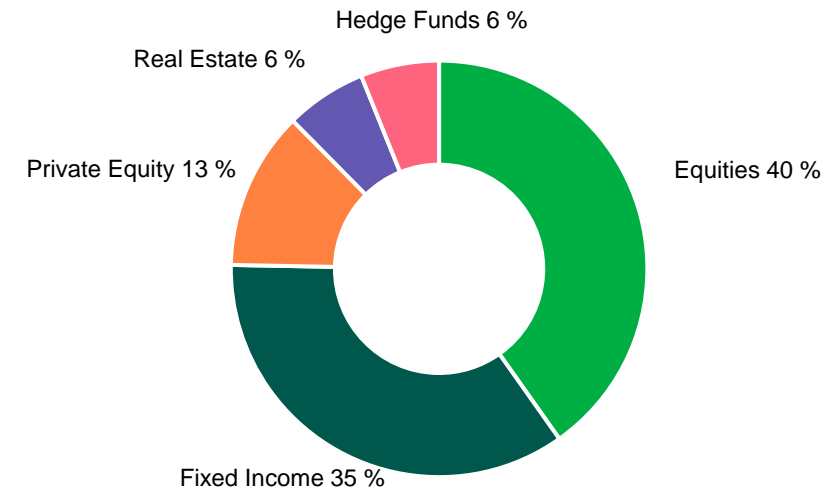


Appendix 6

Keva – Local Government Pensions Institution

- Mandatory pension fund for people working in the local government sector.
- Responsible for funding the pensions of local government employees and for investing their pension funds (1.3 million insured persons and pension recipients).
- Independent body governed by public law and operating in accordance with the Public Sector Pensions Act and the Keva Act.
- Supervised by the Ministry of Finance, the Financial Supervisory Authority and the National Audit Office of Finland.
- Fund assets totalling €58.0 billion (12/2020). Largest pension fund in Finland.

Breakdown of investments



Green bond eligible project categories

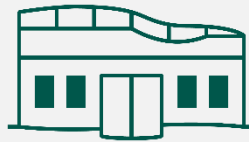
Renewable energy

Wind, solar, small hydro, geothermal, bioenergy and biogas from waste



Sustainable buildings

- 1. Buildings: Finnish energy classification class A or best of B. For class B there is a requirement to include additional components e.g. use of renewable energy, life-cycle analysis or certifications (LEED, BREEAM) with high ratings
- 2. Major renovations leading to a reduction of energy use per m² in year of at least 30%

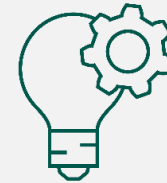


Public transportation



Energy efficiency

District heating/cooling, recovered energy, smart grids

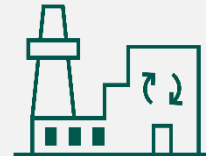


Water and waste water management



Waste management

Recycling, re-use, incineration and rehabilitation of contaminated areas



Environmental management

(max 20%)



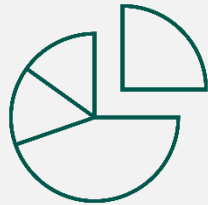
Appendix 8

Green finance portfolio

Copyright MuniFin

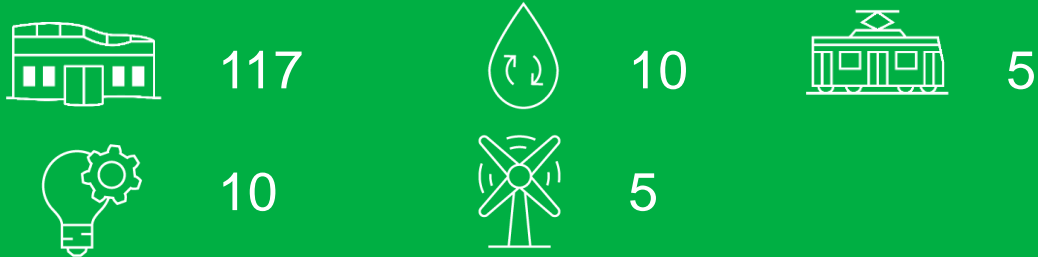


Total committed amount of green finance
2,206 million €



Outstanding amount of green finance
1,786 million €

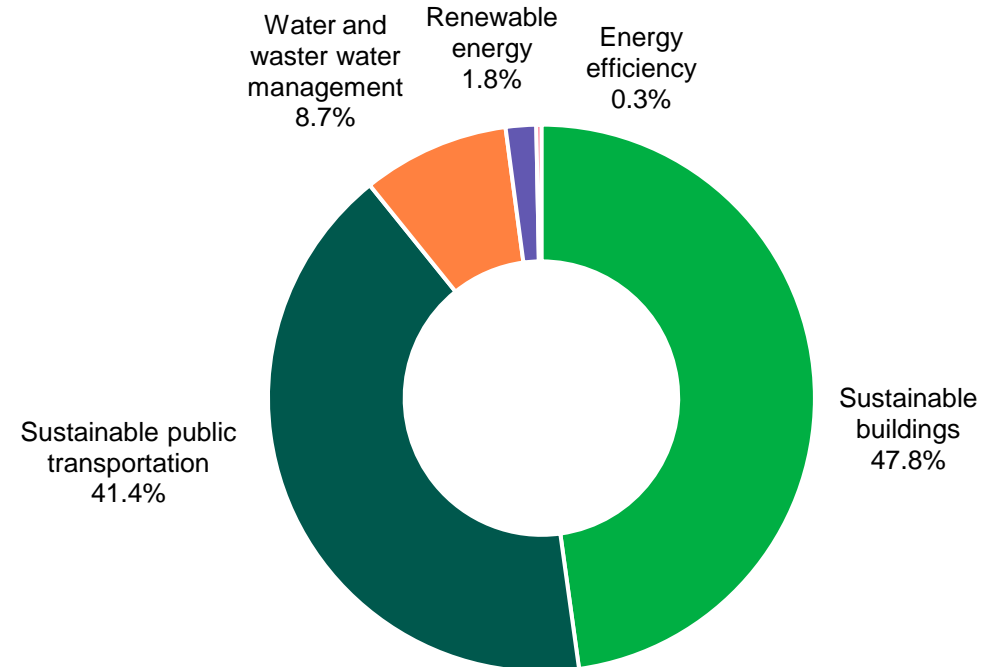
Number of projects in the portfolio



MuniFin

As of 31 December 2020

Green finance portfolio split by project category



As of 31 December 2020 based on outstanding amount of green finance

The Green Evaluation Team approves projects



MuniFin's customer solutions division screens projects, which it believes to be aligned with eligible project categories in the Green Bonds Framework.



MuniFin's green finance application form includes the following sections:

1. project description
2. estimated environmental benefits
3. project documents (e.g. project plan, energy certificate, environmental impact assessment, carbon footprint assessment)



The Green Evaluation Team reviews application materials. Each loan and lease application will be analysed independently by the green evaluation team and will only be approved if the long-term net environmental impact is positive.

MuniFin gives a margin discount of 0–10 basis points to approved green finance projects. The discount is based on the project's estimated environmental benefits, which are assessed and scored on a scale of 0 to 10 points by the Green Evaluation Team. Dark green projects are granted 7–10 points, medium green 4–6 points, and light green 1–3 points.

The Green Evaluation Team consists of three independent experts



Vesa Peltola
Energy Adviser
Association of Finnish Local and Regional Authorities



Jyri Seppälä
Professor, Director
Centre for Sustainable Consumption and Production, Finnish Environment Institute (SYKE)



Päivi Sieppi
Environmental Advisory Manager
City of Lahti

Social bond eligible project categories

Social housing



Social housing sub-categories

- i. Most vulnerable population
- ii. Supports communal living

Target populations

- i. Elderly, homeless, students, disabled people, people with mental health or substance abuse problems, people suffering from memory illness, youth, refugees, rehabilitees, severely marginalised people
- ii. People with risk of being socially excluded



Welfare



Sub-categories

- i. Healthcare facilities (public hospitals, health centres/ properties, clinics, care homes) and health service hardware
- ii. Sport facilities and public open spaces (parks, fields, centres, swimming halls, ice rinks)
- iii. Culture facilities (libraries, culture centres, museums, theatres, multipurpose venues)

Target populations

- i. General public (healthcare)
- ii. Population living in areas where social investments are needed (sports and culture)



Education



Sub-categories

Education facilities (daycare centres, pre-primary education, primary and secondary schools, upper secondary schools, higher education campuses and education centres) and education hardware

Target populations

- i. Population living in areas where social investments are needed
- ii. General public (higher education campuses)



Appendix 11

Social finance portfolio

Copyright MuniFin



Total committed social finance
768 million €



Outstanding amount of social finance
589 million €

As of 31 December 2020

Number of projects in the portfolio



20



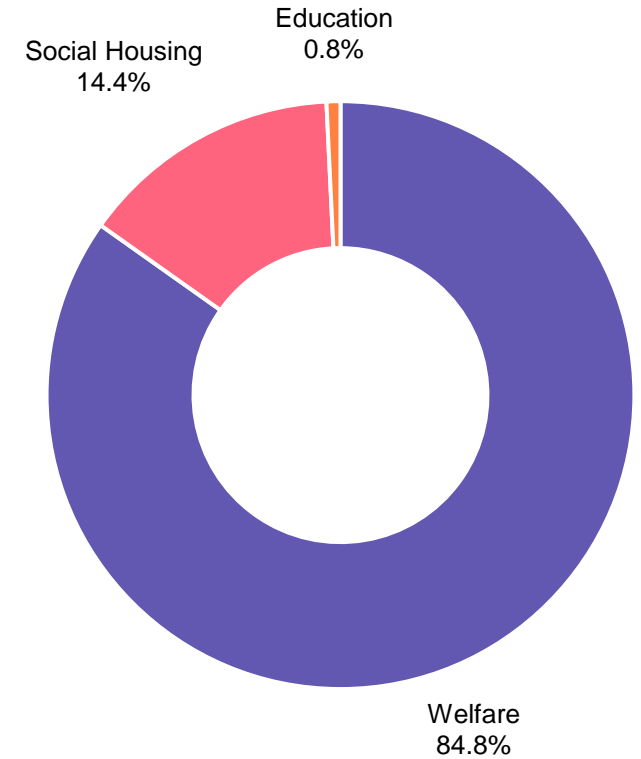
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As of 31 December 2020

Social finance portfolio split by project category



As of 31 December 2020 based on outstanding amount of social finance

The Social Evaluation Team approves projects



MuniFin's customer solutions division screens projects, which it believes to be aligned with eligible project categories in the Social Bonds Framework.

- For sports, culture and education projects internal evaluation model is applied for screening. The model analyses post code areas and municipalities across socioeconomic factors to identify areas where investments would have the greatest impact on the vitality of the area.



After the initial screening, a project report is written based on an interview with the client. The report includes the following information:

1. project description
2. rationale of the investment
3. solved problems
4. desired social impacts
5. target population
6. SDGs addressed



The Social Evaluation Team reviews the project report and makes the final decision based on the overall impact. Projects need to promote some of the wider social goals such as equality, communality, safety, welfare and regional vitality.

For loans/leases, which are up for pricing will receive a 2 basis point margin discount.

The Social Evaluation Team consists of two independent experts and one MuniFin representative



Jenni Airaksinen
University Lecturer in Local and Regional Governance
Tampere University



Jouni Parkkonen
CEO
Association for Advocating Affordable Rental Housing (KOVA)



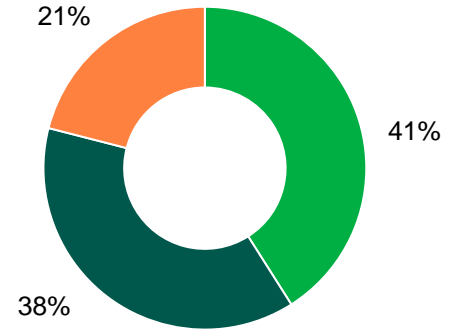
Rami Erkkilä
Senior Specialist
MuniFin

Appendix 13

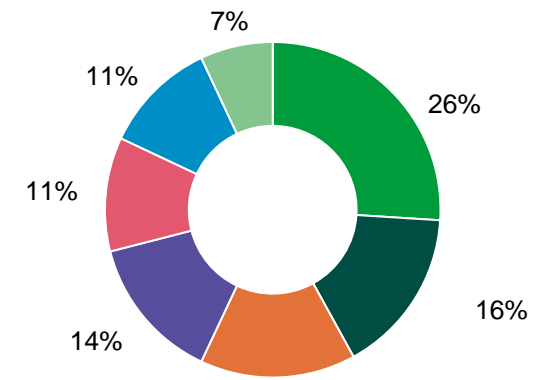
7y EUR 500 million benchmark

Copyright MuniFin

- MuniFin priced its third benchmark transaction of 2021 on 14 April 2021.
- The bond is a 7-year EUR 500 million note due 21 April 2028.
- The joint lead managers were Danske, LBBW, Morgan Stanley and Nordea.
- The benchmark was priced at mid swaps -6 bps and pays an annual coupon of 0%. The spread over the DBR 0.50% due 15 February 2028 was 30.3bps.
- The final order book stood at EUR 732 million (ex. JLM orders). A total of 33 investors participated in the transaction with 86% allocation to European and 14% to Asian investors. Central banks took the largest 41% allocation and banks were a close second with 38% allocation. The final 21% allocation went to asset managers.



■ Central Banks / Official Institutions ■ Banks ■ Asset managers

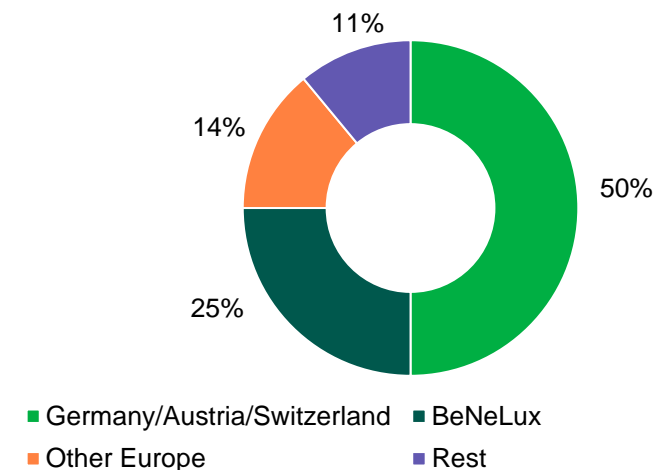
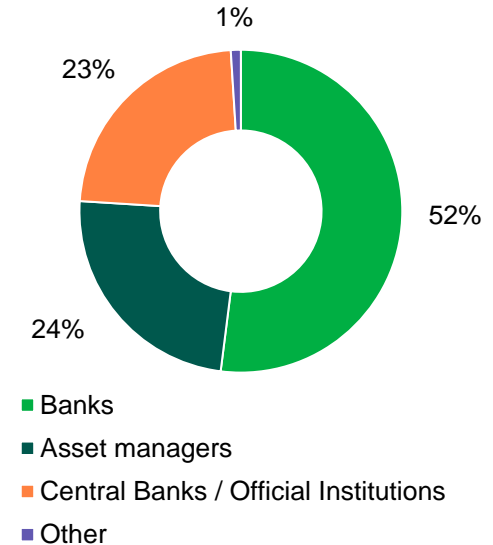


■ Germany/Austria ■ BeNeLux
 ■ Central and Eastern Europe ■ Asia
 ■ France ■ Nordics
 ■ Rest of Europe

Appendix 14

10y EUR 1 billion benchmark

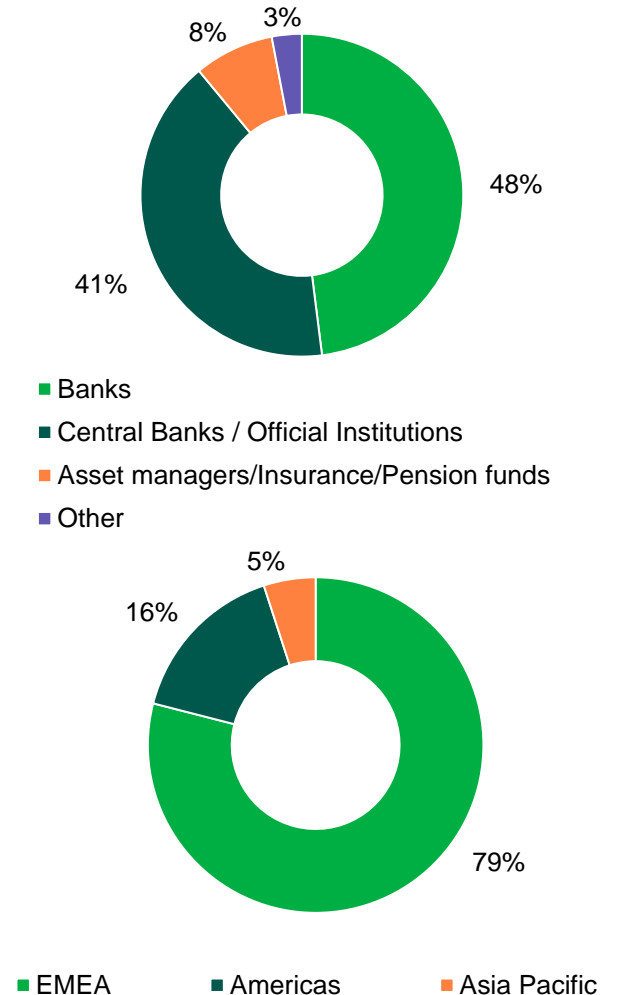
- MuniFin priced its second benchmark transaction of 2021 on 23 February 2021.
- The bond is a 10-year EUR 1 bn note due 2 March 2031.
- The joint lead managers were Barclays, Citi, HSBC and Swedbank.
- The benchmark was priced at mid swaps -3 bps and pays an annual coupon of 0%. The spread over the DBR 0% due February 2031 was 28.7 bps.
- The benchmark quickly gathered an orderbook above EUR 3.8 billion, which is one of the largest in MuniFin's history.
- 106 investors participated in the transaction with 89% allocation to European investors and 52% allocation to bank treasuries, 24% to asset managers and 23% to central banks and other official institutions.



Appendix 15

5y USD 1.5 billion benchmark

- MuniFin kicked off 2021 with a USD denominated benchmark transaction on 12 January 2021.
- The bond is a long 5-year USD 1.5 bn note due 20 March 2026.
- The joint lead managers were Bank of America, Goldman Sachs, JP Morgan and TD.
- The final order book was over USD 3.1 billion and the benchmark was MuniFin's largest USD benchmark since 2013.
- The benchmark was priced at MS+8bps, with central banks and official institutions taking over 40% of the final allocations. Geographically, EMEA took the bulk with 79% of the allocations, supplemented by Americas (16%) and Asia (5%).
- The benchmark pays an annual coupon of 0.625%. The spread over the CT5 was 17.78 bps.

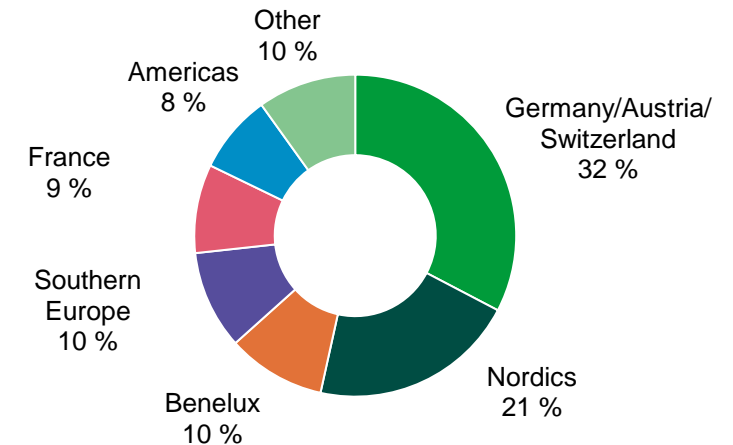
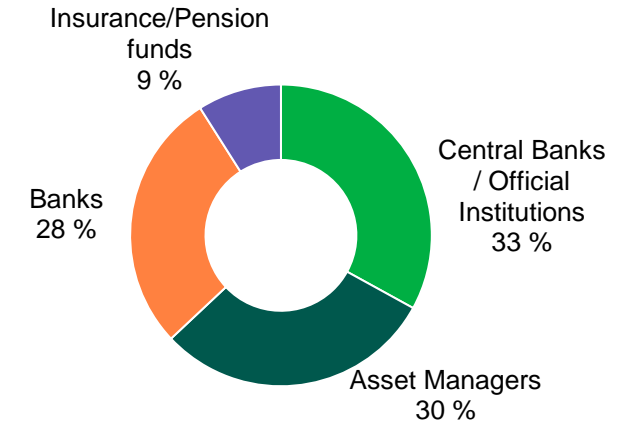


Appendix 16

EUR 500 million 10-year green bond



- MuniFin issued its third public green bond on 6 October 2020.
- A record 55% allocation was sold to ESG focused investors, highest allocation in MuniFin's green bonds.
- The 10-year EUR 500 million benchmark offers a 0% coupon and a spread of 30.7bps over the DBR 08/2030, equivalent to 2 bps over mid-swaps.
- The mandate of a new 10y 500m green bond benchmark was announced at 11.00am London time on Monday 5th of October.
- The following morning books were officially opened at 8.00am London time with spread guidance of mid-swaps +5bps which represented minimal new issue concession of 1bp.
- Momentum was strong from the outset and orders built rapidly. By 9.35am London time demand was in excess of EUR 2.7bn and spread was revised by 3bps to ms+2bps, representing a negative new issue concession of 2bps.
- Despite the negative new issue concession on offer, orders continued to build with final books at 3.35bn.
- Green bond was jointly led by Danske Bank, NatWest Markets, Nomura and Nordea.
- 106 investors participated in the transaction.

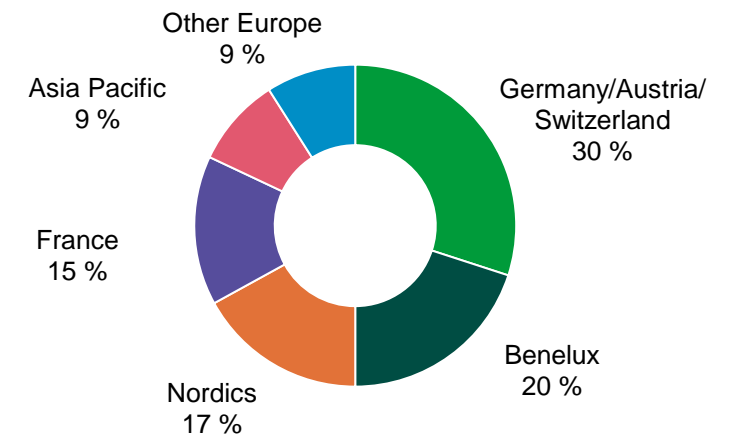
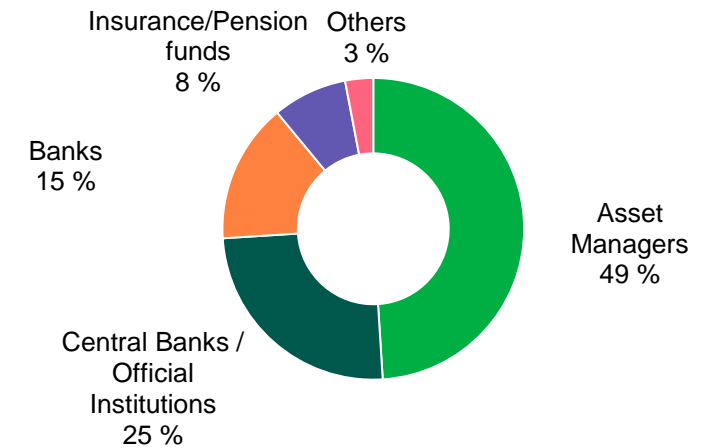


Appendix 17

Inaugural EUR social bond



- MuniFin issued its inaugural EUR 500 million 15-year social bond on 3 September 2020. The bond is the first Nordic and Finnish social bond issued in the SSA category.
- MuniFin will use the proceeds of the social bond to finance social housing, welfare and education in accordance with its Social bonds framework. MuniFin aims to encourage investments that have a notably strong impact and bring about wide-ranging social benefits.
- Ahead of the transaction MuniFin held a GIC as well as a series of one-on-one investor calls to update investors ahead of the inaugural transaction.
- The benchmark was almost four times oversubscribed in just 2.5 hours, which is a testimony of increasing investor interest in sustainable products. Books were opened on 3 September with price guidance at MS+12bps area and as a result of strong investor demand spread was set at MS+9bps with final orders in excess of EUR 1.9 billion.
- More than 91% of the bond was distributed to European investors. Almost one third of the bond was allocated to Germany, Austria and Switzerland and nearly one fifth to Nordic countries. Asset managers took the largest share by representing almost half of the investors, with significant demand from SRI investors.
- The note has a final maturity of 10 September 2035 and pays a fixed coupon of 0.05 % annually, which equates to 9 bps over the 15-year mid swap rate. This is equivalent to a 33.6 bps spread over the DBR 0% May 2035. The bond will be listed on the Sustainable Debt Market at Nasdaq Helsinki.
- The Joint Lead managers of the transaction were BNP Paribas, Credit Agricole CIB, DZ Bank and SEB.



Appendix 18

MuniFin Additional Tier 1 Capital Transaction

- On 16th September 2015, Municipality Finance Plc ("MuniFin") announced a series of investor meetings in connection with the launch of their inaugural Additional Tier 1 Capital transaction.
- This transaction is the first publicly distributed AT1 instrument from a public sector entity in Europe, and achieved a new pricing milestone for this product in terms of lowest offered coupon
- The securities were issued to ensure that MuniFin complies with leverage ratio requirements, well ahead of anticipated entry into force in 2018. MuniFin's leverage ratio at 30 June 2015 stood at 1.9%
- The securities are expected to be rated BBB+ by S&P which makes the securities the highest rated AT1 in the market, due to the high quality nature of the credit
- Goldman Sachs International acted as joint bookrunner on this transaction together with Barclays, BNP Paribas and Nordea Markets

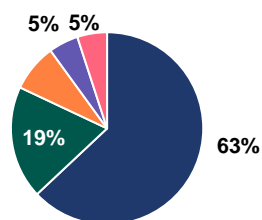
Structure

- The securities are EUR denominated (RegS format) and feature a fixed coupon of 4.500% up to but excluding the First Call Date (1st April 2022). The coupon will reset every 5 years thereafter (non-step up). They also feature a 5.125% CET1 trigger (Issuer and Group) with temporary write-down loss absorption

Execution

- Following a three-day constructive roadshow in London, Amsterdam, Zurich, and the Nordic region, MuniFin launched a € RegS PNC6.5 on Thursday 24th September 2015
- Investor feedback throughout the roadshow was very supportive, leading syndicates to enter the market with IPTs of high 4% for a no-grow €350mm trade
- Following tightening guidance to 4.625% area, the Lead Managers finally printed a €350m transaction at MS+396bps on the back of a substantially oversubscribed orderbook

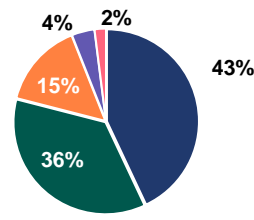
Distribution by Geography



■ Finland
■ United Kingdom
■ Rest of Europe

■ Nordics (ex Finland)
■ Middle East & Other

Distribution by Type



■ Owners
■ Pension & Insurance
■ Banks

■ Fund Managers
■ Official Institutions

Issuer:	Municipality Finance Plc (Kuntarahoytus Oyj)
Pricing Date:	24 th September 2015
Instrument:	Perpetual Fixed Rate Resettable Additional Tier 1 Securities
Issuer Ratings:	Aaa / AA+ (Moody's / S&P)
Expected Issue Rating:	BBB+ (S&P)
Issue Size:	€350m
Maturity & Non Call Period:	Perpetual NC6.5
Coupon	The coupon is fixed until the First Reset Date and then reset every 5 years thereafter (non-step up) First Reset Date: 1 April 2022 and will be fully discretionary non-cumulative, payable annually in arrears, with a short first coupon
Interest Cancellation	Coupon payment is at the full discretion of the Issuer. Mandatory cancellation upon insufficient Distributable Items, Maximum Distributable Amount to be exceeded or otherwise so required by the CRD IV, including the applicable criteria for Additional Tier 1 Capital instruments. Non-cumulative
Trigger Event	Common Equity Tier 1 Ratio of the Issuer on an unconsolidated basis and/or the Group on a consolidated basis is less than 5.125% Upon a Trigger Event, the Prevailing Outstanding Amount will be written by the relevant Write-Down Amount.
Write-Down and reinstatement	Following a Write-Down the Issuer may, at its discretion, reinstate some or all of the Original Principal Amount of the Securities, subject to compliance with the Relevant Rules and the Reinstatement Limit on a pro-rata basis with the reinstatement of all other Equal Trigger Instruments (if any)
Optional Redemption	1st April 2022 ("First Call Date") and any Interest Payment Date thereafter, at the Original Principal Amount, subject to the Conditions to Redemption and Purchase
Special Event Redemption	The issuer may redeem the Securities at the Prevailing Outstanding Amount upon the occurrence of a Capital Event (exclusion in whole or in part of Additional Tier 1 Capital) or a Tax Event (future additional amounts or loss of interest deductibility) (each a "Special Event"), subject to the Conditions to Redemption and Purchase
ISIN:	XS1299724911



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