12 February 2025 at 5.00 pm (EET)

Municipality Finance Financial Statements Bulletin

1 January–31 December 2024

MuniFin

In brief: MuniFin Group in 2024

- The Group's net operating profit excluding unrealised fair value changes* increased by 2.9% (3.2%) in January–December and amounted to EUR 181 million (EUR 176 million). Net interest income* was at the same level as in year before and totalled EUR 260 million (EUR 259 million). Net operating profit excluding unrealised fair value changes was boosted by lower expenses and increased other income compared to the previous period.

- Net operating profit* amounted to EUR 166 million (EUR 139 million). Unrealised fair value changes amounted to EUR -16 million (EUR -37 million) in the financial year. Unrealised fair value changes were influenced in particular by changes in interest rates and credit risk spreads in the Group's main funding markets.

- Costs* in the financial year amounted to EUR 81 million (EUR 82 million).

- The Group's leverage ratio remained at a strong level, standing at 12.3% (12.0%) at the end of December.

- At the end of December, the Group's CET1 capital ratio was very strong at 107.7% (103.4%). CET1 capital ratio was over seven times the required minimum of 15.0% (13.9%), taking capital buffers into account.

- Long-term customer financing (long-term loans and leased assets) excluding unrealised fair value changes* totalled EUR 35,787 million (EUR 32,948 million) at the end of December and saw an increase of 8.6% (7.5%). New long-term customer financing* increased by 17.1% (0.0%) in January–December 2024 and amounted to EUR 5,056 million (EUR 4,319 million). Short-term customer financing* totalled EUR 1,825 million (EUR 1,575 million).

- Of all long-term customer financing, the amount of green finance* aimed at environmentally sustainable investments totalled EUR 6,817 million (EUR 4,795 million), and the amount of social finance* aimed at investments promoting equality and communality totalled EUR 2,536 million (EUR 2,234 million) at the end of December. The total amount of this financing increased by 33.1% (41.0%) from the previous year. The ratio of green and social finance to long-term customer financing excluding unrealised fair value changes* grew by 4.8% percentage points to 26.1% (21.3%).

- In 2024, new long-term funding* reached EUR 8,922 million (EUR 10,087 million). At the end of December, the total funding* was EUR 46,737 million (EUR 43,320 million), of which long-term funding* made up EUR 43,328million (EUR 39,332 million).

- The Group's total liquidity* is very strong, standing at EUR 11,912 million (EUR 11,633 million) at the end of the financial year. The Liquidity Coverage Ratio (*LCR*) stood at 341% (409%) and the Net Stable Funding Ratio (*NSFR*) at 124% (124%) at the end of the year.

- In early 2024, MuniFin reviewed the future and development potential of the consulting services offered by its subsidiary company Financial Advisory Services Inspira Plc (Inspira) and decided to discontinue Inspira's consulting services in summer 2024.

- The Board of Directors proposes to the Annual General Meeting to be held in spring 2025 a dividend of EUR 1.86 per share, totalling EUR 72.7 million. The total dividend payment in 2024 was EUR 1.69 per share, totalling EUR 66.0 million.

- Outlook for 2025: The Group expects its net operating profit excluding unrealised fair value changes to be at the same level or lower in 2025 as in 2024. The Group expects its capital adequacy ratio and leverage ratio to remain strong. The valuation principles set in the IFRS framework may cause significant but temporary unrealised fair value changes, some of which increase the volatility of net operating profit and make it more difficult to estimate. A more detailed outlook is presented in the section *Outlook for 2025*.

Comparison figures deriving from the income statement and figures describing the change during the financial year are based on figures reported for the corresponding period in 2023. Comparison figures deriving from the balance sheet and other cross-sectional items are based on the figures of 31 December 2023 unless otherwise stated.

** Alternative performance measure.*

The calculation formulas for all key figures can be found on pages 43–50. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

Key figures (Group)

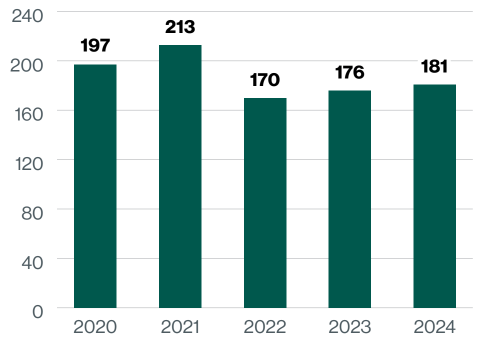
	Jan–Dec 2024	Jan–Dec 2023	Change, %
Net operating profit excluding unrealised fair value changes (EUR million)*	181	176	2.9
Net operating profit (EUR million)*	166	139	19.5
Net interest income (EUR million)*	260	259	0.3
New long-term customer financing (EUR million)*	5,056	4,319	17.1
New long-term funding (EUR million)*	8,922	10,087	-11.6
Cost-to-income ratio, %*	27.7	32.2	-14.0**
Return on equity (*ROE*), %*	7.2	6.6	9.3**

	31 Dec 2024	31 Dec 2023	Change, %
Long-term customer financing (EUR million)*	35,173	32,022	9.8
Green and social finance (EUR million)*	9,353	7,029	33.1
Balance sheet total (EUR million)	53,092	49,736	6.7
CET1 capital (EUR million)	1,646	1,550	6.2
Tier 1 capital (EUR million)	1,646	1,550	6.2
Total own funds (EUR million)	1,646	1,550	6.2
CET1 capital ratio, %	107.7	103.4	4.2**
Tier 1 capital ratio, %	107.7	103.4	4.2**
Total capital ratio, %	107.7	103.4	4.2**
Leverage ratio, %	12.3	12.0	2.5**
Personnel	178	185	-3.8

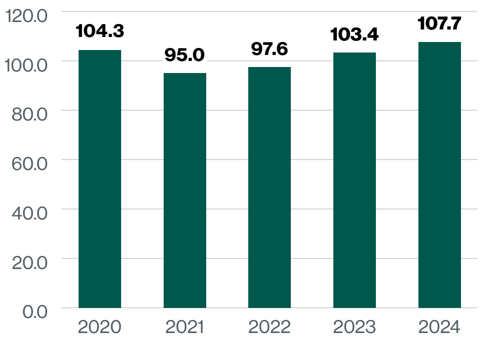
** Alternative performance measure.*
*** Change in ratio.*

The calculation formulas for all key figures can be found on pages 43–50. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

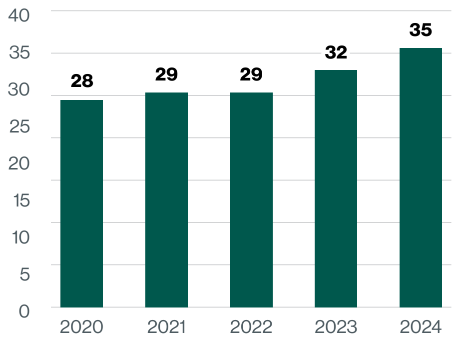
Net operating profit excluding unrealised fair value changes, EUR million*



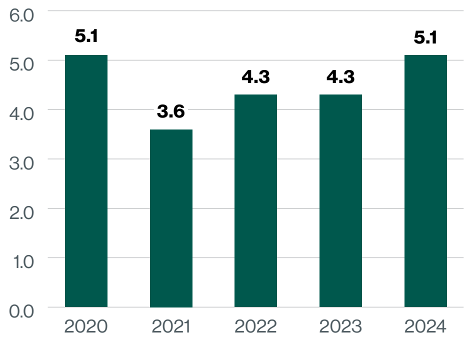
CET1 capital ratio, %



Long-term customer financing, EUR billion*



New long-term customer financing, EUR billion*



** Alternative performance measure.*

The calculation formulas for all key figures can be found on pages 43–50. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

CEO's review

The operating environment in global economy and international politics went through a whirlwind of changes in 2024. Even in the turmoil, Finland stood steady and secure: our society is built on long-standing practices and institutions that have been developed together and tried and tested over time. This stability also helps safeguard MuniFin's strong performance through shifts in the operating environment. Finnish society must continue to operate in broad collaboration and develop the structures of society in the long term. Sometimes this requires difficult decisions in society in the short term.

In 2024, the demand for MuniFin's financing was especially high in the affordable social housing sector. In the future, however, the sector will be facing reductions on interest subsidy loan authorisations.

The Finnish system for affordable social housing is a success story that has served as a model across Europe – and will hopefully continue to do so, especially now that the rising cost of living has led to a surge in homelessness in many countries. Our state-subsidised housing production system has proven effective in reducing homelessness and regional segregation, increasing the supply of affordable social housing in growth centres, advancing municipalities' housing policy goals of ensuring a diverse housing structure, and providing high-quality housing also to students, senior citizens and people with disabilities. Especially in the past couple of years, affordable housing production has also significantly supported the vitality of the Finnish construction sector, helping offset the slump in housing construction.

When addressing homelessness at the EU level, resources should be targeted at countries whose existing structures do not support and promote sufficient housing production. Finland's well-functioning system should not be changed; rather, the current model and level of housing production subsidies should be kept as they are. Timely investments into affordable social housing production can also help level out construction cycles and support employment.

> The Finnish system for affordable social housing is a success story that has served as a model across Europe – and will hopefully continue to do so.

The tried and tested joint financing system formed by MuniFin and the Municipal Guarantee Board (*MGB*) could be put to wider use. In 2024, MuniFin's financing to wellbeing services counties was restricted by the MGB's EUR 400 million limit for MuniFin's long-term customer financing to wellbeing services counties. This limit narrows down wellbeing services counties' financing options and curbs competition, pushing up the financing costs for the counties, which are already showing a deficit. The limit would not be necessary if the counties were either members of the MGB or the government guaranteed their funding in some other way.

In 2024, MuniFin reached new milestones in sustainable investments. In October, we issued our tenth green bond, the high demand of which was once again testament to our strong position as an international forerunner in the financial sector. Moreover, sustainable finance made up the majority of the new long-term customer financing we granted in 2024. Late in the year, we piloted our new financing product, a sustainable development loan, which we will be offering to municipalities that aim to reduce their greenhouse gas emissions in line with the goals set out in the Finnish Climate Act and their own climate plan starting in 2025.

Municipalities undertake such a massive amount of climate work that Finland could not reach its climate targets without the valuable work and example of our customers. In 2024, a sizeable share of all the projects that we financed received either green or social finance, which shows that the investments of our customers are impactful and sustainable.

For most of us at MuniFin, it is the social significance and meaningfulness of our work that drives us. With the world around us undergoing radical changes, it is more important than ever to promote stability and welfare. We should take pride in the Finnish social system that has been built up patiently over decades. The thanks for upholding, honing and strengthening it goes to our customers and partners, but also to our staff. Our work matters.

Esa Kallio
President and CEO
Municipality Finance Plc

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Operating environment in 2024

The year 2024 began promisingly in the global economy as the peak interest rate era seemed to be over and growth expectations grew stronger. After the summer, however, the economic outlook weakened again, especially in Europe. The atmosphere was shadowed by the geopolitical crises in the Middle East and Ukraine and the political deadlocks in France and Germany. Donald Trump and the Republican Party winning the US election introduced even more uncertainty into the world economy.

In Finland, extensive early-year labour disputes weakened growth potential. Despite the challenges, the Finnish economy remained above the late-2023 trough, and Finland's GDP started to grow again in 2024. Because of the low starting point, the GDP growth for 2024 is nevertheless likely to remain slightly in the negative. Employment weakened more than projected, and the trend of the unemployment rate rose to 9% at the end of the year.

After a few exceptionally good years, municipalities fell into a significantly larger funding deficit as the effects of temporary non-recurring benefits faded out, operating costs increased and investment levels remained high. Wellbeing services counties were also pushed much deeper into deficit than expected by the steep growth of operational expenditure. Affordable social housing production remained on a growth track in 2024, but the construction sector as a whole continued to suffer from recession.

Growth concerns and plummeted inflation expectations caused central banks to expedite their interest rate cuts in the second half of the year. The European Central Bank (*ECB*) lowered its deposit facility rate by a total of one percentage points in 2024. At the end of the year, the deposit facility rate stood at 3.0%. Also, the US Federal Reserve started lowering its key interest rate in September by one percentage points, bringing it to a targeted range of 4.25–4.50%.

Expectations of monetary policy easing sent short-term market interest rates to a clear decline. The 12-month Euribor rate fell from 3.51% to 2.46% during the year and the 3-month Euribor from 3.91% to 2.71%. In contrast, long-term government bond yields in the euro area rose. Due to the ECB's reduced bond holdings and the large financing needs in government finances, the credit risk premiums of euro area sovereigns widened in the second half of the year. Germany's 10-year bond yield went up from 2.02% at the beginning of the year to 2.36% in December, while Finland's corresponding rate rose from 2.56% to 2.82%.

The euro weakened significantly against the US dollar following Trump's election victory. At the end of 2024, the euro-to-dollar exchange rate stood at 1.04, down from approximately 1.11 at the beginning of the year.

Credit risk premiums increased significantly across the euro area SSA (*Sovereigns, Supranationals, Agencies*) issuers, to which MuniFin also belongs. The increase in credit risk premiums stems from a change in the balance of supply and demand in the capital markets: euro area governments continue to have high borrowing needs, but the demand for government bonds is decreasing because the ECB is discontinuing its asset purchase programmes.

MuniFin's customers had high demand for financing in 2024, and the Group maintained its solid position as its customers' main financing partner. Demand increased because of the municipal sector's high investment needs and its financial situation, which weakened after several exceptionally strong years, and the positive trend in affordable social housing production, which stemmed partly from increased government interest subsidy loan authorisations.

MuniFin's financing to wellbeing services counties continued to be restricted by the MGB's limit for MuniFin's long-term customer financing to wellbeing services counties, which was EUR 400 million in 2024. Wellbeing services counties' financing needs and government-authorised borrowing powers were considerably higher than this limit.

Information on the Group results

Consolidated income statement (EUR million)	Jan–Dec 2024	Jan–Dec 2023	Change, %	Jul–Dec 2024	Jul–Dec 2023	Change, %
Net interest income	260	259	0.3	132	135	-2.4
Other income	2	0	>100	1	-1	>100
Income excluding unrealised fair value changes	**262**	**259**	**1.1**	**132**	**134**	**-1.4**
Commission expenses	-17	-16	8.2	-9	-8	11.2
HR expenses	-21	-20	2.0	-10	-10	-4.3
Other items in administrative expenses	-23	-20	12.4	-12	-11	12.0
Depreciation and impairment on tangible and intangible assets	-6	-7	-7.8	-3	-3	-14.3
Other operating expenses	-14	-19	-27.0	-7	-7	-0.6
Costs	**-81**	**-82**	**-1.9**	**-40**	**-39**	**3.0**
Credit loss and impairments on financial assets	0	-1	-72.9	-1	-1	-38.7
Net operating profit excluding unrealised fair value changes	**181**	**176**	**2.9**	**92**	**95**	**-2.8**
Unrealised fair value changes	-16	-37	-58.4	-31	-33	-3.6
Net operating profit	**166**	**139**	**19.5**	**61**	**62**	**-2.4**
Income tax expense	-33	-28	17.3	-12	-12	-2.3
Profit for the period	**133**	**111**	**20.1**	**48**	**50**	**-2.4**

The sum of individual results may differ from the displayed total due to rounding. Changes of more than 100% are shown as >100.

The Group's net operating profit excluding unrealised fair value changes

MuniFin Group's core business operations remained strong in 2024. The Group's net operating profit excluding unrealised fair value changes increased by 2.9% (3.2%) and amounted to EUR 181 million (EUR 176 million). The growth was influenced both by an increase in other income and a decrease in costs as net interest income remained at the level of previous year.

The Group's income excluding unrealised fair value changes was EUR 262 million (EUR 259 million) and grew by 1.1% (6.5%). Net interest income grew by 0.3% (7.5%), totalling EUR 260 million (EUR 259 million). Net interest income was positively affected by growing business volumes. The increase in funding costs due to the market conditions and the shape of the yield curve slowed the growth of net interest income.

Other income totalled EUR 2.0 million (EUR 0.1 million). It consisted mainly of the billing of MuniFin's digital services and the turnover of the subsidiary company Inspira from the early part of the year. In the previous year, negative realised FX rate changes reduced other income. At 0.8% (0.1%), other income relative to income excluding unrealised fair value changes forms only a minor part of the Group's income.

The Group's costs were EUR 81 million (EUR 82 million), down by 1.9% from the year before (+12.4%). The reduction in expenses was due to the fact that no contribution fee was collected for the Single Resolution Fund in 2024.

Commission expenses totalled EUR 17 million (EUR 16 million), of which EUR 14 million (EUR 13 million) consisted of the guarantee commission collected by the Municipal Guarantee Board for guaranteeing MuniFin's funding.

HR and administrative expenses grew by 7.2% (9.0%) and reached EUR 44 million (EUR 41 million). HR expenses comprised EUR 21 million (EUR 20 million) and other administrative expenses EUR 23 million (EUR 20 million). The average number of employees in the Group was 187 (183) during the financial year. Other items in administrative expenses grew by 12.4% (8.8%), mainly due to the increased costs of maintaining and developing information systems.

During the financial year, depreciation and impairment of tangible and intangible assets totalled EUR 6 million (EUR 7 million).

Other operating expenses were EUR 14 million (EUR 19 million). The main reason for this decrease is that there was no contribution fee to the Single Resolution Fund in 2024. Other operating expenses excluding fees collected by authorities grew by 22.1% (9.9%) to EUR 11 million (EUR 9 million).

Credit loss and impairments on financial assets were EUR 0.3 million (EUR 1.2 million). This item consists of expected credit losses (*ECL*). The Group updated the model used to estimate the probability of default and the forward-looking macro scenarios during the financial year. The Group's management has assessed the impact of general cost inflation and increased interest rates on customer financing receivables and credit risk and decided to release the additional discretionary provision in full at the end of 2024 (the amount of the additional discretionary provision was EUR 0.6 million at the end of 2023, and in June 2024, EUR 0.4 million of the additional provision was released). The update of the probability of default model increased expected credit losses by EUR 0.9 million euros, as the amount of exposures that moved from stage 1 to stage 2 increased. Most of the transferred exposures were subject to the previous additional discretionary provision. Therefore, the Group's management considered that there is no longer a basis for recording a group-specific additional provision.

The Group's overall credit risk position has remained low. The amount of forborne loans was EUR 561 million (EUR 497 million), while non-performing exposures amounted to EUR 292 million (EUR 142 million) at the end of the year. These non-performing exposures represented 0.8% (0.4%) of total customer exposures. At the end of December, the Group had EUR 13 million in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing, or the credit receivable is due for payment by the guarantor (there were no such receivables at the end of 2023). All the Group's customer financing receivables are from Finnish municipalities, joint municipal authorities, wellbeing services counties or joint county authorities, or accompanied by a securing municipal, joint municipal authority, wellbeing services county or joint county authority guarantee or a state deficiency guarantee supplementing real estate collateral, and therefore no final credit losses will arise. According to the management's assessment, all receivables from customers will be fully recovered. During the Group's history of 35 years, it has never recognised any final credit losses in its customer financing.

The credit risk of the Group's liquidity portfolio has likewise remained at a low level, and the average credit rating of the debt securities in the portfolio is AA+ (AA+). More information on the credit risks of financial assets and other commitments is available in Note *11*.

The Group's profit and unrealised fair value changes
The Group's net operating profit was EUR 166 million (EUR 139 million). Unrealised fair value changes decreased the Group's net operating profit by EUR 16 million (in 2023: decreased by EUR 37 million). In January–December, unrealised fair value changes in hedge accounting amounted to EUR -12 million (EUR -27 million) and unrealised net result on financial assets and liabilities through profit or loss to EUR -4 million (EUR -10 million).

The Group's effective tax rate in the financial year was 19.9% (20.2%). Taxes in the Consolidated income statement amounted to EUR 33 million (EUR 28 million). After taxes, the Group's profit for the financial year was EUR 133 million (EUR 111 million).

The Group's full-year return on equity (*ROE*) was 7.2% (6.6%). Excluding unrealised fair value changes, the ROE was 7.9% (8.4%).

The Group's other comprehensive income includes unrealised fair value changes of EUR 169 million (EUR 109 million). During the financial year, the most significant item affecting the other comprehensive income was net change in fair value due to changes in own credit risk of financial liabilities designated at fair value through profit or loss totalling EUR 137 million (EUR 75 million). The cost-of-hedging amounted to EUR 30 million (EUR 25 million). Net change in fair value of financial assets at fair value through other comprehensive income was EUR 2 million (EUR 8 million).

On the whole, unrealised fair value changes net of deferred tax affected the Group's equity by EUR 122 million (EUR 57 million) and CET1 capital net of deferred tax in capital adequacy by EUR 13 million (EUR -3 million). The cumulative effect of unrealised fair value changes on the Group's own funds in capital adequacy calculations was EUR 58 million (EUR 45 million).

Unrealised fair value changes reflect the temporary impact of market conditions on the valuation levels of financial instruments at the time of reporting. The value changes may vary significantly from one reporting period to another, causing volatility in profit, equity and own funds in capital adequacy calculations. The effect on individual contracts will be removed by the end of the contract period. In the financial year, unrealised fair value changes were influenced in particular by changes in interest rates and credit risk spreads in the Group's main funding markets.

In accordance with its risk management principles, the Group uses derivatives to financially hedge against interest rate, exchange rate and other market and price risks. Cash flows under agreements are hedged, but due to the generally used valuation methods, changes in fair value differ between the financial instrument and the respective hedging derivative. Changes in the shape of the interest rate curve and credit risk spreads in different currencies affect the valuations, which cause the fair values of hedged assets and liabilities and hedging instruments to behave in different ways. In practice, the changes in valuations are not realised on a cash basis because the Group holds financial instruments and their hedging derivatives almost always until the maturity date. The counterparty credit risk related to derivatives is comprehensively covered by collateral management. Changes in credit risk spreads are not expected to be materialised as credit losses for the Group, because the Group's liquidity reserve has been invested in instruments with low credit risk.

The Parent Company and subsidiary company Inspira's results

In 2024, MuniFin's net interest income amounted to EUR 260 million (EUR 259 million) and net operating profit to EUR 166 million (EUR 139 million).

The turnover of MuniFin's subsidiary company, Financial Advisory Services Inspira Ltd, was EUR 0.4 million (EUR 1.4 million), and its net operating result amounted to EUR -0.5 million (EUR 0.0 million). The Group discontinued Inspira's advisory services in the spring. In the future, the subsidiary company will provide some of the digital added value services MuniFin offers to its customers.

The Group's financial performance in July–December

In the second half of 2024, the Group's net operating profit excluding unrealised fair value changes amounted to EUR 92 million (Jul–Dec 2023: EUR 95 million), remaining almost at the same level as in the year before. Net interest income totalled EUR 132 million (Jul–Dec 2023: EUR 135 million) and costs EUR 40 million (Jul–Dec 2023: EUR 39 million) in July–December. Unrealised fair value changes weakened the net operating profit by EUR 31 million (in the comparison period Jul–Dec 2023: weakened by EUR 33 million). The Group's net operating profit amounted to EUR 61 million (Jul–Dec 2023: EUR 62 million) in July–December.

In the second half of the year, the Group's net operating profit excluding unrealised fair value changes increased by 3.1% from the first half. Net interest income went up by 2.4% from the first half of the year. Costs amounted to EUR 40 million in July–December and to EUR 41 million in January–June. The Group's net operating profit totalled EUR 61 million in July–December , decreasing by 42.4% from January–June. In the second half of the year, unrealised fair value changes affected the net operating profit by EUR -31 million, while in the first half of the year, their effect was EUR 16 million.

Information on the consolidated statement of financial position

Consolidated statement of financial position (EUR million)	31 Dec 2024	Adjusted* 31 Dec 2023	Change, %
Cash and balances with central banks	0	0	-2.4
Loans and advances to credit institutions	8,567	9,193	-6.8
Loans and advances to the public and public sector entities	35,377	32,225	9.8
Debt securities	5,879	5,170	13.7
Derivative contracts	2,324	2,036	14.1
Other items included in the assets	946	1,112	-14.9
Total assets	**53,092**	**49,736**	**6.7**
Liabilities to credit institutions	884	216	>100
Liabilities to the public and public sector entities	2,464	2,623	-6.1
Debt securities issued	44,534	40,873	9.0
Derivative contracts	2,562	3,497	-26.7
Other items included in the liabilities	703	785	-10.5
Total equity	1,945	1,744	11.6
Total liabilities and equity	**53,092**	**49,736**	**6.7**

The sum of individual results may differ from the displayed total due to rounding. Changes of more than 100% are shown as >100.

** The Group has updated the presentation of the balance sheet. Previously, financial instruments' interest accrued and interest payables presented in Accrued interest and prepayments (Other items included in the assets) as well as in Accrued expenses and deferred income (Other items included in the liabilities) have been transferred to the balance sheet item of the respective financial instrument. The comparative period has been adjusted.*

MuniFin Group's Consolidated statement of financial position exceeded EUR 50 billion in the financial year and totalled EUR 53,092 million (EUR 49,736 million) at the end of December. The Group's Consolidated statement of financial position saw 6.7% (4.2%) of growth from year-end 2023. The growth in assets was mainly due to the increase in the long-term loan portfolio in loans and advances to the public and public sector entities as well as increase in debt securities. In liabilities, the largest change was in new issuances in debt securities issued.

At the end of the financial year, the Group's equity stood at EUR 1,945 million (EUR 1,744 million). The Group's equity was increased by the financial year's profit of EUR 133 million (EUR 111 million) and the changes in own credit revaluation reserve, fair value reserve of investments and cost-of-hedging reserve totalling EUR 135 million (EUR 87 million). In the consolidated accounts, dividends of EUR 66 million (EUR 68 million) for the financial year 2023, paid to MuniFin's shareholders in May 2024, were deducted from the equity.

The Parent Company's balance sheet at the end of the year was EUR 53,092 million (EUR 49,735 million).

Financing and other services for customers

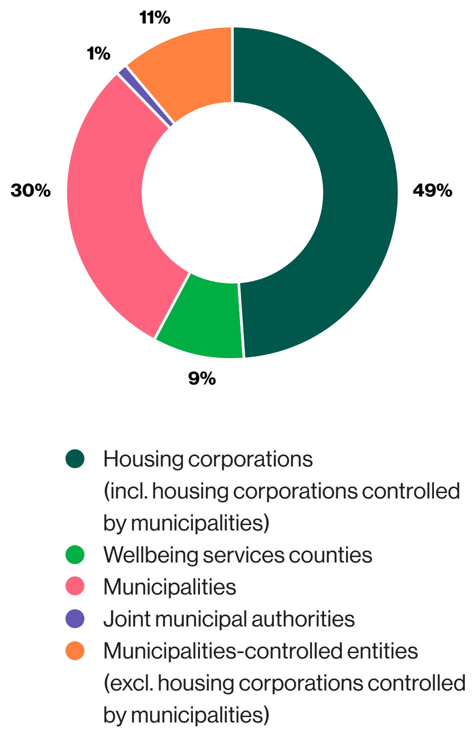
MuniFin Group's customers include municipalities, joint municipal authorities, wellbeing services counties, corporate entities under their control, and non-profit organisations and projects nominated by the Housing Finance and Development Centre of Finland *(Ara)*.

The Group's new long-term customer financing grew by 17.1% (no change in 2023). The Group's new long-term customer financing totalled EUR 5,056 million (EUR 4,319 million), of which EUR 4,839 million (EUR 4,103 million) consisted of loans and EUR 217 million (EUR 216 million) of leased assets. In total, long-term customer financing amounted to EUR 35,173 million (EUR 32,022 million) at year-end, of which loans totalled EUR 33,610 million (EUR 30,580 million) and leased assets EUR 1,563 million (EUR 1,442 million). Of the long-term loan portfolio, 49% (48%) is held by housing corporations, 42% (42%) by municipalities, joint municipal authorities and corporate entities under their control, and 9% (10%) by wellbeing services counties. Long-term customer financing excluding unrealised fair value changes amounted to EUR 35,787 million (EUR 32,948 million) at the end of December, growing by 8.6% (7.5%). Short-term customer financing in commercial papers totalled EUR 1,825 million (EUR 1,575 million) at the end of the year.

In 2024, MuniFin focused even more decidedly on its core mandate: ensuring that municipalities, wellbeing service counties and affordable social housing organisations have access to affordable financing under all market conditions. As a result, MuniFin decided to divest its subsidiary company Financial Advisory Services Inspira Ltd. When a negotiated asset deal fell through in the spring, MuniFin decided to discontinue the provision of Inspira's advisory services in May. Before closing down, Inspira generated a turnover of EUR 0.4 million in 2024.

In 2024, MuniFin continued to devote significant resources to making its customer financing processes even more effective and convenient. The application process for commercial papers in short-term customer financing is already fully digital, and even most long-term financing applications are submitted online. In 2024, MuniFin expanded its digital services to also cover leasing offering process.

Long-term loan portfolio by customer type 31 Dec 2024, %



Financing encourages sustainable investments
MuniFin offers its customers green and social finance for their sustainable investments. In late 2024, the Group piloted a new sustainable development loan, which will be made available to customers in 2025. This product can be offered for municipalities that have a climate plan demonstrating their commitments to actions aimed at reducing greenhouse gas emissions.

MuniFin is committed to systemically reducing the carbon footprint of the projects it finances, offering customers support with emission reductions and better managing the climate and environmental risks associated with the Group's operations. The goal of MuniFin's sustainability agenda is to increase the proportion of sustainable finance and thus also reduce financed emissions from buildings. The goal is for green finance to account for at least 25% and social finance for at least 8% of the Group's long-term customer financing by 2030. At the end of 2024, green finance accounted for 19.0% (14.6%) and social finance for 7.1% (6.8%) of long-term customer financing excluding unrealised fair value changes. The financed emissions goal set in the sustainability agenda aims for financed emissions from buildings to have an emissions intensity of 8 $kgCO_2e/m^2$ by 2035. Based on 2023 data, the emissions intensity of the Group's portfolio is 10.8 $kgCO_2e/m^2$ (12 $kgCO_2e/m^2$ in 2022).

At the end of 2024, there were 576 (411) green projects and green finance totalled EUR 6,817 million (EUR 4,795 million). The amount of social projects was 152 (123) and the social finance totalled EUR 2,536 million (EUR 2,234 million).

MuniFin publishes annual green and social impact reports on its website. In 2024, the Group also published its first report on the emissions of its financed projects and investments, covering the years 2020–2022.

Funding and liquidity management

MuniFin Group acquires its funding mainly from the international capital markets as standardised issuances under debt programmes. The funding strategy relies on wide diversification into multiple currencies, maturities, geographical areas and investor groups to secure access to funding under all market conditions.

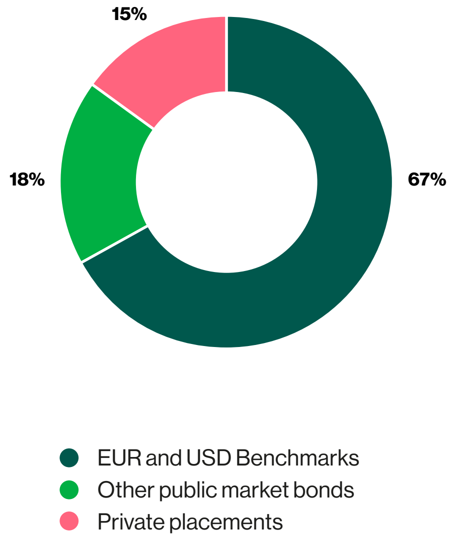
The Group's strategy has proved highly successful amidst the turmoil in monetary and security policy that continued in 2024, driven by events such as the war in Ukraine, the escalating unrest in the Middle East and the US presidential elections. The Group retained strong access to capital markets throughout the year, and its benchmark bonds were met with excellent demand. In 2024, the Group issued five benchmark bonds, including a five-year benchmark bond of USD 1.5 billion, which attracted record-breaking subscriptions of USD 4.4 billion.

Investor interest in sustainable finance products continues to grow, and regulation is also steering markets towards a more sustainable direction. The Group is committed to issuing new green and social bonds regularly. In 2024, the Group issued a record annual volume of green bonds and, for the first time ever, also issued three green bonds within a single year. The USD 1 billion bond issued in October marked the Group's tenth green bond. In February, the Group issued a social bond of NOK 2 billion.

Credit risk premiums increased markedly across the euro area SSA (*Sovereigns, Supranationals, Agencies*) issuers.

In 2024, the Group's new long-term funding totalled EUR 8,922 million (EUR 10,087 million). A total of 70 (87) long-term funding arrangements were made in 9 (12) different currencies. The Group uses derivatives to hedge against market risks in funding.

New long-term funding Jan–Dec 2024 by funding class



At the end of 2024, the Group's total funding amounted to EUR 46,737 million (EUR 43,320 million), of which the Euro Commercial Papers *(ECP)* totalled EUR 3,409 million (EUR 3,987 million). Of total funding, 50.5% (54.0%) was denominated in euros and 49.5% (46.0%) in foreign currencies.

Debt programmes used by MuniFin

Medium Term Note *(MTN)* programme	EUR 50,000 million
Euro Commercial paper *(ECP)* programme	EUR 10,000 million
AUD debt programme *(Kangaroo)*	AUD 2,000 million

MuniFin's funding is guaranteed by the Municipal Guarantee Board *(MGB)*, a public law institution whose members consist of all the municipalities in mainland Finland. The members are responsible for the liabilities of the MGB in proportion to their population. The MGB has granted guarantees for both the debt programmes and funding arrangements outside the programmes. Based on this, debt instruments issued by MuniFin are classified as zero-risk when calculating the capital adequacy of credit institutions and solvency of insurance companies, and as Level 1 liquid assets in liquidity calculation in the EU.

MuniFin Group's long-term risk appetite framework specifies that total liquidity must cover uninterrupted business for a survival horizon of at least 12 months. With the amount held at the end of the year, the Group could uphold all its commitments with no additional funding for almost 15 months (16 months).

Because of the general market uncertainty, the Group continued to keep its largest allocations in central bank deposits also in 2024. At the end of the year, the Group's total liquidity stood at EUR 11,912 million (EUR 11,633 million). Of this, central bank deposits totalled EUR 7,809 million (EUR 7,989 million) and investments in liquid, low-risk securities EUR 4,016 million (EUR 3,570 million), with the average credit rating of AA+ (AA+) and average maturity of 3.2 years (2.9 years). In addition to this, the Group's money market deposits in credit institutions totalled EUR 88 million (EUR 74 million). The Group's liquidity investments are hedged with interest rate swaps. Changes in interest rates therefore do not have a direct impact on profit and loss.

The Group's liquidity investments are steered by the goal of low credit risk, high liquidity and sustainability. The Group monitors the sustainability of its investments through their ESG (*Environmental, Social and Governance*) score.

At the end of 2024, the Group's liquidity investments had an average ESG score of 7.70 (7.59), above the benchmark index of 7.51 (7.41). The Group held a total of EUR 870 million (EUR 635 million) in socially responsible investments *(SRIs)*, which is 21.5% (17.4%) of all the Group's investments in securities. The ratio of socially responsible investments to the Group's own green and social funding was 14.9% (14.0%).

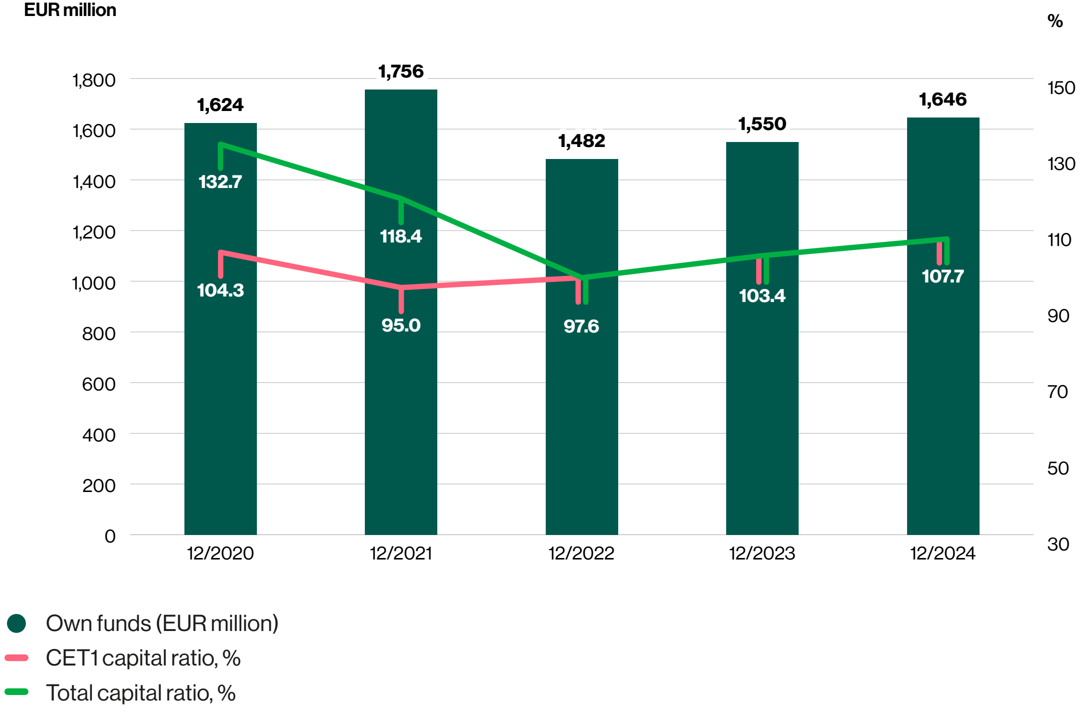
MuniFin's credit ratings

Rating agency	Long-term funding	Outlook	Short-term funding
Moody's Investors Service	Aa1	Stable	P-1
Standard & Poor's	AA+	Stable	A-1+

MuniFin's credit ratings correspond to those of the Government of Finland. The credit ratings did not change during the financial year. The Municipal Guarantee Board, which guarantees MuniFin Group's funding, also has the corresponding ratings.

Capital adequacy

MuniFin Group's own funds and capital adequacy



MuniFin Group's own funds and capital adequacy

MuniFin Group's capital adequacy is very strong. The Group's CET1 capital ratio was 107.7% (103.4%), which corresponds to its Tier 1 capital ratio and total capital ratio at the end of both 2024 and 2023 because the Group only had CET1 capital at the time. The Group's CET1 capital ratio is over seven times the required minimum of 15.0% (13.9%), taking capital buffers into account.

Consolidated own funds (EUR million)	31 Dec 2024	31 Dec 2023
Common Equity Tier 1 before regulatory adjustments	1,873	1,678
Regulatory adjustments to Common Equity Tier 1	-227	-128
Common Equity Tier 1 *(CET1)*	**1,646**	**1,550**
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital *(AT1)*	**-**	**-**
Tier 1 capital *(T1)*	**1,646**	**1,550**
Tier 2 capital before regulatory adjustments	-	-
Regulatory adjustments to Tier 2 capital	-	-
Tier 2 capital *(T2)*	**-**	**-**
Total own funds	**1,646**	**1,550**

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

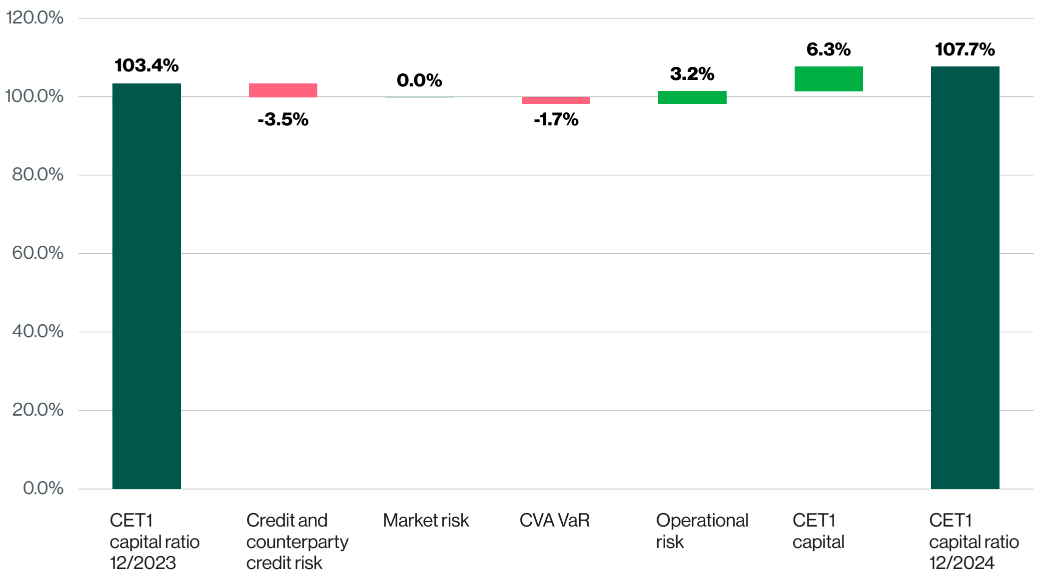
The CET1 capital includes profit for the financial year. This profit has been subject to a financial review by auditors and can therefore be included in CET1 capital based on the permission granted by the ECB in accordance with the Capital Requirements Regulation *(CRR)*. The Board's 2024 dividend proposal of EUR 72.7 million (EUR 66.0 million) has been deducted from the Group's own funds.

Consolidated minimum requirement for own funds (EUR 1,000)	31 Dec 2024 Capital requirement	31 Dec 2024 Risk exposure amount	31 Dec 2023 Capital requirement	31 Dec 2023 Risk exposure amount
Credit and counterparty credit risk, standardised approach	**50,021**	**625,265**	**45,826**	**572,829**
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	260	3,255	430	5,372
Exposures to public sector entities	455	5,686	441	5,507
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations		0	0	0
Exposures to institutions	31,771	397,134	29,511	368,890
Exposures to corporates	2,178	27,229	1,850	23,130
Exposures secured by mortgages on immovable property	0	0	0	0
Exposures in default	0	0	0	0
Exposures in the form of covered bonds	12,402	155,020	10,630	132,874
Other items	2,955	36,941	2,964	37,056
Market risk	-	-	-	-
Credit valuation adjustment risk *(CVA VaR)*, standard method	**36,245**	**453,066**	**34,154**	**426,924**
Operational risk, basic indicator approach	**35,998**	**449,976**	**39,984**	**499,797**
Total	**122,265**	**1,528,307**	**119,964**	**1,499,550**

The capital requirement for counterparty risk is EUR 3,719 thousand (EUR 3,047 thousand).

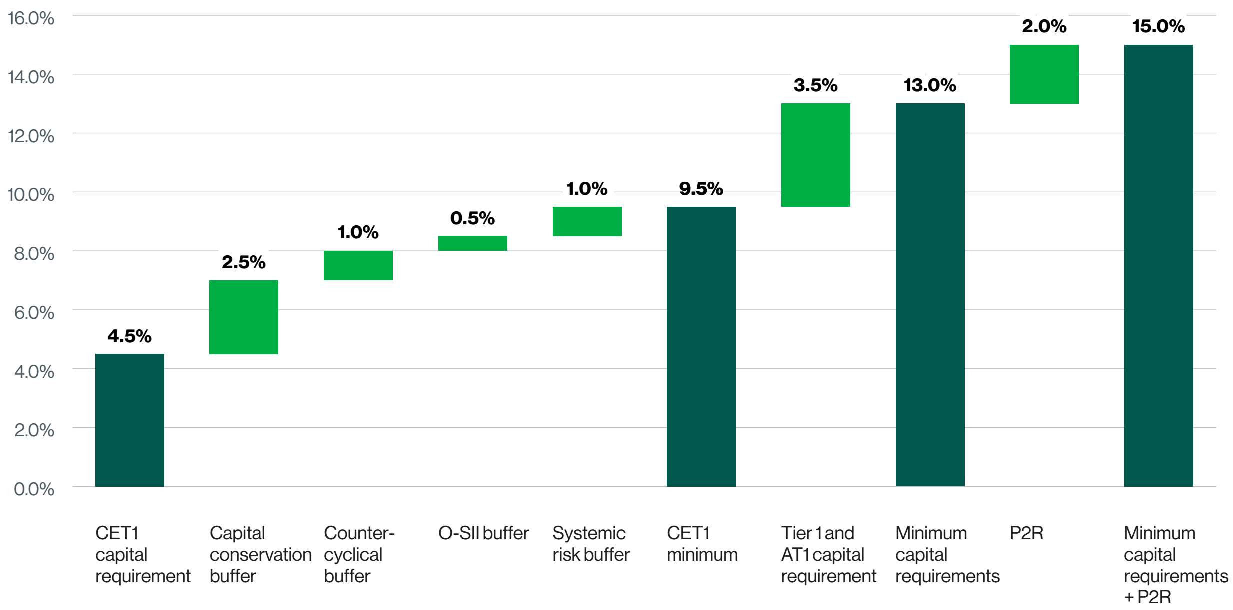
The Group's total risk exposure amount increased by 1.9% from the end of 2023, totalling EUR 1,528 million (EUR 1,500 million) at the end of the financial year.

CET1 capital ratio changes, %



The risk exposure amount for credit and counterparty credit risk increased by EUR 52 million from the end of 2023 to EUR 625 million (EUR 573 million). There was no capital requirement for market risk at the end of the financial year or in the comparison year, because the currency position was less than 2% of the Group's own funds, and, based on Article 351 of the CRR, the own funds requirement for market risk has therefore not been calculated. The credit valuation adjustment *(CVA VaR)* increased to EUR 453 million (EUR 427 million). The risk exposure amount of operational risk was EUR 450 million (EUR 500 million).

The Group's minimum capital requirements and capital buffers, %



The Group's minimum capital requirements and capital buffers

The minimum capital requirement is 8% for total capital adequacy and 4.5% for CET1 capital adequacy. Under the Act on Credit Institutions, the capital conservation buffer is 2.5%. An additional capital requirement for other systemically important credit institutions *(O-SII buffer)* is 0.5% for MuniFin Group. At the end of June 2024, the Finnish Financial Supervisory Authority *(FIN-FSA)* gave its yearly decision on O-SII buffers and kept MuniFin Group's buffer unchanged at 0.5%.

Starting from 1 April 2024, the FIN-FSA imposed a requirement to maintain a systemic risk buffer (*SyRB*) covered by Common Equity Tier 1 (*CET1*) capital and amounting to 1.0% on MuniFin. This requirement also applies to other Finnish credit institutions at the same level.

In December 2024, the FIN-FSA decided to keep the countercyclical capital buffer requirement unchanged at the baseline level of 0%. For MuniFin Group, the credit institution-specific countercyclical capital buffer requirement that is imposed based on the geographical distribution of exposures is 1.0% (0.9%). The Group therefore has a minimum requirement of 9.5% (8.4%) for its CET1 capital ratio and 13.0% (11.9%) for its total capital ratio.

In addition to the abovementioned requirements, the ECB has imposed a bank-specific Pillar 2 requirement *(P2R)* of 2.0% on MuniFin Group as part of the annual Supervisory Review and Evaluation Process *(SREP)*. The total SREP capital requirement ratio *(TSCR)* was 10.0% (10.0%) at the end of December 2024.

The minimum level of total capital ratio was 15.0% (13.9%) including P2R and other additional capital buffers.

Leverage ratio, liquidity coverage ratio and net stable funding ratio

At the end of December, MuniFin Group's leverage ratio was 12.3% (12.0%). MuniFin fulfils the CRR II definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. The amount of credit receivables from municipalities, wellbeing services counties and the central government was EUR 38,607 million (EUR 35,251 million) at the end of the year. After the deduction, the Group's leverage ratio exposures totalled EUR 13,340 million (EUR 12,877 million). The minimum required leverage ratio is 3%.

At the end of the year, MuniFin Group's Liquidity Coverage Ratio *(LCR)* was 340.5% (409.1%) and its Net Stable Funding Ratio *(NSFR)* was 123.7% (124.1%). Both have a minimum requirement of 100%.

Liabilities under the Act on the Resolution of Credit Institutions and Investment Firms

MuniFin's crisis resolution authority is the EU's Single Resolution Board *(SRB)* and Finnish Financial Stability Authority (*FFSA*). In November 2024, the SRB and the FFSA removed MuniFin's binding minimum requirement for own funds and eligible liabilities *(MREL)* as a result of changes to the European Bank Recovery and Resolution Directive *(BRRD)* and corresponding national legislation.

Under the revised framework, the MREL requirement no longer applies to credit institutions subject to simplified obligations. Before the MREL requirement was lifted, MuniFin's own funds and eligible liabilities exceeded it multiple times, so this change will not have a significant effect on the Group's operations.

Changes in banking regulation

At the end of October 2021, the European Commission published its proposal for the implementation of the final Basel III banking regulatory standards in the EU *(CRR III/ CRD IV)*. This reform will affect banks' solvency calculation, especially in the context of credit, market and operational risks, credit valuation adjustment *(CVA VaR)* and leverage ratio. It also introduces a new output floor. MuniFin Group's business model is based on zero-risk-weighted customer financing, which will not change with the implementation of the Basel III package. The reform will, however, affect MuniFin's capital adequacy calculations and reporting methods.

MuniFin is undertaking a project to implement the changes introduced by the CRR III regulation. According to the Group's current estimate, the changes in regulation will result in increased capital requirements related to derivatives and the operational risk. The increase in the derivatives and operational risk exposure amounts are estimated to weaken the Group's capital ratios by approximately 10 percentage points. The Group's capital adequacy will nonetheless remain at a very high level. Other than that, the changes are only expected to have a minor impact on capital adequacy.

The impact assessment entails some uncertainty because these regulatory changes are not yet interpreted in an established way. The Group nevertheless expects to exceed the minimum regulatory capital requirements many times over due to its strong capital position, also in the future. The regulatory changes are not expected to impact MuniFin's leverage ratio.

Sustainability-related reporting requirements are growing in the financial sector, increasingly obliging MuniFin Group and its customers to document the impacts of their operations in more detail. In response, the Group has started to prepare for the Corporate Sustainability Reporting Directive *(CSRD)*, approved by the European Parliament in November 2022, and the corresponding national legislation. The implementation of the CSRD into national legislation was approved at the end of 2023. The Group conducted a double materiality assessment and an assessment of regulatory changes in early 2024 and launched a sustainability reporting implementation project in autumn 2024. The reporting requirement applies to MuniFin from 2025, and the first report will be published in the first half of 2026.

MuniFin has continued to incorporate its ESG risk reporting into its Pillar III Disclosure Report in accordance with CRR Article 449a. The Group disclosed the phase 2 information on the Green Asset Ratio *(GAR)* as part of its 2023 Pillar III Disclosure Report in the first half of 2024 and scope 3 financed emissions in the summer 2024. The Group has also started to prepare for the disclosure of the phase 3 information on the Banking Book Taxonomy Alignment Ratio *(BTAR)* as of the end of 2024.

The Group has also continued to prepare for the financial sector's Digital Operational Resilience Act (*DORA*), which will take effect from January 2025. To comply with DORA, the Group has updated its ICT agreements, the processes of maintaining information systems and the comprehensive risk management of information systems and information security both internally in the Group and with its IT vendors. The regulation contains requirements aimed at improving the resilience of the financial sector to withstand failures and disruptions in information systems.

MuniFin Group's strategy and financial objectives

MuniFin Group's strategy emphasises the Group's core mandate: ensuring that its limited customer base, which is assigned to carry out public duties, has access to affordable financing under all market conditions. This core mandate necessitates keeping MuniFin's capital quantity and quality and liquidity at levels that exceed even the strictest regulatory requirements at all times, thus enabling the continuation of normal business operations even during financially difficult times. MuniFin has conservative risk management policies and maintains a strong risk-bearing capacity in both quantity and quality. The Board of Directors reviewed the Group's strategy in 2024 and concurred that no material changes are necessary.

Due to its specialised business model, the Group's strictest regulatory capital requirement is the leverage ratio, unlike in most credit institutions. The leverage ratio requirement is a prudential tool defined under the Capital Requirements Regulation *(CRR)* that complements minimum capital adequacy requirements. Its purpose is to prevent credit institutions from building up excessive leverage. The leverage ratio is calculated as a ratio between the institution's Tier 1 capital and total exposure calculated based on the assets and off-balance sheet items as described in the regulatory framework. MuniFin fulfils the CRR II (Regulation (EU) 2019/876) definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. After the deduction, the most significant factor affecting MuniFin's leverage ratio is the size of its liquidity portfolio, which safeguards the Group's liquidity.

MuniFin's aim is for the Group's Common Equity Tier 1 *(CET1)* capital to always surpass 7%, which is the sum of the minimum requirement set in regulation (3%) and the capital buffers set by the management (4%). The Group uses these capital buffers to prepare for events and changes that have an adverse effect on its capital position. These can include realised business risks or regulatory changes. The capital requirement for business risk is based on a strict stress test, and it mostly results from unrealised fair value changes, which are temporary in nature.

Capital exceeding the Group's minimum target covers fluctuation in capital requirements caused by changes in the total liquidity amount and safeguards the Group's continuity of operations and ability to pay dividends. The Group's long-term target is a leverage ratio of 7–10%, which enables the Group to carry out its core mandate and ensure sufficient liquidity in all market conditions. At the end of December 2024, the Group's leverage ratio calculated with CET1 capital was 12.3%.

Because MuniFin's objective as a public development credit institution under the CRR is not to maximise profits, the Group aims at a result that will ensure the Group's ability to carry out its core mandate in the long term. The Group's objective is to achieve at least a result that is sufficient to cover any increases in capital requirements arising from increased business operations and satisfy the shareholders' expected yield in the long term. MuniFin uses long-term pricing strategies and other measures to maximise its customer benefits while also ensuring the continuity of its operations and the yield expectation of its shareholders.

The net operating profit excluding unrealised fair value changes generated from MuniFin's core business has remained relatively stable in recent years, totalling about EUR 170–210 million. However, relative to the volume of core business, i.e. customer financing, the net operating profit excluding unrealised fair value changes has dropped significantly. Between 2018 and 2023, profitability relative to the volume of customer financing decreased from 0.83% to 0.53%. In the financial year, the comparable ratio continued to decrease and was 0.50%. In the coming years, MuniFin's goal is to maintain a level of total profit that guarantees the continuity of the Group's operations.

MuniFin aims to constantly improve the efficiency of its operations, generating growing added value to its customers and shareholders. MuniFin's long-term goal is to gradually decrease the ratio of the costs and development investments over which the Group has influence to its customer business.

In March 2023, the Annual General Meeting *(AGM)* ratified MuniFin's dividend policy. According to this policy, MuniFin's strong capital position allows it to aim to pay 30–60% of the Group's financial year's profit in dividends, as long as it does not jeopardise the Parent Company's solvency, liquidity or ability to meet its commitments. When drafting the annual dividend proposal and deciding on the distribution of profits, the following factors influencing the Group's capital position are taken into account on a broad spectrum:

- Uncertainties and changes in the operating environment and regulation.
- Assessments of the Group's financial situation in the future.
- The Group's funding position and liquidity.
- Changes to the Group's risk position.
- Unrealised fair value changes affecting the Group's own funds.
- Assessments of the Group's liquidity development.
- Views of supervisory authorities and credit rating agencies.
- Accruals of possible AT1 capital instruments not recognised in profit and loss.

Risk management

MuniFin Group's operations require adequate risk management mechanisms to ensure that its risk position remains within the limits set by the Parent Company's Board of Directors. The Group applies conservative risk management principles. The aim is to keep the Group's overall risk profile at such a low level that MuniFin's credit rating remains the best possible in relation to the credit rating of the Finnish State.

The relevant risk types associated with the Group's operations include credit and counterparty risk, market risk and liquidity risk. All business operations also involve strategic risks, ESG risks such as environmental and climate risks and operational risks, including compliance risk.

The Group's risk position

There were no material changes in MuniFin Group's risk position during 2024, and risks remained within the risk appetite limits set by the Board of Directors. The continued geopolitical tensions and market volatility did not affect the Group's performance during the financial year. The capital markets remained stable throughout the year, but higher-than-expected credit risk premiums increased funding costs. Despite this, the Group's funding continued in the usual manner during the financial year. Because of the uncertainties in the operating environment, the Group has nevertheless maintained strong liquidity buffers as a precaution. The geopolitical instability mainly affects the Group indirectly through market conditions. Despite the changes in the operating environment, the Group's risk position remained stable and at a low level during the reporting period.

MuniFin Group took part in the 'Fit-for-55' climate risk scenario analysis, a one-off exercise for EU banks launched in December 2023. Conducted by the European Banking Authority *(EBA)*, the exercise aimed to assess the resilience of the financial sector in line with the Fit-for-55 package and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress. The Group also took part in the European Central Bank's *(ECB)* cyber resilience stress test, which assessed how banks under the ECB's direct supervision respond to and recover from cyberattacks.

The Group is exposed to credit risks as part of its business, but due to the nature of its customer base, these risks are low. The Group's credit risks emerge almost exclusively from its customer financing, liquidity portfolio investments and derivatives portfolio. The Group also offers derivative products for its customers for hedging their interest rate positions. These products are covered with offsetting contracts from the market. The Group uses derivatives only for hedging against market risks.

In view of its credit risk mitigation techniques (mortgage collateral and guarantees received) and the exemptions set out in CRR Article 400 related to the calculation of large exposures, MuniFin Group is not exposed to the customer risk referred to in the regulation in its customer financing, and thus the customer risk of any individual customer does not exceed 10% of the Group's own funds. Credit loss and impairments on financial assets in PnL were EUR 0.3 million (EUR 1.2 million). The item consists of expected credit losses *(ECL)*. The amount of forborne loans was EUR 561 million (EUR 497 million), while non-performing exposures amounted to EUR 292 million (EUR 142 million) at the end of the year. For these non-performing exposures, MuniFin has absolute guarantees by municipalities or by wellbeing services counties, or real estate collateral and state deficiency guarantee, and these exposures are therefore not expected to carry the risk of a final credit loss. Non-performing exposures represented 0.8% (0.4%) of total customer exposures.

MuniFin's credit risk position remained stable and at a low level during the year. It is expected to remain stable and in line with the Group's credit risk strategy also in the future.

Market risks include interest rate risk, exchange rate risk and other market and price risks. The Group uses derivatives to hedge against market risks. Derivatives can only be used for hedging purposes as the Group does not engage in trading activities. Interest rate risk mainly arises from the differences in reference rates applicable to the assets and liabilities in the balance sheet. In addition, the Group may create a strategic mismatch portfolio, i.e. leave fixed-rate exposures unhedged, to achieve its earnings stabilisation. The strategic mismatch portfolio can include both fixed- and revisable-rate loans as well as fixed-rate investments in the liquidity portfolio. Derivatives are not used in the creation of the strategic mismatch.

The Group actively monitors and hedges its interest rate risk. Ten scenarios are used in the calculation of the net interest income *(NII)* risk, of which the least favourable outcome is considered. At the end of the year, one-year NII risk was EUR -44 million, and the least favourable scenario was a short rate shock up (at the end of 2023, the least favourable scenario was a short rate shock up, EUR -18 million). Several scenarios are also used in the calculation of the economic value of equity *(EVE)*, of which the least favourable outcome is considered. At the end of the year, the least favourable scenario was a parallel shock up of 200 basis points, resulting in EVE of EUR -120 million (at the end of 2023, the least favourable scenario was a parallel shock up of 200 basis points, EUR -93 million).

The Group mitigates its foreign exchange *(FX)* risk by using derivative contracts to swap all funding and investments denominated in foreign currency into euros. The Group's customer financing is denominated in euros, and the Group has no significant open FX positions. In practice, a small temporary exchange rate risk may occasionally arise due to cash collateral management (USD) in the clearing of derivatives by central counterparties, but this risk is actively monitored and hedged. Derivatives are also used to hedge against other market and price risks.

The Group has also determined valuation risk as a significant risk for its business. During the financial year, unrealised fair value changes of financial instruments increased the Group's earnings volatility. Unrealised fair value changes were influenced in particular by changes in interest rates and credit risk spreads in the Group's main funding markets and by challenges in the banking sector. The Group continuously monitors and analyses the volatility arising from valuations and prepares for any impacts this may have on its profit and capital adequacy.

The Group's market risk has remained stable despite the market changes.

MuniFin Group manages its refinancing risk by limiting the average maturity between financial assets and liabilities. In addition, the Group manages its liquidity risk by setting a limit for the minimum adequacy of the available short-term and long-term liquidity. The Group's survival horizon was almost 15 months (16 months) at the end of the year. The Group's liquidity remained good.

The following table details the Group's high-quality liquid assets (*HQLA*) as defined in the LCR regulation.

Liquid assers, HQLA (EUR million)	31 Dec 2024	%	31 Dec 2023	%
Level 1	10,413	77%	10,139	77%
Level 2a	1,040	8%	1,043	8%
Level N*	2,133	16%	1,909	15%
Total	**13,586**	**100%**	**13,090**	**100%**

* Includes short-term customer financing granted as money market investments amounting to EUR 1,825 million (EUR 1,575 million.

The Group's LCR was 340.5% (409.1%) at the end of the financial year. The availability of long-term funding is monitored via the NSFR, which stood at 123.7% (124.1%). The availability of funding remained good throughout the year, and the Group issued EUR 8,922 million (EUR 10,087 million) in long-term funding.

MuniFin Group's operational risks are estimated to be at a moderate level, and there were no material losses from operational risks in 2024.

ESG risks include environmental, social and governance risks. There have been no material changes in ESG risks during the financial year.

According to the Group's assessment, its exposure to climate and environmental risks is low. As per the Group's business model, customer receivables originate from the Finnish municipal and wellbeing services counties sectors or are from the State of Finland after credit mitigation (*state deficiency guarantee*). MuniFin Group recognises that its customers may be exposed to both physical risk caused by climate change and transition risk related to climate change mitigation.

The Group can also be exposed to these risks through its customers. Identified risks are related to real estate collateral, but given the existing guarantee arrangements, even the materialisation of a climate or environmental risk is not expected to cause final credit losses. The Group's investment counterparties are governments, central banks, SSA (*Sovereigns, Supranationals, Agencies*) sector entities and credit institutions. According to the Group's assessment, the impact of climate and environmental risks on these operators for the Group is minor. MuniFin Group only invests in counterparties whose risks it considers to be low. This also applies to the Group's derivative counterparties.

According to the Group's assessment, environmental and climate risks are unlikely to manifest substantially in the short term, but they may have an adverse economic effect on the Group's customers in the medium and long term. Although the Group assesses its climate and environmental risks to be low, it recognises that as climate change progresses, the risks and uncertainty associated with it will increase. For this reason, MuniFin Group assesses its exposure to climate and environmental risks at least once a year.

According to the Group's estimate, it is currently not exposed to any substantial social or governance risks. The perceived low exposure to social risks stems from the lack of identified material risks related to non-compliance with labour laws, human rights or other aspects of social justice. The Group monitors the governance of its customers and investment counterparties through an ESG scoring model, which it uses to evaluate their reported governance and other ESG factors. The Group also monitors that its service providers meet the minimum ESG requirements set for all partners.

In 2024, the Group continued to build its ESG risk management competence and prepared for the new disclosure requirements that entered into force during the year.

Governance

In addition to corporate legislation, MuniFin complies with the governance requirements of the Finnish Act on Credit Institutions and supervisory guidelines. The governance policy is described in more detail on MuniFin's website. The website includes the governance descriptions required by the Act on Credit Institutions as well as information on how MuniFin complies with the Finnish Corporate Governance Code for listed companies published by the Finnish Securities Market Association. This code applies to Finnish listed companies, i.e. companies whose shares are listed on Nasdaq Helsinki Ltd (*Helsinki Stock Exchange*). Since MuniFin is exclusively an issuer of listed bonds, and its shares are not subject to public trading, this code does not apply directly to MuniFin.

During the financial year, MuniFin's shares were incorporated into Finland's book-entry system in accordance with the mandate granted by the 2023 Annual General Meeting. The book-entry system modernises the share register's maintenance and reduces the operational risks associated with it.

No material changes to MuniFin Group's governance took place during the financial year.

Group structure

Municipality Finance Group (MuniFin Group or the Group) consists of Municipality Finance Plc (MuniFin or the Parent Company) and Financial Advisory Services Inspira Plc. The subsidiary company Inspira's change of name to Kuntarahoituksen digitaaliset palvelut Oy was registered in early 2025. Inspira is fully owned by MuniFin. No changes to the Group or ownership structure took place in the reporting period.

General meeting

The Annual General Meeting (*AGM*) of MuniFin was held on 17 May 2024. The AGM confirmed the Financial Statements for 2023 and discharged the members of the Board of Directors, the CEO and the Deputy CEO from liability for the financial year 2023. In addition, in accordance with the proposal of the Board of Directors, the AGM authorised a dividend of EUR 1.69 per share to be paid, totalling EUR 66.0 million. The amount of distributable funds on the Group's balance sheet on 31 December 2023 was EUR 365.6 million.

Based on the proposal of the Shareholders' Nomination Committee, the AGM decided to appoint eight Board members for the 2024–2025 term, lasting from the 2024 AGM to the end of the subsequent AGM. The AGM also confirmed the Shareholders' Nomination Committee's proposal on the remuneration of Board members.

In accordance with the Board's proposal, the AGM elected PricewaterhouseCoopers Oy as MuniFin's auditor, with APA Jukka Paunonen as the principal auditor. Until the 2024 AGM, MuniFin's auditor was KPMG Oy Ab (*KPMG*), with APA Tiia Kataja as the principal auditor. KPMG could no longer be re-elected for the 2024–2025 term due to the mandatory audit firm rotation requirement.

The AGM's resolutions are published on MuniFin's website.

Board of Directors

The Shareholders' Nomination Committee made a proposal to the AGM held on 17 May 2024 regarding the members to be elected for the term that began at the end of the 2024 AGM and will conclude at the end of the subsequent AGM.

The AGM elected the following members to the Board of Directors: Maaria Eriksson, Markku Koponen, Kari Laukkanen, Tuomo Mäkinen, Denis Strandell, Elina Stråhlman, Leena Vainiomäki and Arto Vuojolainen. As per the Committee's proposal, the MuniFin Board nominated Kari Laukkanen as the Chair of the Board and Maaria Eriksson as the Vice Chair.

From the 2023 AGM to the 2024 AGM, the members of the Board of Directors were Kari Laukkanen (Chair), Maaria Eriksson (Vice Chair), Markku Koponen, Tuomo Mäkinen, Minna Smedsten, Denis Strandell, Leena Vainiomäki and Arto Vuojolainen. Minna Smedsten was not available for the Board's 2024–2025 term.

MuniFin has statutory audit, risk and remuneration committees established by the Board of Directors. The committees act as assisting and preparatory bodies to the Board of Directors. The MuniFin Board selected Markku Koponen (Chair), Tuomo Mäkinen, Denis Strandell and Elina Stråhlman as the members of the Audit Committee. In the Risk Committee, the Board selected Leena Vainiomäki (Chair), Maaria Eriksson, Kari Laukkanen and Arto Vuojolainen. In the Remuneration Committee, the Board selected Kari Laukkanen (Chair), Leena Vainiomäki and Maaria Eriksson.

The operations of the MuniFin Board of Directors and its committees are described in more detail on MuniFin's website.

Personnel

At the end of December 2024, MuniFin Group had 178 (185) employees. The President and CEO of MuniFin is Esa Kallio, with Mari Tyster, Executive Vice President, acting as deputy to the CEO. In addition, the MuniFin Executive Management Team includes Executive Vice Presidents Aku Dunderfelt, Toni Heikkilä, Joakim Holmström, Harri Luhtala, Minna Piitulainen and Juha Volotinen.

Salaries and remuneration

The remuneration paid to MuniFin Group's management and employees consists of fixed remuneration (base salary and fringe benefits) and a variable element based on the conditions of the remuneration scheme. The principles of the remuneration scheme are confirmed by the Parent Company's Board of Directors, and they are reviewed on an annual basis. The Remuneration Committee advises the Board of Directors on remuneration-related matters. Salaries and remuneration paid across the Group amounted to EUR 17 million (EUR 17 million).

Internal audit

The purpose of MuniFin Group's internal audit is to monitor the reliability and accuracy of the Group's information on finances and other management. It also ensures that MuniFin Group has sufficient and appropriately organised manual operations and IT systems and that the risks associated with the operations are adequately managed.

Events after the reporting period

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

Outlook for 2025

Europe's economy is starting 2025 off from a weaker position than anticipated. Business cycle expectations are subdued, and the global operating environment is fraught with uncertainty. Donald Trump's presidential administration is expected to pursue protectionist trade policies, which could, at worst, severely slow down the euro area's economic recovery. However, if Europe is exempted from the planned universal tariff on all US imports and the euro continues to weaken, businesses in the euro area could even find new opportunities to expand their market share in the US. Europe could also suffer negative economic effects if capital needed to improve productivity is increasingly allocated to strengthening military defence and supply security. The political turmoil in France and Germany adds another layer of uncertainty into the euro area economy.

To counterbalance the growing economic uncertainty, the European Central Bank is expected to continue brisk interest rate cuts in 2025. Short-term market rates are projected to come down to about two per cent or even slightly below that by mid-year.

The sharp interest rate cuts will be the most crucial booster for the Finnish economy in 2025. Although the overall tone of the economic turnround is still relatively subdued, the simultaneous recovery of demand drivers could boost annual GDP growth to surprisingly strong figures. Even so, macroeconomic forecasts continue to be very uncertain. Finland's two most important export markets, the US and Germany, both entail considerable risks, and a sharper-than-expected decline in employment casts a shadow over the recovery of the domestic market. From the Group's perspective, the 2024 rise in credit risk spreads is expected to push up the cost of funding, weakening the Group's net interest income in 2025.

Municipalities are undergoing sizeable adjustment programmes, but their financing deficit is nevertheless expected to grow again in 2025. Municipal finances are strained by several factors: central government transfer cuts resulting from the balancing of health and social services reform transfers, increased net investments, health and social services facilities that are left unused by wellbeing services counties but continue to incur maintenance, conversion and demolition costs, as well as uncertainty surrounding the actual costs of the employment services reform. In addition, the weakened employment outlook poses a serious risk to tax revenues.

Privately funded housing production is expected to take an upward turn in 2025, but its volume will nevertheless remain well below normal levels. The housing market is starting to gradually pick up, and housing prices are expected to start rising moderately from 2025 onwards. In contrast, state-subsidised housing production will see fewer building starts due to reductions on interest subsidy loan authorisations. In March 2025, the Housing Finance and Development Centre of Finland (*Ara*) will cease to operate as an independent government agency and its operations will instead be integrated under the Ministry of the Environment. This change does not mean the end of state-subsidised housing production; rather, it aims to improve the administration of affordable social housing production. According to MuniFin's analysis, the integration will not have a direct effect on MuniFin's business. Interest subsidy loans will continue to be granted to state-subsidised housing production, but the related processes will be administered at the Ministry of the Environment. MuniFin will monitor the practical implications closely. With the managing authority changing, the Company may need to make changes to some of its processes in response.

Considering the above-mentioned circumstances, the Group expects its net operating profit excluding unrealised fair value changes to be at the same level or lower in 2025 as in 2024. The Group expects its capital adequacy ratio and leverage ratio to remain strong. The valuation principles set in the IFRS framework may cause significant but temporary unrealised fair value changes, some of which increase the volatility of net operating profit and make it more difficult to estimate.

These estimates are based on a current assessment of the development of MuniFin Group's operations and the operating environment.

The Board's proposal concerning the use of the profit shown in the balance sheet and the distribution of dividends

Municipality Finance Plc has distributable funds of EUR 373 million, of which the profit for the financial year totalled EUR 74 million.

In accordance with the dividend policy ratified by the Annual General Meeting (*AGM*) in March 2023, MuniFin aims to pay 30–60% of the Group's financial year's profit in dividends. The Board of Directors proposes to the AGM that based on the confirmed balance sheet, EUR 1.86 per share be paid in dividend, totalling EUR 72.7 million. This is 54.8% of the Group's financial year's profit. The total dividend payment for the financial year 2023 was EUR 66.0 million.

MuniFin's result for the financial year was strong. The Board of Directors considers the payment of the proposed dividend to be justified. MuniFin clearly exceeds all the prudential requirements set for it. No events have taken place since the end of the financial year that would have a material effect on the Company's financial position. According to the Board's assessment, the proposed distribution of profits does not place the fulfilment of the capital requirements or the Company's liquidity in jeopardy or conflict with binding legislation.

MuniFin's Annual General Meeting is scheduled to be held on 25 March 2025. Dividends will be paid to shareholders who are recorded in the Company's list of shareholders on 27 March 2025. The Board of Directors proposes that the dividends be paid on 3 April 2025 at the earliest.

Helsinki, 12 February 2025
Municipality Finance Plc
Board of Directors

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Development of the Group's key figures in 2020–2024

	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2020
Turnover (EUR million)*	2,239	1,862	759	535	532
Net interest income (EUR million)*	260	259	241	280	254
% of turnover	11.6	13.9	31.8	52.4	47.7
Net operating profit (EUR million)*	166	139	215	240	194
% of turnover	7.4	7.4	28.3	44.8	36.5
Unrealised fair value changes (EUR million)*	-16	-37	45	27	-3
Net operating profit excluding unrealised fair value changes (EUR million)*	181	176	170	213	197
Cost-to-income ratio, %*	27.7	32.2	23.9	21.7	21.5
Cost-to-income ratio excluding unrealised fair value changes, %*	26.0	27.3	28.4	23.8	21.2
Return on equity *(ROE)*, %*	7.2	6.6	9.9	10.7	9.4
Return on equity *(ROE)* excluding unrealised fair value changes, %*	7.9	8.4	7.8	9.6	9.6
Return on assets *(ROA)*, %*	0.3	0.2	0.4	0.4	0.4
Return on assets *(ROA)* excluding unrealised fair value changes, %*	0.3	0.3	0.3	0.4	0.4
New long-term customer financing (EUR million)*	5,056	4,319	4,317	3,594	5,081
New long-term funding (EUR million)*	8,922	10,087	8,827	9,395	10,966

	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Long-term customer financing (EUR million)*	35,173	32,022	29,144	29,214	28,022
Green finance (EUR million)*	6,817	4,795	3,251	2,328	1,786
Social finance (EUR million)*	2,536	2,234	1,734	1,161	589
Total funding (EUR million)*	46,737	43,320	40,210	40,712	38,139
Equity (EUR million)	1,945	1,744	1,614	1,862	1,705
Total balance sheet (EUR million)	53,092	49,736	47,736	46,360	44,042
Total liquidity (EUR million)*	11,912	11,633	11,505	12,222	10,089
Liquidity Coverage Ratio *(LCR)*, %	340.5	409.1	256.7	334.9	264.4
Net Stable Funding Ratio *(NSFR)*, %	123.7	124.1	120.3	123.6	116.4
Equity ratio, %*	3.7	3.5	3.4	4.0	3.9
CET1 capital (EUR million)	1,646	1,550	1,482	1,408	1,277
Tier 1 capital (EUR million)	1,646	1,550	1,482	1,756	1,624
Total own funds (EUR million)	1,646	1,550	1,482	1,756	1,624
CET1 capital ratio, %	107.7	103.4	97.6	95.0	104.3
Tier 1 capital ratio, %	107.7	103.4	97.6	118.4	132.7
Total capital ratio, %	107.7	103.4	97.6	118.4	132.7
Leverage ratio, %**	12.3	12.0	11.6	12.8	3.9
Personnel	178	185	175	164	165

* *Alternative performance measure.*

** *MuniFin fulfils the CRR II definition of a public development credit institution and may therefore deduct all the credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. CRR II Regulation entered into force in June 2021.*

The calculation formulas for all key figures can be found on pages 42–50. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

Key figures

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

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

The calculation formulas of key ratios have been adjusted to take into account presentation changes made to the Consolidated income statement and Consolidated statement of financial position during the financial year 2024. The Group updated the presentation of Interest and similar income as well as Interest and similar expense. In addition, the Group updated the presentation of balance sheet formula so that previously reported Accrued income and prepayments as well as Accrued expenses and deferred income related to financial instruments have been transferred to the respective balance sheet item of the financial instrument. The comparative period has been adjusted. More information about this change can be found in the Group's Financial Statements Bulletin Note *1*.

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2024	Jan–Dec 2023
Net interest income	Interest income and expense from financial assets and liabilities are recognised in net interest income. A significant part of the Group's revenues consists of net interest income.	Interest income at effective interest method	1,933	1,583
		Other interest income	319	317
		Interest expense at effective interest method	-1,420	-1,098
		Other interest expense	-572	-541
		Net interest income	**260**	**259**
Unrealised fair value changes	According to IFRS 9 standard, part of the Group's financial instruments are measured at fair value through profit and loss which increases PnL volatility. To enhance comparability of business performance between periods and companies, it is often necessary to exclude the PnL effect of the unrealised fair value changes. Items in the calculation formula are from Consolidated income statement's line item *Net result on financial instruments at fair value through profit or loss*.	Net result on financial assets and liabilities through profit or loss, unrealised fair value changes	-4	-10
		Net result on hedge accounting	-12	-27
		Unrealised fair value changes	**-16**	**-37**
Net operating profit	Net operating profit describes the Group's operating profit before taxes.	**Net operating profit**	**166**	**139**
Net operating profit excluding unrealised fair value changes	Net operating profit excluding unrealised fair value changes as an APM is of interest for showing MuniFin Group's underlying earnings capacity.	Net operating profit	166	139
		- Unrealised fair value changes	16	37
		Net operating profit excluding unrealised fair value changes	**181**	**176**
Income	Income, which describes the Group's total income including net interest income, is used e.g. as a denominator (excl. Commission expenses) in Cost-to-income ratio.	Net interest income	260	259
		Commission income	1	2
		Net result on financial instruments at fair value through profit or loss	-15	-39
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Income	**247**	**222**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2024	Jan–Dec 2023
Income excluding unrealised fair value changes	Income excluding unrealised fair value changes reflects the Group's operating income, of which the most significant is net interest income.	Income	247	222
		- Unrealised fair value changes	16	37
		Income excluding unrealised fair value changes	**262**	**259**
Other income	Other income includes all other income of the Group except net interest income and unrealised fair value changes.	Commission income	1	2
		Net result on financial assets and liabilities through profit or loss, realised	0	0
		Net result on FX differences	0	-2
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Other income	**2**	**0**
Costs	Costs, which describe the Group's total costs, is used e.g. as a numerator (excl. Commission expenses) in Cost-to-income ratio.	Commission expenses	17	16
		HR and administrative expenses	44	41
		Depreciation and impairment on tangible and intangible assets	6	7
		Other operating expenses	14	19
		Costs	**81**	**82**
Cost-to-income ratio	Cost-to-income ratio is an established key ratio in the banking sector for assessing the relationship between expenses and income. The ratio gives investors a comparative view of MuniFin Group's cost-effectiveness.	Costs (excl. Commission expenses)	64	67
		÷ Income (incl. Net commission income)	230	206
		Cost-to-income ratio, %	**27.7%**	**32.2%**
Cost-to-income ratio excluding unrealised fair value changes	Cost-to income ratio excluding unrealised fair value changes gives a more precise picture of MuniFin Group's operative effectiveness as it excludes the income volatility of unrealised fair value changes. It improves comparability of operative effectiveness between companies and reporting periods.	Costs (excl. Commission expenses)	64	67
		÷ (Income (incl. Net commission income)	230	206
		- Unrealised fair value changes)	-16	-37
		Cost-to-income ratio excluding unrealised fair value changes, %	**26.0%**	**27.3%**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2024	Jan–Dec 2023
The effect of unrealised fair value changes on other comprehensive income and equity net of tax	Key indicator used in management reporting to describe the effect of unrealised fair value changes during the reporting period on the Group's comprehensive income and equity net of tax.	Unrealised fair value changes through PnL	-16	-37
		Taxes related to the unrealised fair value changes through PnL	3	7
		Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss, net of tax	110	60
		Change in Cost-of-Hedging, net of tax	24	20
		Change in fair value of financial assets at fair value through other comprehensive income, net of tax	1	6
		Change in expected credit loss of financial assets at fair value through other comprehensive income, net of tax	0	0
		The effect of unrealised fair value changes on other comprehensive income and equity net of tax	**122**	**57**
New long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume during the reporting period. The indicator includes the amount of new loans excluding unrealised fair value changes and new leased assets excluding unrealised fair value changes.	New lending	4,839	4,103
		New leased assets	217	216
		New long-term customer financing	**5,056**	**4,319**
Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	Key indicator used in management reporting to describe MuniFin Group's profit earnings.	(Net operating profit excluding unrealised fair value changes	181	176
		÷ Long-term customer financing excluding unrealised fair value changes and short-term customer financing (average of values at the beginning and end of the period)) x100	36,067	33,320
		Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	**0.50%**	**0.53%**
New long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding activity during the reporting period. The indicator includes the amount of new funding (over 1 year) issued excluding unrealised fair values changes.	**New long-term funding**	**8,922**	**10,087**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2024	Jan–Dec 2023
Return on Equity (*ROE*), %	ROE measures the efficiency of MuniFin Group's capital usage. It is a commonly used performance measure and as an APM improves comparability between companies.	((Net operating profit	166	139
		- Taxes)	-33	-28
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,845	1,679
		Return on Equity *(ROE)*, %	**7.2%**	**6.6%**
Return on Equity (*ROE*) excluding unrealised fair value changes, %	MuniFin Group's strategy indicator. Excluding the unrealised changes in fair values increases comparability between reporting periods.	((Net operating profit excluding unrealised fair value changes	181	176
		- Taxes)	-36	-36
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,845	1,679
		Return on Equity *(ROE)* excluding unrealised fair value changes, %	**7.9%**	**8.4%**
Return on Assets (*ROA*), %	ROA measures the efficiency of MuniFin Group's investments. It is a commonly used performance measure and as an APM improves comparability between companies.	((Net operating profit	166	139
		- Taxes)	-33	-28
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	51,414	48,736
		Return on Assets *(ROA)*, %	**0.3%**	**0.2%**
Return on Assets (*ROA*) excluding unrealised fair value changes, %	Excluding the unrealised changes in fair values increases comparability of ROA between reporting periods.	((Net operating profit excluding unrealised fair value changes	181	176
		- Taxes)	-36	-36
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	51,414	48,736
		Return on Assets *(ROA)* excluding unrealised fair value changes, %	**0.3%**	**0.3%**
Turnover	Turnover is not presented as a separate item in the Consolidated income statement, which is why the Group presents the calculation formula and reconciliation in the key figures table.	Interest income at effective interest method	1,933	1,583
		Other interest income	319	317
		Commission income	1	2
		Net result on financial instruments at fair value through profit or loss	-15	-39
		Net result on financial assets at fair value through other comprehensive income	0	0
		Other operating income	0	0
		Turnover	**2,239**	**1,862**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2024	31 Dec 2023
Equity ratio, %	Equity ratio is an investment leverage and solvency ratio that measures the amount of assets that are financed by equity. It is a commonly used performance measure and as an APM improves comparability between companies.	(Equity and non-controlling interest	1,945	1,744
		÷ Balance sheet total) x100	53,092	49,736
		Equity ratio, %	**3.7%**	**3.5%**
Long-term loan portfolio	Key indicator used in management reporting to describe MuniFin Group's business volume. The loan portfolio consists of long-term loans with an original maturity of at least 1 year. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	35,377	32,225
		- Interest accrued on long-term loan portfolio	-204	-204
		- Leasing	-1,563	-1,442
		Long-term loan portfolio	**33,610**	**30,580**
Long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Long-term customer financing consists of long-term loan portfolio and leased assets. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	35,377	32,225
		- Interest accrued on long-term loan portfolio	-204	-204
		Long-term customer financing	**35,173**	**32,022**
Long-term customer financing excluding unrealised fair value changes	Key indicator used in management reporting to describe MuniFin Group's business volume. In this indicator the unrealised fair value changes have been excluded to enhance comparability of business performance between periods. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	35,377	32,225
		- Interest accrued on long-term loan portfolio	-204	-204
		- Unrealised fair value changes	614	926
		Long-term customer financing excluding unrealised fair value changes	**35,787**	**32,948**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2024	31 Dec 2023
Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	Key indicator used in management reporting to describe MuniFin Group's business volume.	Green finance	6,817	4,795
		Social finance	2,536	2,234
		(Total of green and social finance	**9,353**	**7,029**
		÷ Long-term customer financing excluding unrealised fair value changes) x100	35,787	32,948
		Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	**26.1%**	**21.3%**
Short-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Short-term customer financing consists of money market papers bought from customers, which have original maturity of 1 year or less.	Debt securities, commercial papers from customers	1,825	1,575
		Short-term customer financing	**1,825**	**1,575**
Total funding	Key indicator used in management reporting to describe MuniFin Group's funding volume. Total funding consists of long-term and short-term funding. The key figure does not take into account interest payable on long-term funding.	Liabilities to credit institutions	884	216
		Liabilities to the public and public sector entities	2,464	2,623
		Debt securities issued	44,534	40,873
		Total	**47,882**	**43,711**
		- Interest payable on long-term funding	-429	-307
		- CSA collateral (received)	-716	-82
		- Liabilities to credit institutions, payable on demand	-	-2
		Total funding	**46,737**	**43,320**
Long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding volume.	Total funding	46,737	43,320
		- Short-term issued funding *(ECP)*	-3,409	-3,987
		Long-term funding	**43,328**	**39,332**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2024	31 Dec 2023
Total liquidity	Key indicator used in management reporting to describe MuniFin Group's liquidity position. The key indicator does not take into account accrued interest.	Debt securities	5,879	5,170
		- Interest accrued on investment bonds	-38	-25
		- Short-term customer financing	-1,825	-1,575
		Investments in securities total	**4,016**	**3,570**
		Cash and balances with central banks	0	0
		Deposits	7,897	8,065
		- Interest accrued on deposits	0	-2
		Other investments total	**7,897**	**8,065**
		Total liquidity	**11,912**	**11,633**
Ratio of socially responsible investments to all investment bonds, %	Key indicator used in management reporting for social responsibility area. The ratio is calculated based on the nominal values of securities investments.	(Socially responsible investments (*SRI*), nominal	870	635
		÷ Investment bonds, nominal) x100	4,038	3,653
		Ratio of SRI securities to all investment bonds, %	**21.5%**	**17.4%**
Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	Key indicator used in management reporting for social responsibility area.	(Socially responsible investments	870	635
		÷Green and social funding) x100	5,824	4,523
		Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	**14.9%**	**14.0%**

Other measures EUR million	Definition	Reconciliation	31 Dec 2024	31 Dec 2023
Liquidity Coverage Ratio (*LCR*), %	Defined in CRR.	(Liquid assets	11,170	10,909
		÷ (Liquidity outflows - liquidity inflows in a stress situation)) x100	3,280	2,667
		Liquidity Coverage Ratio *(LCR)*, %	**340.5%**	**409.1%**
Net Stable Funding Ratio (*NSFR*), %	Defined in CRR.	(Available Stable Funding *(ASF)*	39,298	36,279
		÷ Required Stable Funding *(RSF)*) x100	31,757	29,244
		Net Stable Funding Ratio *(NSFR)*, %	**123.7%**	**124.1%**
CET1 capital ratio, %	Defined in CRR.	(Common Equity Tier 1 *(CET1)* capital	1,646	1,550
		÷ Risk exposure amount) x100	1,528	1,500
		CET1 capital ratio, %	**107.7%**	**103.4%**
Tier 1 capital ratio, %	Defined in CRR.	(Tier 1 capital	1,646	1,550
		÷ Risk exposure amount) x100	1,528	1,500
		Tier 1 capital ratio, %	**107.7%**	**103.4%**
Total capital ratio, %	Defined in CRR.	(Total own funds	1,646	1,550
		÷ Risk exposure amount) x100	1,528	1,500
		Total capital ratio, %	**107.7%**	**103.4%**
Leverage ratio, %	Defined in CRR.	(Tier 1 capital	1,646	1,550
		÷ Total exposure) x100	13,340	12,877
		Leverage ratio, %	**12.3%**	**12.0%**

MuniFin Group's Financial Statements Bulletin tables

MuniFin

Consolidated income statement

(EUR 1,000)	Note	Jan–Dec 2024	Adjusted Jan–Dec 2023	Jul–Dec 2024	Adjusted Jul–Dec 2023
Interest income at effective interest method	(2)	1,933,354	1,582,543	950,709	933,865
Other interest income	(2)	319,120	316,518	158,732	155,484
Interest expense at effective interest method	(2)	-1,420,337	-1,098,438	-694,065	-663,439
Other interest expense	(2)	-571,980	-541,369	-283,778	-291,024
Net interest income		**260,156**	**259,253**	**131,597**	**134,886**
Commission income		1,465	2,275	533	1,173
Commission expense		-16,917	-15,638	-8,790	-7,907
Net result on financial instruments at fair value through profit and loss	(3)	-15,086	-39,461	-31,157	-34,423
Net result on financial assets at fair value through other comprehensive income		3	-257	-	-
Other operating income		31	139	6	37
HR and administrative expenses		-43,624	-40,711	-21,485	-20,664
Depreciation and impairment on tangible and intangible assets	(10)	-6,031	-6,543	-2,919	-3,405
Other operating expenses		-14,064	-19,271	-6,669	-6,709
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	(11)	-326	-1,203	-604	-985
Net operating profit		**165,606**	**138,583**	**60,513**	**62,002**
Income tax expense		-32,913	-28,058	-12,104	-12,393
Profit for the period		**132,693**	**110,526**	**48,409**	**49,609**

The Group has updated the presentation of net interest income of derivative contracts that are not designated in hedge accounting. In addition, net interest income has been amended to differentiate line items *Interest income/expense at effective interest method* from line items *Other interest income/expense*. The change in presentation does not affect the figures for the reporting period.

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of comprehensive income

(EUR 1,000)	Note	Jan–Dec 2024	Jan–Dec 2023	Jul–Dec 2024	Jul–Dec 2023
Profit for the period		132,693	110,526	48,409	49,609
Components of other comprehensive income					
Items not to be reclassified to income statement in subsequent periods					
Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	(3)	137,202	75,401	76,414	44,068
Tax on change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss		-27,440	-15,080	-15,283	-8,814
Change in Cost-of-Hedging	(4)	29,866	25,417	31,273	35,756
Tax on change in Cost-of-Hedging		-5,973	-5,083	-6,255	-7,151
Items to be reclassified to income statement in subsequent periods					
Change in fair value of financial assets at fair value through other comprehensive income		1,732	7,851	4,615	8,622
Change in expected credit loss of financial assets at fair value through other comprehensive income	(11)	2	-2	0	2
Tax on change in fair value of financial assets at fair value through other comprehensive income		-347	-1,570	-923	-1,724
Amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		-124	287	-	-
Tax on amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		25	-57	-	-
Total components of other comprehensive income		134,942	87,163	89,841	70,758
Total comprehensive income for the period		**267,635**	**197,689**	**138,251**	**120,367**

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of financial position

(EUR 1,000)	Note	31 Dec 2024	Adjusted 31 Dec 2023	Adjusted 1 Jan 2023
Assets				
Cash and balances with central banks	(8)	2	2	2
Loans and advances to credit institutions		8,566,611	9,192,948	9,656,547
Loans and advances to the public and public sector entities		35,376,909	32,225,422	29,231,462
Debt securities		5,878,912	5,170,005	4,799,060
Derivative contracts	(9)	2,323,708	2,036,212	2,794,554
Intangible assets	(10)	2,720	6,311	8,831
Tangible assets	(10)	8,236	9,648	5,062
Other assets		915,913	1,075,207	1,235,325
Accrued income and prepayments		18,797	20,595	4,687
Deferred tax assets		10	9	763
Total assets	**(5, 6, 7)**	**53,091,818**	**49,736,359**	**47,736,293**

(EUR 1,000)	Note	31 Dec 2024	Adjusted 31 Dec 2023	Adjusted 1 Jan 2023
Liabilities and equity				
Liabilities				
Liabilities to credit institutions	(12)	883,694	215,552	2,333,738
Liabilities to the public and public sector entities		2,463,874	2,622,551	2,561,084
Debt securities issued	(13)	44,534,306	40,872,798	35,730,888
Derivative contracts	(9)	2,561,718	3,496,553	4,584,364
Other liabilities	(14)	285,181	418,445	593,938
Accrued expenses and deferred income		45,485	43,128	26,856
Deferred tax liabilities		372,126	323,517	291,717
Total liabilities	**(5, 6, 7)**	**51,146,383**	**47,992,542**	**46,122,584**
Equity				
Share capital		42,583	42,583	42,583
Reserve fund		277	277	277
Fair value reserve of investments		3,340	2,052	-4,457
Own credit revaluation reserve		169,999	60,238	-83
Cost-of-Hedging reserve	(4)	45,714	21,821	1,488
Reserve for invested non-restricted equity		40,366	40,366	40,366
Retained earnings		1,643,155	1,576,480	1,533,535
Total equity attributable to Parent Company equity holders		**1,945,435**	**1,743,817**	**1,613,709**
Total equity		**1,945,435**	**1,743,817**	**1,613,709**
Total liabilities and equity		**53,091,818**	**49,736,359**	**47,736,293**

The Group has updated the presentation of financial assets and liabilities and their accrued interest and expenses during the financial year 2024. Comparative information has been adjusted accordingly.

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of changes in equity

(EUR 1,000)	Total equity attributable to Parent Company equity holders								
	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
Equity at 31 December 2022	**42,583**	**277**	**-4,457**	**-83**	**1,488**	**40,366**	**1,533,535**	**1,613,709**	**1,613,709**
Dividends paid for 2022	-	-	-	-	-	-	-67,580	-67,580	-67,580
Profit for the financial year	-	-	-	-	-	-	110,526	110,526	110,526
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	60,320	-	-	-	60,320	60,320
Net change in Cost-of-Hedging	-	-	-	-	20,334	-	-	20,334	20,334
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	6,281	-	-	-	-	6,281	6,281
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	230	-	-	-	-	230	230
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	-2	-	-	-	-	-2	-2
Equity at 31 December 2023	**42,583**	**277**	**2,052**	**60,238**	**21,821**	**40,366**	**1,576,480**	**1,743,817**	**1,743,817**

(EUR 1,000)	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
	Total equity attributable to Parent Company equity holders								
Dividends paid for 2023	-	-	-	-	-	-	-66,018	-66,018	-66,018
Profit for the financial year	-	-	-	-	-	-	132,693	132,693	132,693
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	109,762	-	-	-	109,762	109,762
Net change in Cost-of-Hedging	-	-	-	-	23,892	-	-	23,892	23,892
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	1,386	-	-	-	-	1,386	1,386
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-100	-	-	-	-	-100	-100
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	2	-	-	-	-	2	2
Equity at 31 December 2024	**42,583**	**277**	**3,340**	**169,999**	**45,714**	**40,366**	**1,643,155**	**1,945,435**	**1,945,435**

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of cash flows

(EUR 1,000)	Jan–Dec 2024	Jan–Dec 2023
Cash flow from operating activities	**66,648**	**84,900**
Net change in long-term funding	2,848,288	2,782,391
Net change in short-term funding	-796,013	-719,460
Net change in long-term loans	-2,880,469	-2,305,076
Net change in short-term loans	-249,895	-107,788
Net change in investments	-204,315	2,566
Net change in collaterals	1,115,556	166,962
Interest on assets	2,097,968	1,517,912
Interest on liabilities	-1,814,456	-1,196,347
Other income	46,480	62,955
Payments of operating expenses	-79,625	-84,091
Taxes paid	-16,871	-35,125
Cash flow from investing activities	**-590**	**-545**
Acquisition of tangible assets	-386	-7
Proceeds from sale of tangible assets	19	138
Acquisition of intangible assets	-223	-676
Cash flow from financing activities	**-67,775**	**-69,765**
Dividend paid	-66,018	-67,580
Total cash flow from leases	-1,757	-2,185
Change in cash and cash equivalents	**-1,717**	**14,590**
Cash and cash equivalents at 1 Jan	**63,214**	**48,624**
Cash and cash equivalents at 31 Dec	**61,496**	**63,214**

Cash flow statement has been prepared in accordance with the direct method. *Cash flow from operating activities* includes cash flows which are MuniFin Group's principal revenue-producing activies such as cash flows from funding and customer finance related transactions. In addition, cash flow from operating activities includes cash flows from liquidity investments and cash collaterals related to derivative contracts. Cash flow from operating activities includes interest payment received and interest expenses paid in the aforementioned items. Cash flow from operating activities also includes other income and payments of MuniFin Group's operating activities.

Cash flow from investing activities includes expenses incurred from the acquisition of tangible and intangible assets and the income from the disposal of these items. *Cash flow from financing activities* includes dividends paid to shareholders during the period and lease liability repayments and related interest payments.

Cash and cash equivalents includes line items *Cash and balances with central banks* and *Loans and advances to credit institutions payable on demand.*

The accompanying notes are an integral part of the Financial Statements Bulletin.

Notes to the Financial Statements Bulletin

Note 1. Accounting policies and corrections to previous Financial Statements

MuniFin Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (*IFRS accounting standards*). The Financial Statements Bulletin complies with IAS 34 *Interim Financial Reporting* standard and the accounting policies presented in the Consolidated Financial Statements 2023 (Note *1*). No significant changes have been made to the accounting policies compared to the Consolidated Financial Statements 2023 but there are some changes done to the presentation which are presented in section *Changes in accounting policies*.

The Financial Statements Bulletin is based on the audited 2024 Financial Statements. The Auditor's Report has been issued on 12 February 2025.

The figures in the Notes to the Financial Statements Bulletin are presented in thousand euro. All figures in the Financial Statements Bulletin have been rounded, so the total of individual figures may differ from the total figure presented. The Financial Statements Bulletin is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

Changes in accounting policies and the presentation of financial disclosures

Change in the presentation of consolidated income statement and consolidated statement of financial position

During the financial year 2024, the Group made changes in the presentation of the consolidated income statement and the consolidated statement of financial position.

1) The Group has updated the presentation of interest income and expense of the derivative contracts that are not designated in hedge accounting. Starting from 2024, interest income and expense of the derivative contract is presented in the same line item.
2) The presentation of line items *Interest and similar income* and *Interest and similar expense* in the consolidated income statement has been updated. Starting from the beginning of 2024, these line items are presented as following:
   - Interest and similar income are divided into two line items: *Interest income at effective interest method* and *Other interest income*
   - Interest and similar expense are divided into two line items: *Interest expense at effective interest method* and *Other interest expense*.

   In line items *Interest income/expenses at effective interest method*, the Group presents interest income/expenses from financial assets and liabilities measured at amortised cost, interest income/expenses from financial assets and liabilities measured at fair value through other comprehensive income and interest income/expenses of derivative contracts in hedge accounting.

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

The updated changes to the consolidated income statement regarding the treatment of derivative contracts for the comparative period are as follows:

Consolidated income statement (EUR 1,000)	Jan–Dec 2023	Adjustment	Adjusted Jan–Dec 2023
Interest and similar income	2,717,519	-818,459	1,899,060
Interest and similar expense	-2,458,266	818,459	-1,639,807
Net interest income	**259,253**	**0**	**259,253**

The allocation of interest income and expenses to new income statement lines caused the following changes for the comparative period:

Consolidated income statement (EUR 1,000)	Jan-Dec 2023	Adjustment	Adjusted Jan-Dec 2023
Interest income at effective interest method	-	1,582,543	1,582,543
Interest and similar income*	1,899,060	-1,582,543	316,518
Interest expense at effecive interest method	-	-1,098,438	-1,098,438
Interest and similar expense**	-1,639,807	1,098,438	-541,369
Net interest income	**259,253**	**0**	**259,253**

* Starting from the beginning of 2024, line item is *Other interest income.*
** Starting from the beginning of 2024, line item is *Other interest expense*.

3) In addition to adjusting the income statement, the Group has corrected the presentation of the consolidated statement of financial position during the second half of 2024. The changes have been made retrospectively to the year end of 2023 and the first half of 2024. The change has transferred the accrued interest of the items from the item *Accrued income and prepayments* or *Accrued expenses and deferred income* to the item from which the interest arises.

The changes made in the presentation of consolidated statement of financial position for the 1 January 2023 are as follows:

i) Unreceived interest from deposits and cash collaterals was previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 31,059 thousand of unreceived interest was reclassified to balance sheet line item *Loans and advances to credit institutions*.

ii) Unreceived interest from loan receivables was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 87,100 thousand of unreceived interest was reclassified to the balance sheet line item *Loans and advances to the public and public sector entities.*

iii) Unreceived interest from debt securities was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 12,293 thousand of unreceived interest was reclassified to the balance sheet line item *Debt securities*.

iv) Interest accrual from derivative contracts was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 87,451 thousand of interest accrual was reclassified to the balance sheet line item *Derivative contracts*.

v) Unreceived interest from cash collateral given to central counterparties was previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 515 thousand of unreceived interest was reclassified to the balance sheet line item *Other assets* where the corresponding cash collateral is presented.

vi) In total EUR 218,417 thousand was reclassified from the balance sheet line item *Accrued income and prepayments* to the aforementioned line items.

vii) Unpaid interest from liabilities to credit institutions was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 1,115 thousand of unpaid interest was reclassified to the balance sheet line item *Liabilities to credit institutions*.

viii) Unpaid interest from liabilities to the public and public sector entities was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 31,499 thousand of unpaid interest was reclassified to the balance sheet line item *Liabilities to the public and public sector entities*.

ix) Unpaid interest from debt securities issued was previously presented on the balance sheet line *Accrued expenses and deferred income*. EUR 138,822 thousand of unpaid interest was reclassified to the balance sheet line item *Debt securities issued.*

x) Interest accrual from derivative contracts was previously presented on the balance sheet line *Accrued expenses and deferred income*. EUR 31,747 thousand of interest accrual was reclassified to the balance sheet line item *Derivative contracts*.

xi) Unpaid interest from cash collateral given to central counterparties was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 91 thousand of unpaid interest was reclassified to the balance sheet line *Other liabilities* where the corresponding cash collateral is presented.

xii) In total EUR 139,779 thousand was reclassified from the balance sheet line item *Accrued expenses and deferred income* to aforementioned items.

Consolidated statement of financial position (EUR 1,000)	Reference	1 Jan 2023	Adjustment	Adjusted 1 Jan 2023
Assets				
Cash and balances with central banks		2	-	2
Loans and advances to credit institutions	i)	9,625,488	31,059	9,656,547
Loans and advances to the public and public sector entities	ii)	29,144,361	87,100	29,231,462
Debt securities	iii)	4,786,768	12,293	4,799,060
Derivative contracts	iv)	2,707,103	87,451	2,794,554
Intangible assets		8,831	-	8,831
Tangible assets		5,062	-	5,062
Other assets	v)	1,234,810	515	1,235,325
Accrued income and prepayments	vi)	223,104	-218,417	4,687
Deferred tax assets		763	-	763
Total assets		**47,736,293**	**-**	**47,736,293**
Liabilities and equity				
Liabilities				
Liabilities to credit institutions	vii)	2,332,623	1,115	2,333,738
Liabilities to the public and public sector entities	viii)	2,529,585	31,499	2,561,084
Debt securities issued	ix)	35,592,065	138,822	35,730,888
Derivative contracts	x)	4,616,111	-31,747	4,584,364
Provisions and other liabilities	xi)	593,848	91	593,938
Accrued expenses and deferred income	xii)	166,635	-139,779	26,856
Deferred tax liabilities		291,717	-	291,717
Total liabilities		**46,122,584**	**-**	**46,122,584**
Total equity		**1,613,709**	**-**	**1,613,709**
Total liabilities and equity		**47,736,293**	**-**	**47,736,293**

The changes made in the presentation of consolidated statement of financial position for the reporting period ended at 31 December 2023 are as following:

i) Unreceived interest from deposits and cash collaterals was previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 5,876 thousand of unreceived interest was reclassified to balance sheet line item *Loans and advances to credit institutions*.

ii) Unreceived interest from loan receivables was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 203,705 thousand of unreceived interest was reclassified to the balance sheet line item *Loans and advances to the public and public sector entities.*

iii) Unreceived interest from debt securities was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 25,042 thousand of unreceived interest was reclassified to the balance sheet line item *Debt securities*.

iv) Interest accrual from derivative contracts was previously presented on the balance sheet line *Accrued income and prepayments*. EUR 179,443 thousand of interest accrual was reclassified to the balance sheet line item *Derivative contracts*.

v) Unreceived interest from cash collateral given to central counterparties was previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 1,322 thousand of unreceived interest was reclassified to the balance sheet line item *Other assets* where the corresponding cash collateral is presented.

vi) In total EUR 415,388 thousand was reclassified from the balance sheet line item *Accrued income and prepayments* to the aforementioned line items.

vii) Unpaid interest from liabilities to credit institutions was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 1,857 thousand of unpaid interest was reclassified to the balance sheet line item *Liabilities to credit institutions*.

viii) Unpaid interest from liabilities to the public and public sector entities was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 34,276 thousand of unpaid interest was reclassified to the balance sheet line item *Liabilities to the public and public sector entities*.

ix) Unpaid interest from debt securities issued was previously presented on the balance sheet line *Accrued expenses and deferred income*. EUR 271,151 thousand of unpaid interest was reclassified to the balance sheet line item *Debt securities issued.*

x) Interest accrual from derivative contracts was previously presented on the balance sheet line *Accrued expenses and deferred income*. EUR 124,039 thousand of interest accrual was reclassified to the balance sheet line item *Derivative contracts*.

xi) Unpaid interest from cash collateral given to central counterparties was previously presented on the balance sheet line item *Accrued expenses and deferred income*. EUR 170 thousand of unpaid interest was reclassified to the balance sheet line *Other liabilities* where the corresponding cash collateral is presented.

xii) In total EUR 431,492 thousand was reclassified from the balance sheet line item *Accrued expenses and deferred income* to aforementioned items.

Consolidated statement of financial position (EUR 1,000)	Reference	31 Dec 2023	Adjustment	Adjusted 31 Dec 2023
Assets				
Cash and balances with central banks		2	-	2
Loans and advances to credit institutions	i)	9,187,071	5,876	9,192,948
Loans and advances to the public and public sector entities	ii)	32,021,717	203,705	32,225,422
Debt securities	iii)	5,144,963	25,042	5,170,005
Derivative contracts	iv)	1,856,769	179,443	2,036,212
Intangible assets		6,311	-	6,311
Tangible assets		9,648	-	9,648
Other assets	v)	1,073,885	1,322	1,075,207
Accrued income and prepayments	vi)	435,982	-415,388	20,595
Deferred tax assets		9	-	9
Total assets		**49,736,359**	**-**	**49,736,359**
Liabilities and equity				
Liabilities				
Liabilities to credit institutions	vii)	213,695	1,857	215,552
Liabilities to the public and public sector entities	viii)	2,588,275	34,276	2,622,551
Debt securities issued	ix)	40,601,646	271,151	40,872,798
Derivative contracts	x)	3,372,514	124,039	3,496,553
Provisions and other liabilities	xi)	418,275	170	418,445
Accrued expenses and deferred income	xii)	474,620	-431,492	43,128
Deferred tax liabilities		323,517	-	323,517
Total liabilities		**47,992,542**	**-**	**47,992,542**
Total equity		**1,743,817**	**-**	**1,743,817**
Total liabilities and equity		**49,736,359**	**-**	**49,736,359**

Change in the presentation of financial leases

In addition to the changes in presentation of consolidated income statement and consolidated statement of financial position, the Group changed the classification of the property lease receivables. Instead of finance lease receivables, they are now presented as financial assets. For property leases, the Group assessed whether control of property leases would transfer to the Group and if the transaction is sale and leaseback, would sale meet the criteria for sales under IFRS 15. Where the control of the property is retained by the seller of the property, these are classified as financial assets under IFRS 9 and not leases. After assessment, all property leases are classified as financial assets.

There were EUR 1,319,931 thousand (EUR 1,166,550 thousand) of property lease receivables in the consolidated statement of financial position for the reporting period ended at 31 December 2024. The reclassification did not impact the balance sheet presentation, as both line items are included within line item *Loans and advances to the public and public sector entities* on the balance sheet. The reclassification had no impact on retained earnings. The reclassification had an impact in the Notes to the Consolidated Financial Statements, thus reflecting better the substance of the transactions and providing the user of the Financial Statements a more transparent view of the agreements. The interest income from the property lease agreements is presented in the income statement under *Interest income at effective interest method* and interest income from equipment leases, which are classified as finance lease receivables, is presented under *Other interest income*.

Accounting policies requiring management judgement and key uncertainty factors related to estimates

In preparing the Financial Statements under IFRS accounting standards, the Group's management is required to make certain estimates and use judgement in the application of the accounting policies that affect the revenue, expenses, assets and liabilities presented in the Financial Statements.

The key assumptions made by the Group concern key uncertainty factors pertaining to the future and the estimates at the financial statement date. These relate to, among other things, the determination of fair value and the expected credit losses and impairment of financial assets.

Determination of fair value

The level of management judgement required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. For the valuation of financial instruments where prices quoted in active markets are not available, the Group uses valuation techniques to establish fair value. These valuation techniques involve some level of management judgement, the degree of which will depend on the observability of the input parameters and the instrument's complexity. The level of subjectivity and degree of management judgement required is more significant for those instruments valued using sophisticated models and where some or all of the inputs are less liquid or unobservable.

Management judgement	Estimates
• The choice of valuation parameters and modelling techniques in order to derive the fair value of financial instruments.	• Judgement on which market parameters are observable.
• Determing the hierarchy level to which a financial instrument should be classified, when the valuation is determined by a number of inputs, of which some are observable and others are unobservable.	• Applying the input data, assumptions and modelling techniques in particular, where data is obtained from infrequent market transactions.
	• The fair value adjustments incorporating relevant risk factors.

The valuation methods and controls and quantitative disclosures with respect to the determination of fair value as well as the fair value hierarchy levels are disclosed in Note *7 Fair values of financial assets and liabilities*. In addition, in the same Note in section *Sensitivity analysis of unobservable inputs* has been described the sensitivity analysis of significant unobservable inputs by instrument type in addition to the effect that changing one or more assumptions in the unobservable input could have on the valuation by products at the reporting date.

The changes in the fair values of financial instruments impact the income statement line item *Net result on financial instruments at fair value through profit or loss* as well as the other comprehensive income line items *Change in fair value of financial assets at fair value through other comprehensive income, Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss* and *Change in Cost-of-Hedging.*

Expected credit losses

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

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

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

In 2024, MuniFin Group updated the macroeconomic scenarios quarterly to take into account forward-looking information. Additionally, the Group revised its probability of default model for calculating the customer finance exposures. Previously 30-day payment delay was the indicator for customer's inability to pay. The model was updated so that the indicator for insolvency observation is either the official definition of default or if customer's exposures are transferred to stage 3. The amount of expected credit losses increased by EUR 1,122 thousand due to changes made in the models and parameters.

At the end of June 2024, the Group's management assessed that the increased interest rate levels have impacted customers especially within the housing sector, and a slightly larger than normal amount of payment delays and forbearances have been observed during the first half of the year. According to the management's judgement, a smaller number of customers may continue to face challenges in the sufficiency of cash flows in the latter part of the year. Part of the previous additional discretionary provision has been realised during the first half of 2024 as transfers to levels 2 and 3. Thus MuniFin Group's management decided to decrease it by EUR 375 thousand, making the additional discretionary provision based on a group specific assessment EUR 250 thousand at the end of June 2024.

At the end of December 2024, MuniFin Group's management assessed again the need of additional discretionary provision and decided to release the provision in full. The model update in the calculation of probability of default and the resulting increase in excepted credit losses and stage transfers are estimated to take into account the previous additional provision for receivables with increased credit risk. Based on the Group's assessment, some customers may face challenges in the sufficiency of cash flows in 2025, which may cause further payment delays and forbearances for MuniFin Group. However, the declining interest rate environment is expected to gradually ease the financial situation of customers.

Note 2. Interest income and expense

	Jan–Dec 2024			Adjusted Jan–Dec 2023		
(EUR 1,000)	Interest income	Interest expense	Net	Interest income	Interest expense	Net
Assets						
Amortised cost						
Cash and balances with central banks	-	-	-	-	-	-
Loans and advances to credit institutions	357,986	-133	357,853	317,664	-29	317,636
Loans and advances to the public and public sector entities	1,078,554	-	1,078,554	809,735	-	809,735
, of which loan receivables	*1,036,790*	-	*1,036,790*	*779,143*	-	*779,143*
, of which property lease receivables	*41,764*	-	*41,764*	*30,591*	-	*30,591*
Debt securities	55,143	-	55,143	46,110	-23	46,087
Other assets	40,375	-	40,375	45,861	-	45,861
Fair value through other comprehensive income						
Debt securities	11,326	-	11,326	6,982	-	6,982
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	261	-	261	348	-	348
Debt securities	52,616	-	52,616	27,395	-	27,395
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	1,320	-	1,320	1,033	-	1,033
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	124,346	-38,258	86,088	124,222	-31,056	93,166
Derivative contracts in hedge accounting	389,970	-	389,970	356,190	-	356,190
Finance lease agreements	9,359	-	9,359	8,049	-	8,049
Interest on non-financial other assets	4	-	4	2	-	2
Interest on assets	**2,121,260**	**-38,391**	**2,082,870**	**1,743,591**	**-31,108**	**1,712,482**
, of which interest income/expense at effective interest method	*1,933,354*	*-133*		*1,582,543*	*-52*	
, of which other interest income/expense	*187,906*	*-38,258*		*161,048*	*-31,056*	

(EUR 1,000)	Jan–Dec 2024 Interest income	Jan–Dec 2024 Interest expense	Jan–Dec 2024 Net	Adjusted Jan–Dec 2023 Interest income	Adjusted Jan–Dec 2023 Interest expense	Adjusted Jan–Dec 2023 Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-10,578	-10,578	-	-26,276	-26,276
Liabilities to the public and public sector entities	-	-35,540	-35,540	-	-37,557	-37,557
Debt securities issued	-	-736,334	-736,334	-	-466,008	-466,008
Provisions and other liabilities	-	-13,272	-13,272	-	-17,106	-17,106
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-1,696	-1,696	-	-1,005	-1,005
Liabilities to the public and public sector entities	-	-38,283	-38,283	-	-37,034	-37,034
Debt securities issued	-	-400,207	-400,207	-	-369,060	-369,060
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	131,213	-93,536	37,677	155,470	-103,215	52,255
Derivative contracts in hedge accounting	-	-624,479	-624,479	-	-551,439	-551,439
Interest on liabilities	**131,213**	**-1,953,927**	**-1,822,714**	**155,470**	**-1,608,699**	**-1,453,229**
, of which interest income/expense at effective interest method	-	*-1,420,204*		-	*-1,098,385*	
, of which other interest income/expense	*131,213*	*-533,722*		*155,470*	*-510,313*	
Total interest income and expense	**2,252,474**	**-1,992,317**	**260,156**	**1,899,060**	**-1,639,807**	**259,253**

The Group has updated the presentation of net interest income of derivative contracts that are not designated in hedge accounting during financial year 2024. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

In the line item *Interest income/expense at effective interest method* the Group presents interest income/expense from financial assets/liabilities at amortised cost or at fair value trough other comprehensive income. In addition in this lite item, the Group includes interest income/expense from derivative contracts in hedge accounting.

Interest income on stage 3 financial assets in the expected credit loss (*ECL*) calculations totalled EUR 3,758 thousand (EUR 1,726 thousand) during the financial year. These are included in the line item *Loans and advances to the public and public sector entities*.

Interest expense on provisions and other liabilities includes EUR 116 thousand (EUR 52 thousand) of interest on lease liabilities recognised in accordance with IFRS 16 Leases standard.

Interest expenses on financial assets at amortised cost on loans and advances to credit institutions consisted of interest paid on cash collateral receivables. Interest expenses on debt securities consist of interest paid on short-term lending in money market instruments. Interest expenses on derivative contracts at fair value through profit or loss consist of interest on derivative contracts that are not included in hedge accounting. The derivative contracts contained in this line item hedge financial assets which are designated at fair value through profit or loss, derivative contracts with municipalities and derivative contracts hedging derivatives with municipalities, in addition to derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified. Interest income/expense from aforementioned derivative contracts are presented in line item *Other interest income/expense*. Derivative contracts in hedge accounting hedge line items *Loans and advances to the public and public sector entities* and *Leased assets*. Interest income/expense from derivative contracts in hedge accounting are presented in line item *Interest income/expense at effective interest method*.

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

	Jul–Dec 2024			Adjusted Jul–Dec 2023		
(EUR 1,000)	Interest income	Interest expense	Net	Interest income	Interest expense	Net
Assets						
Amortised cost						
Cash and balances with central banks	-	-	-	-	-	-
Loans and advances to credit institutions	178,011	-87	177,924	184,547	48	184,595
Loans and advances to the public and public sector entities	543,715	-	543,715	477,514	-	477,514
, of which loan receivables	*521,119*	-	*521,119*	*459,034*	-	*459,034*
, of which property lease receivables	*22,596*	-	*22,596*	*18,480*	-	*18,480*
Debt securities	27,872	-	27,872	27,661	-	27,661
Other assets	16,333	-	16,333	26,823	-	26,823
Fair value through other comprehensive income						
Debt securities	5,701	-	5,701	4,879	-	4,879
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	87	-	87	174	-	174
Debt securities	29,156	-	29,156	15,687	-	15,687
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	696	-	696	573	-	573
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	54,758	-15,505	39,253	69,184	-18,863	50,321
Derivative contracts in hedge accounting	179,077	-	179,077	212,440	-	212,440
Finance lease agreements	4,442	-	4,442	4,805	-	4,805
Interest on non-financial other assets	2	-	2	1	-	1
Interest on assets	**1,039,850**	**-15,592**	**1,024,257**	**1,024,288**	**-18,815**	**1,005,474**
, of which interest income/expense at effective interest method	*950,709*	*-87*		*933,865*	*48*	
, of which other interest income/expense	*89,141*	*-15,505*		*90,423*	*-18,863*	

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(EUR 1,000)	Jul–Dec 2024 Interest income	Jul–Dec 2024 Interest expense	Jul–Dec 2024 Net	Adjusted Jul–Dec 2023 Interest income	Adjusted Jul–Dec 2023 Interest expense	Adjusted Jul–Dec 2023 Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-6,390	-6,390	-	-5,724	-5,724
Liabilities to the public and public sector entities	-	-17,586	-17,586	-	-18,295	-18,295
Debt securities issued	-	-395,577	-395,577	-	-270,372	-270,372
Provisions and other liabilities	-	-5,368	-5,368	-	-9,796	-9,796
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-1,122	-1,122	-	-704	-704
Liabilities to the public and public sector entities	-	-19,305	-19,305	-	-18,975	-18,975
Debt securities issued	-	-206,948	-206,948	-	-184,549	-184,549
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	69,591	-40,898	28,693	65,060	-67,933	-2,872
Derivative contracts in hedge accounting	-	-269,057	-269,057	-	-359,299	-359,299
Interest on liabilities	**69,591**	**-962,251**	**-892,660**	**65,060**	**-935,648**	**-870,588**
, of which interest income/expense at effective interest method	-	*-693,978*		-	*-663,487*	
, of which other interest income/expense	*69,591*	*-268,273*		*65,060*	*-272,161*	
Total interest income and expense	**1,109,440**	**-977,843**	**131,597**	**1,089,349**	**-954,463**	**134,886**

The Group has updated the presentation of net interest income of derivative contracts that are not designated in hedge accounting during financial year 2024. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

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

(EUR 1,000)	Jan–Dec 2024 Capital gains	Jan–Dec 2024 Capital losses	Jan–Dec 2024 Unrealised fair value changes	Jan–Dec 2024 Total	Jul–Dec 2024 Capital gains	Jul–Dec 2024 Capital losses	Jul–Dec 2024 Unrealised fair value changes	Jul–Dec 2024 Total
Financial assets								
Designated at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	1,142	1,142	-	-	1,601	1,601
Debt securities	377	-	65,637	66,013	337	-	73,572	73,908
Mandatorily at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	145	145	-	-	-126	-126
Financial liabilities								
Designated at fair value through profit or loss								
Liabilities to credit institutions	-	-	-1,147	-1,147	-	-	-2,016	-2,016
Liabilities to the public and public sector entities	-	-	-38,572	-38,572	-	-	-66,619	-66,619
Debt securities issued: commercial papers	-	-	-1,841	-1,841	-	-	-1,267	-1,267
Debt securities issued: bonds	-	-	-26,040	-26,040	-	-	-97,608	-97,608
Derivative contracts at fair value through profit or loss	557	-913	-3,163	-3,519	557	-894	78,562	78,225
Day 1 gain or loss	-	-	41	41	-	-	21	21
Net result on financial assets and liabilities through profit or loss	**933**	**-913**	**-3,798**	**-3,777**	**893**	**-894**	**-13,881**	**-13,881**
Net result from FX differences	**49,511**	**-45,509**	**-3,548**	**455**	**20,711**	**-21,680**	**1,286**	**316**
Net result on hedge accounting	**-**	**-**	**-11,763**	**-11,763**	**-**	**-**	**-17,591**	**-17,591**
Total	**50,445**	**-46,422**	**-19,109**	**-15,086**	**21,604**	**-22,574**	**-30,187**	**-31,157**

Line item *Net result on financial assets and liabilities through profit or loss* includes fair value changes of financial assets and liabilities measured at fair value through profit or loss, fair value changes of derivative contracts not included in hedge accounting (derivative contracts at fair value through profit or loss) as well as capital gains and losses related to these items. Line item *Net income from FX differences* includes unrealised and realised translation differences for all items denominated in foreign currencies. The breakdown of line item *Net result on hedge accounting* is presented in Note *4 Hedge accounting*. The reconciliation for Day 1 gain or loss is presented in Note *7 Fair values of financial assets and liabilities.*

(EUR 1,000)	Jan–Dec 2023 Capital gains	Jan–Dec 2023 Capital losses	Jan–Dec 2023 Unrealised fair value changes	Jan–Dec 2023 Total	Jul–Dec 2023 Capital gains	Jul–Dec 2023 Capital losses	Jul–Dec 2023 Unrealised fair value changes	Jul–Dec 2023 Total
Financial assets								
Designated at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	2,592	2,592	-	-	1,819	1,819
Debt securities	-	-	120,709	120,709	-	-	104,863	104,863
Mandatorily at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	-827	-827	-	-	-925	-925
Financial liabilities								
Designated at fair value through profit or loss								
Liabilities to credit institutions	-	-	-1,212	-1,212	-	-	-1,838	-1,838
Liabilities to the public and public sector entities	-	-	-76,384	-76,384	-	-	-54,474	-54,474
Debt securities issued: commercial papers	-	-	1,937	1,937	-	-	2,060	2,060
Debt securities issued: bonds	-	-	-309,603	-309,603	-	-	-151,433	-151,433
Derivative contracts at fair value through profit or loss	123	-211	252,443	252,354	-	-	89,008	89,008
Day 1 gain or loss	-	-	42	42	-	-	21	21
Net result on financial assets and liabilities through profit or loss	**123**	**-211**	**-10,303**	**-10,391**	**-**	**-**	**-10,900**	**-10,900**
Net result from FX differences	**108,801**	**-102,714**	**-8,009**	**-1,923**	**44,308**	**-47,864**	**1,776**	**-1,780**
Net result on hedge accounting	**-**	**-260**	**-26,887**	**-27,147**	**-**	**-**	**-21,743**	**-21,743**
Total	**108,924**	**-103,186**	**-45,199**	**-39,461**	**44,308**	**-47,864**	**-30,867**	**-34,423**

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

Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)	Nominal value 31 Dec 2024	Carrying amount 31 Dec 2024	Nominal value 31 Dec 2023	Adjusted Carrying amount 31 Dec 2023
Financial assets				
Loans and advances to the public and public sector entities	30,000	30,940	30,000	30,497
Debt securities	3,670,119	3,676,021	3,284,881	3,219,979
Total financial assets*	**3,700,119**	**3,706,961**	**3,314,881**	**3,250,476**
Financial liabilities				
Liabilities to credit institutions	79,000	79,315	44,000	43,971
Liabilities to the public and public sector entitities	1,456,192	1,334,136	1,449,753	1,322,866
Debt securities issued	9,546,266	9,198,104	9,870,880	9,530,487
Total financial liabilities	**11,081,458**	**10,611,555**	**11,364,633**	**10,897,323**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

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

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	31 Dec 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Dec 2024	, of which due to credit risk	, of which due to market risk	Fair value change recognised in the income statement Jul–Dec 2024	, of which due to credit risk	, of which due to market risk
Financial assets								
Loans and advances to the public and public sector entities	-6,847	-7,988	1,142	96	1,046	1,601	50	1,551
Debt securities	-29,152	-94,789	65,637	-12,116	77,753	73,572	-14,616	88,188
Total financial assets	**-35,999**	**-102,777**	**66,778**	**-12,020**	**78,799**	**75,172**	**-14,566**	**89,739**

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

During the financial year 2024, the fair value change of debt securities was EUR 65,637 thousand (EUR 120,709 thousand). This was affected by a decrease in EUR market interest rates. The general increase in credit spreads in the markets had a negative impact on valuations, but the impact of lower interest rates was greater and thus the change in fair value is clearly positive for 2024. Considering the change in the fair value of hedging instruments of EUR -77 753 thousand (EUR -127,202 thousand), the net change in fair value in 2024 is EUR -12,116 thousand (EUR -6,494 thousand) after the hedging impact.

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	**31 Dec 2024**	**1 Jan 2024**	**Fair value change recognised in the income statement Jan–Dec 2024**	**Change in own credit risk recognised in the other comprehensive income Jan–Dec 2024**	**Total fair value change in Jan–Dec 2024**	**Fair value change recognised in the income statement Jul–Dec 2024**	**Change in own credit risk recognised in the other comprehensive income Jul–Dec 2024**	**Total fair value change in Jul–Dec 2024**
Financial liabilities								
Liabilities to credit institutions	-652	495	-1,147	1,099	-48	-2,016	927	-1,090
Liabilities to the public and public sector entitities	130,527	169,099	-38,572	52,862	14,290	-66,619	27,000	-39,618
Debt securities issued	397,708	425,589	-27,881	83,240	55,360	-98,875	48,486	-50,389
Total financial liabilities	**527,583**	**595,183**	**-67,600**	**137,202**	**69,602**	**-167,510**	**76,414**	**-91,097**

During the financial year 2024, the change in fair value of financial liabilities designated at fair value through profit or loss of EUR -67,600 thousand (EUR -385,262 thousand) was particularly affected by the decrease in EUR market interest rates. The change in the fair value of hedging instruments was EUR 77,900 thousand (EUR 397,646 thousand). The change in own credit risk amounted to EUR 137,202 thousand (EUR 75,401 thousand) during the financial year. The change was affected by an increase in the Group's funding costs due to a general increase in market credit spreads.

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 31 Dec 2024	Fair value change recognised in the income statement Jan–Dec 2024	Fair value change recognised in the income statement Jul–Dec 2024
Financial liabilities designated at fair value through profit or loss	527,583	-67,600	-167,510
Derivative contracts at fair value through profit or loss hedging financial liabilities	-514,225	77,900	174,818
Net change in fair value	**13,358**	**10,300**	**7,307**

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

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

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

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

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	31 Dec 2023	1 Jan 2023	Fair value change recognised in the income statement Jan–Dec 2023	, of which due to credit risk	, of which due to market risk	Fair value change recognised in the income statement Jul–Dec 2023	, of which due to credit risk	, of which due to market risk
Financial assets								
Loans and advances to the public and public sector entities	-7,988	-10,581	2,592	151	2,441	1,819	83	1,735
Debt securities	-94,789	-215,498	120,709	-6,493	127,202	104,863	-5,173	110,036
Total financial assets	**-102,777**	**-226,078**	**123,301**	**-6,342**	**129,643**	**106,682**	**-5,090**	**111,771**

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	31 Dec 2023	1 Jan 2023	Fair value change recognised in the income statement Jan–Dec 2023	Change in own credit risk recognised in the other comprehensive income Jan–Dec 2023	Total fair value change in Jan–Dec 2023	Fair value change recognised in the income statement Jul–Dec 2023	Change in own credit risk recognised in the other comprehensive income Jul–Dec 2023	Total fair value change in Jul–Dec 2023
Financial liabilities								
Liabilities to credit institutions	495	1,708	-1,212	514	-698	-1,838	414	-1,424
Liabilities to the public and public sector entitities	169,099	245,483	-76,384	30,218	-46,167	-54,474	13,553	-40,921
Debt securities issued	425,589	733,254	-307,666	44,669	-262,997	-149,373	30,100	-119,273
Total financial liabilities	**595,183**	**980,445**	**-385,262**	**75,401**	**-309,862**	**-205,685**	**44,068**	**-161,617**

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 31 Dec 2023	Fair value change recognised in the income statement Jan–Dec 2023	Fair value change recognised in the income statement Jul–Dec 2023
Financial liabilities designated at fair value through profit or loss	595,183	-385,262	-205,685
Derivative contracts at fair value through profit or loss hedging financial liabilities	-592,125	397,646	210,246
Net change in fair value	**3,058**	**12,384**	**4,561**

Note 4. Hedge accounting

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

The Group applies both fair value hedge accounting according to IFRS 9 and fair value portfolio hedge accounting according to IAS 39. The Group does not apply cash flow hedge accounting. Accounting policies related to hedge accounting are described in the accounting polices of the Consolidated Financial Statements 2023 (Note *1*) in Section *10. Hedge Accounting*. Net result on hedge accounting is recognised in PnL in *Net result on financial instruments at fair value through profit or loss.*

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

Hedge accounting 31 Dec 2024 (EUR 1,000)	Nominal value	Fair value hedge accounting total	IAS 39 portfolio hedge accounting	IFRS 9 fair value hedge accounting	IFRS 9 fair value hedge accounting incl. Cost-of-Hedging
Assets					
Loans and advances to the public and public sector entities – Loans	11,209,584	10,633,372	10,573,458	59,914	-
Loans and advances to the public and public sector entities – Property lease receivables	380,946	380,863	-	380,863	-
Loans and advances to the public and public sector entities – Finance lease receivables	41,013	42,930		42,930	
Total assets	**11,631,544**	**11,057,166**	**10,573,458**	**483,708**	**-**
Liabilities					
Liabilities to credit institutions	95,000	88,243	-	88,243	-
Liabilities to the public and public sector entities	1,107,710	1,129,737	-	1,129,737	-
Debt securities issued	35,414,736	34,570,729	-	17,595,169	16,975,560
Total liabilities	**36,617,446**	**35,788,709**	**-**	**18,813,149**	**16,975,560**

Adjusted Hedge accounting 31 Dec 2023 (EUR 1,000)	Nominal value	Fair value hedge accounting total	IAS 39 portfolio hedge accounting	IFRS 9 fair value hedge accounting	IFRS 9 fair value hedge accounting incl. Cost-of-Hedging
Assets					
Loans and advances to the public and public sector entities – Loans	11,843,871	10,963,049	10,902,352	60,696	-
Loans and advances to the public and public sector entities – Property lease receivables	336,947	329,698	-	329,698	-
Loans and advances to the public and public sector entities – Finance lease receivables	58,470	59,705	-	59,705	-
Total assets	**12,239,288**	**11,352,451**	**10,902,352**	**450,099**	**-**
Liabilities					
Liabilities to credit institutions	95,000	87,488	-	87,488	-
Liabilities to the public and public sector entities	1,287,710	1,299,685	-	1,299,685	-
Debt securities issued	32,537,103	31,054,516	-	18,047,332	13,007,184
Total liabilities	**33,919,813**	**32,441,689**	**-**	**19,434,505**	**13,007,184**

During the financial year the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

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

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

Net result on hedge accounting from the financial year was EUR -11,763 thousand (EUR - 27,147 thousand). Change in net result on hedge accounting was mainly due to changes in EUR interest rate curves.

Value of hedged risk (EUR 1,000)	31 Dec 2024	1 Jan 2024	Recognised in the income statement Jan–Dec 2024	Recognised in the income statement Jul–Dec 2024
Assets				
IAS 39 portfolio hedge accounting				
Loans and advances to the public and public sector entities	-604,957	-907,319	302,362	347,030
Derivative contracts in hedge accounting	658,479	969,754	-311,275	-353,952
Accumulated fair value accrual from the termination of hedge accounting	-1,411	-1,652	240	120
IAS 39 portfolio hedge accounting, net	**52,111**	**60,783**	**-8,672**	**-6,802**
IFRS 9 fair value hedge accounting				
Loans and advances to the public and public sector entities	-2,213	-10,422	8,209	13,372
, of which loans	*2,214*	*1,829*	*385*	*1,947*
, of which property and finance lease receivables	*-4,427*	*-12,251*	*7,825*	*11,425*
Derivative contracts in hedge accounting	828	9,060	-8,232	-13,193
IFRS 9 fair value hedge accounting, net	**-1,385**	**-1,362**	**-23**	**179**
Liabilities				
IFRS 9 fair value hedge accounting				
Liabilities to credit institutions	7,357	8,111	-754	-2,834
Liabilities to the public and public sector entities	-7,263	4,425	-11,688	-38,201
Debt securities issued	901,690	1,407,537	-505,847	-687,370
Derivative contracts in hedge accounting	-927,435	-1,442,656	515,221	717,436
IFRS 9 fair value hedge accounting, net	**-25,651**	**-22,583**	**-3,068**	**-10,969**
IBOR reform related compensations	-3,603	-3,603	0	0
Total hedge accounting	**21,471**	**33,235**	**-11,763**	**-17,591**

Value of hedged risk (EUR 1,000)	31 Dec 2023	1 Jan 2023	Recognised in the income statement Jan–Dec 2023	Recognised in the income statement Jul–Dec 2023
Assets				
IAS 39 portfolio hedge accounting				
Loans and advances to the public and public sector entities	-907,319	-1,476,553	569,233	457,786
Derivative contracts in hedge accounting	969,754	1,549,315	-579,561	-461,718
Accumulated fair value accrual from the termination of hedge accounting	-1,652	-1,721	69	130
IAS 39 portfolio hedge accounting, net	**60,783**	**71,041**	**-10,258**	**-3,802**
IFRS 9 fair value hedge accounting				
Loans and advances to the public and public sector entities	-10,422	-29,402	18,980	16,367
, of which loans	*1,829*	*-595*	*2,424*	*2,302*
, of which property and finance lease receivables	*-12,251*	*-28,808*	*16,557*	*14,065*
Derivative contracts in hedge accounting	9,060	28,548	-19,488	-16,650
IFRS 9 Fair value hedge accounting, net	**-1,362**	**-855**	**-507**	**-282**
Liabilities				
IFRS 9 fair value hedge accounting				
Liabilities to credit institutions	8,111	10,108	-1,997	-2,996
Liabilities to the public and public sector entities	4,425	54,570	-50,145	-45,643
Debt securities issued	1,407,537	2,559,950	-1,152,413	-1,084,348
Derivative contracts in hedge accounting	-1,442,656	-2,631,089	1,188,433	1,115,329
IFRS 9 fair value hedge accounting, net	**-22,583**	**-6,461**	**-16,122**	**-17,658**
IBOR reform related compensations	-3,603	-3,343	-260	-
Total hedge accounting	**33,235**	**60,382**	**-27,147**	**-21,743**

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

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

Hedging impact on equity (EUR 1,000)	31 Dec 2024	1 Jan 2024	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	45,714	21,821	23,892
Total	**45,714**	**21,821**	**23,892**

Hedging impact on equity (EUR 1,000)	31 Dec 2023	1 Jan 2023	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	21,821	1,488	20,334
Total	**21,821**	**1,488**	**20,334**

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

Effectiveness of hedge accounting
31 Dec 2024 (EUR 1,000)

		Gains/losses attributable to the hedged risk		
Hedged item	**Hedging instruments**	**Hedge item**	**Hedging instrument**	**Hedge ineffectiveness**
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-604,957	658,479	53,522
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	2,214	-2,132	82
Fixed rate and revisable rate leased assets	Interest rate derivatives	-4,427	2,960	-1,467
Assets total		**-607,170**	**659,307**	**52,137**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	653,000	-685,882	-32,882
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	248,784	-241,553	7,231
Liabilities total		**901,784**	**-927,435**	**-25,651**

Effectiveness of hedge accounting 31 Dec 2023 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk: Hedge item	Gains/losses attributable to the hedged risk: Hedging instrument	Hedge ineffectiveness
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-907,319	969,754	62,435
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	1,829	-1,608	222
Fixed rate and revisable rate leased assets	Interest rate derivatives	-12,251	10,668	-1,584
Assets total		**-917,742**	**978,814**	**61,072**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	1,105,788	-1,132,380	-26,592
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	314,285	-310,277	4,009
Liabilities total		**1,420,073**	**-1,442,656**	**-22,583**

Note 5. Financial assets and liabilities

Financial assets 31 Dec 2024 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	2	-	-	-	-	2	2
Loans and advances to credit institutions	8,566,611	-	-	-	-	8,566,611	8,566,611
Loans and advances to the public and public sector entities	35,077,804	-	30,940	25,036	-	35,133,780	37,248,151
, of which loan receivables	*33,757,873*	-	*30,940*	*25,036*	-	*33,813,849*	*35,826,784*
*, of which property lease receivables**	*1,319,931*	-	-	-	-	*1,319,931*	*1,421,367*
Debt securities	1,825,411	377,480	3,676,021	-	-	5,878,912	5,879,660
Derivative contracts at fair value through profit or loss	-	-	-	-	451,480	451,480	451,480
Derivative contracts in hedge accounting	-	-	-	-	1,872,228	1,872,228	1,872,228
Other assets**	889,682	-	-	-	-	889,682	889,682
Total	**46,359,510**	**377,480**	**3,706,961**	**25,036**	**2,323,708**	**52,792,695**	**54,907,814**

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Consolidated Financial Statements. Equipment leases that the Group has granted are classified as finance lease receivables. Property lease receivables and equipment lease receivables for which the Group applies fair value hedge accounting are presented in the Note *4 Hedge accounting*.

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

Financial liabilities 31 Dec 2024 (EUR 1,000)	**Amortised cost**	**Designated at fair value through profit or loss**	**Fair value through profit or loss**	**Total**	**Fair value**
Liabilities to credit institutions	804,380	79,315	-	883,694	883,627
Liabilities to the public and public sector entities	1,129,737	1,334,136	-	2,463,874	2,475,335
Debt securities issued	35,336,202	9,198,104	-	44,534,306	44,113,239
Derivative contracts at fair value through profit or loss	-	-	1,073,936	1,073,936	1,073,936
Derivative contracts in hedge accounting	-	-	1,487,782	1,487,782	1,487,782
Provisions and other liabilities*	267,449	-	-	267,449	267,449
Total	**37,537,768**	**10,611,555**	**2,561,718**	**50,711,041**	**50,301,368**

* Line item includes EUR 259,850 thousand of cash collateral received from central counterparties and EUR 7,599 thousand of lease liabilities in accordance with IFRS 16 standard.

Adjusted Financial assets 31 Dec 2023 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	2	-	-	-	-	2	2
Loans and advances to credit institutions	9,192,948	-	-	-	-	9,192,948	9,192,948
Loans and advances to the public and public sector entities*	31,892,126	-	30,497	27,663	-	31,950,286	33,807,764
, of which loan receivables	*30,725,576*	-	*30,497*	*27,663*	-	*30,783,736*	*32,605,180*
*, of which property lease receivables**	*1,166,550*	-	-	-	-	*1,166,550*	*1,202,584*
Debt securities	1,574,954	375,072	3,219,979	-	-	5,170,005	5,170,117
Derivative contracts at fair value through profit or loss	-	-	-	-	353,731	353,731	353,731
Derivative contracts in hedge accounting	-	-	-	-	1,682,481	1,682,481	1,682,481
Other assets**	1,049,735	-	-	-	-	1,049,735	1,049,735
Total	**43,709,765**	**375,072**	**3,280,973**	**55,326**	**2,036,212**	**49,399,188**	**51,256,777**

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Consolidated Financial Statements. Property lease receivables and equipment lease receivables for which the Group applies fair value hedge accounting are presented in the Note *4 Hedge accounting*.
** Line item includes cash collateral given to central counterparties.

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Adjusted Financial liabilities 31 Dec 2023 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	171,581	43,971	-	215,552	215,510
Liabilities to the public and public sector entities	1,299,685	1,322,866	-	2,622,551	2,635,500
Debt securities issued	31,342,311	9,530,487	-	40,872,798	40,837,530
Derivative contracts at fair value through profit or loss	-	-	1,194,531	1,194,531	1,194,531
Derivative contracts in hedge accounting	-	-	2,302,023	2,302,023	2,302,023
Provisions and other liabilities*	401,180	-	-	401,180	401,180
Total	**33,214,757**	**10,897,323**	**3,496,553**	**47,608,633**	**47,586,273**

* Line item includes EUR 392,342 thousand of cash collateral received from central counterparties and EUR 8,837 thousand of lease liabilities in accordance with IFRS 16 standard.

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 6. Breakdown of financial assets and liabilities at carrying amount by maturity

Financial assets 31 Dec 2024 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	2	-	-	-	-	2
Loans and advances to credit institutions	8,513,965	38,140	14,507	-	-	8,566,611
Loans and advances to the public and public sector entities	637,205	1,804,583	8,205,406	7,994,389	16,492,198	35,133,780
, of which loan receivables	*627,997*	*1,774,531*	*8,023,430*	*7,734,269*	*15,653,621*	*33,813,849*
*, of which property lease receivables**	*9,208*	*30,051*	*181,975*	*260,119*	*838,578*	*1,319,931*
Debt securities	1,891,929	626,689	2,540,252	820,042	-	5,878,912
Derivative contracts	152,633	57,431	1,161,155	613,963	338,525	2,323,708
Other assets**	889,682	-	-	-	-	889,682
Total	**12,085,416**	**2,526,842**	**11,921,319**	**9,428,394**	**16,830,724**	**52,792,695**

** Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Consolidated Financial Statements.*
*** Line item includes cash collateral given to central counterparties.*

Financial liabilities 31 Dec 2024 (EUR 1,000)	**0–3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Liabilities to credit institutions	716,137	3,486	74,105	56,548	33,419	883,694
Liabilities to the public and public sector entities	38,133	233,195	894,643	595,550	702,353	2,463,874
Debt securities issued	4,757,279	6,110,628	25,545,532	6,494,648	1,626,218	44,534,306
Derivative contracts	164,955	190,266	959,624	729,648	517,223	2,561,718
Other liabilities	260,177	964	5,531	778	-	267,449
, of which lease liabilities	*327*	*964*	*5,531*	*778*	-	*7,599*
Total	**5,936,681**	**6,538,539**	**27,479,435**	**7,877,172**	**2,879,214**	**50,711,041**

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

Liabilities and hedging derivative contracts that may be called before maturity have been classified in the maturity class corresponding to the first possible call date. The Group estimates it will call 20–40% of its callable liabilities in 2025. In 2024, the Group called 23% of its callable liabilities.

Adjusted Financial assets 31 Dec 2023 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	2	-	-	-	-	2
Loans and advances to credit institutions	9,138,549	25,051	29,348	-	-	9,192,948
Loans and advances to the public and public sector entities	561,300	1,584,078	7,715,022	7,172,752	14,917,134	31,950,286
, of which loan receivables	*553,220*	*1,558,950*	*7,563,119*	*6,951,263*	*14,157,184*	*30,783,736*
, of which property lease receivables	*8,080*	*25,128*	*151,903*	*221,489*	*759,951*	*1,166,550*
Debt securities	1,712,062	522,874	2,434,360	500,709	-	5,170,005
Derivative contracts	25,993	66,502	655,747	834,431	453,540	2,036,212
Other assets	1,049,735	-	-	-	-	1,049,735
Total	**12,487,640**	**2,198,505**	**10,834,476**	**8,507,892**	**15,370,674**	**49,399,188**

Adjusted Financial liabilities 31 Dec 2023 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions	84,093	-	56,472	57,009	17,977	215,552
Liabilities to the public and public sector entities	87,266	139,849	984,422	558,808	852,205	2,622,551
Debt securities issued	6,198,915	4,416,282	22,699,700	6,092,857	1,465,043	40,872,798
Derivative contracts	215,477	276,181	1,512,104	904,057	588,733	3,496,553
Other liabilities	392,789	1,142	5,374	1,876	-	401,180
, of which lease liabilities	*446*	*1,142*	*5,374*	*1,876*	-	*8,837*
Total	**6,978,540**	**4,833,455**	**25,258,073**	**7,614,608**	**2,923,958**	**47,608,633**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Liabilities and hedging derivatives that may be called before maturity have been classified in the maturity class corresponding to the first possible call date. In 2023, the Group called 32% of its callable liabilities.

Note 7. Fair values of financial assets and liabilities

Valuation framework
MuniFin Group has implemented a framework for the arrangements, activities and procedures with regards to the Group's model risk management. The purpose of the model risk management framework is to ensure the effective management of model risk and mitigation of fair value uncertainty, as well as to ensure compliance with external and internal requirements. The Group ensures that all aspects of the lifecycle of valuation models (i.e. approval, design and development, testing and maintenance, monitoring and execution) are subject to effective governance, clear roles and responsibilities and effective internal control.

The Group manages and maintains a model inventory which provides a holistic view of all valuation models, their business purpose and characteristics as well as their applications and conditions for use. All approved valuation models within the model inventory are subject to annual review and re-approval by the Risk Management and Compliance Management Team.

The Finance Management Team acts as a valuation control group for MuniFin Group's fair values and is responsible for the final approval of the Group's fair values for financial reporting. The Finance Management Team monitors and controls MuniFin Group's valuation process and the performance of valuation models, decides on the necessary measures and reports to the Executive Management Team (*EMT*). The Finance Management Team assesses whether the valuation models and valuation process provide sufficiently accurate information to be used in financial reporting and, based on the information received, decides on possible adjustments to the values generated by the valuation process.

The Group has implemented an efficient control and performance monitoring framework with regards to its valuation models, which aims to ensure the accuracy and appropriateness of model output. Model performance monitoring consists of four main controls:
- Counterparty valuation control (*CVC*),
- Fair value explanation,
- Independent price verification (*IPV*) and
- Independent model validation.

Counterparty valuation control (*CVC*) is performed daily by Risk Management with the purpose to assess any deviations in valuation model output compared to MuniFin Group's own earlier valuations and to counterparty valuations. The results of the assessment are reported monthly to the CFO and quarterly to the Finance Management Team. Fair value explanation process consists of a daily analysis and explanation of the changes in fair values by Risk Management and a monthly fair value explanation report to the CFO and quarterly to the Finance Management Team. The independent price verification is performed monthly as a part of MuniFin Group's IPV process by a third party service provider. The results of the control activities are reported monthly to the CFO and quarterly to the Finance Management Team. The independent model validation is performed annually for a subset of MuniFin Group's valuation models by a third-party service provider. The results of the model validation are reported to the Finance Management Team.

Determination of fair value

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the fair value on initial recognition differs from the transaction price and the fair value is evidenced, neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value and adjusted to defer the difference between the fair value on initial recognition and the transaction price (*Day 1 gain or loss*). The difference is amortised on a straight-line basis throughout the lifetime of the contract. Day 1 gain or loss for MuniFin Group is presented in the table below.

The fair values of financial instruments are determined on the basis of either price quotations obtained from functioning markets or, if such markets do not exist, by applying valuation methods. The Group measures fair values using the fair value hierarchy by dividing fair value into level 1, 2 and 3 inputs, which reflects the significance of the inputs used in making the measurements.

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

Income approach is applied when valuation is based, for example, on determining the present value of future cash flows (discounting). Valuation methods take into account an assessment of the credit risk, discount rates used, the possibility of early repayment and other factors that influence the fair value of a financial instrument reliably. The Group uses the income approach for many of its financial instruments, for example derivatives, lending and funding. The Group does not use the cost approach for the valuation of any of its financial instruments.

Day 1 gain or loss (EUR 1,000)	Jan–Dec 2024	Jan–Dec 2023	Jul–Dec 2024	Jul–Dec 2023
Opening balance in the beginning of the reporting period	-350	-392	-329	-371
Recognised gain in the income statement	-	-	-	-
Recognised loss in the income statement	-452	-470	-452	-452
Deferred gain or loss on new transactions	494	512	473	473
Total at the end of the reporting period	**-309**	**-350**	**-309**	**-350**

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

All valuation models, both complex and simple models, use market prices and other inputs. These market prices and inputs comprise for example interest rates, FX rates, volatilities and correlations. The Group applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff structures. The Group's defined categorisation to the fair value hierarchy levels is based on the analysis performed with regards to the valuation input, stress testing (reasonable possible alternative assumption) and model complexity. If the inputs used to measure fair value are categorised into different levels on the fair value hierarchy, the fair value measurement is categorised in its entirety on the level of the lowest level input that is significant to the entire measurement. Approach has decribed more detailed in section *Sensitivity analysis of unobservable inputs.*

MuniFin Group applies different models in order to derive the fair values of certain types of instruments. The choice of base models and model calibration depends on the complexity of the financial instrument and the observability of the relevant inputs. In line with market practice, the primary choice of base model is contingent on the underlying instrument classes. Additionally, instruments are broken down into different categories granular enough to capture the most important risk drivers and different kinds of calibration techniques. The specific combination of base models and the different assumptions and calibration techniques are documented. The Group's fair value instruments that are subject to mark-to-model valuation techniques consist of four asset classes:
- Interest rate instruments,
- FX instruments,
- Equity-linked instruments and
- Hybrid instruments.

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

Fair value of financial instruments is generally calculated as the net present value of the individual instruments. This calculation is supplemented by counterparty level adjustments. The Group incorporates credit valuation adjustments (*CVA*) and debit valuation adjustments (*DVA*) into derivative valuations. CVA reflects the impact of the counterparty's credit risk on fair value and DVA MuniFin Group's own credit quality. The Group uses the same methodology to compute CVA and DVA. They are both assessed as the result of three inputs: Loss Given Default (*LGD*), Probability of Default (*PD*, own for DVA and of the counterparty for CVA) and Expected Exposure (*EE*). In addition, the Group calculates Funding Valuation Adjustment for those derivative contracts that do not hold cash collateral arrangements (derivatives made with MuniFin Group's customers).

The following table presents financial instruments by the level of the fair value hierarchy into which the fair value measurement is categorised. The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the fair value measurements.

Level 1
Inputs that are quoted market prices (unadjusted) for identical instruments in active markets that the Group can access at the measurement date. The market is considered to be active if trading is frequent and price data is regularly available. These quotes (mid) represent the price for an orderly transaction between parties in the market on the valuation date. Level 1 instruments comprise mainly investments in debt securities.

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

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

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

Financial assets 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	377,480	357,349	20,131	-	377,480
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,940	-	30,940	-	30,940
Debt securities	3,676,021	3,666,033	9,988	-	3,676,021
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	25,036	-	-	25,036	25,036
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	451,480	-	445,149	6,331	451,480
Derivative contracts in hedge accounting	1,872,228	-	1,871,295	934	1,872,228
Total at fair value	**6,433,185**	**4,023,383**	**2,377,502**	**32,301**	**6,433,185**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	11,014,235	-	11,529,258	-	11,529,258
, of which loan receivables	*10,633,372*	-	*11,128,949*	-	*11,128,949*
, of which property lease receivables	*380,863*	-	*400,309*	-	*400,309*
Total in fair value hedge accounting	**11,014,235**	**-**	**11,529,258**	**-**	**11,529,258**
At amortised cost					
Cash and balances with central banks	2	2	-	-	2
Loans and advances to credit institutions	8,566,611	7,958,203	608,408	-	8,566,611
Loans and advances to the public and public sector entities	24,063,569	-	25,662,917	-	25,662,917
, of which loan receivables	*23,124,500*	-	*24,641,859*	-	*24,641,859*
, of which property lease receivables	*939,068*	-	*1,021,058*	-	*1,021,058*
Debt securities	1,825,411	-	1,826,159	-	1,826,159
Other assets	889,682	-	889,682	-	889,682
Total at amortised cost	**35,345,275**	**7,958,205**	**28,987,166**	**-**	**36,945,371**
Total financial assets	**52,792,695**	**11,981,588**	**42,893,925**	**32,301**	**54,907,814**

Financial liabilities 31 Dec 2024 (EUR 1,000)		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	79,315	-	79,315	-	79,315
Liabilities to the public and public sector entities	1,334,136	-	1,293,774	40,363	1,334,136
Debt securities issued	9,198,104	-	9,002,575	195,529	9,198,104
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,073,936	-	988,985	84,950	1,073,936
Derivative contracts in hedge accounting	1,487,782	-	1,481,145	6,636	1,487,782
Total at fair value	**13,173,273**	**-**	**12,845,795**	**327,478**	**13,173,273**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	88,243	-	88,175	-	88,175
Liabilities to the public and public sector entities	1,129,737	-	1,141,199	-	1,141,199
Debt securities issued*	34,570,729	-	33,871,031	278,632	34,149,663
Total in fair value hedge accounting	**35,788,709**	**-**	**35,100,405**	**278,632**	**35,379,037**
At amortised cost					
Liabilities to credit institutions	716,137	-	716,137	-	716,137
Debt securities issued	765,473	-	765,473	-	765,473
Provisions and other liabilities	267,449	-	267,449	-	267,449
Total at amortised cost	**1,749,059**	**-**	**1,749,059**	**-**	**1,749,059**
Total financial liabilities	**50,711,041**	**-**	**49,695,258**	**606,110**	**50,301,368**

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

Adjusted Financial assets 31 Dec 2023 (EUR 1,000)	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	375,072	375,072	-	-	375,072
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,497	-	30,497	-	30,497
Debt securities	3,219,979	3,172,048	47,931	-	3,219,979
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	27,663	-	-	27,663	27,663
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	353,731	-	344,696	9,036	353,731
Derivative contracts in hedge accounting	1,682,481	-	1,682,481	-	1,682,481
Total at fair value	**5,689,423**	**3,547,120**	**2,105,605**	**36,699**	**5,689,423**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	11,292,747	-	11,839,926	-	11,839,926
, of which loan receivables	*10,963,049*	-	*11,491,485*	-	*11,491,485*
, of which property lease receivables	*329,698*	-	*348,441*	-	*348,441*
Total in fair value hedge accounting	**11,292,747**	**-**	**11,839,926**	**-**	**11,839,926**
At amortised cost					
Cash and balances with central banks	2	2	-	-	2
Loans and advances to credit institutions	9,192,948	8,128,211	1,064,737	-	9,192,948
Loans and advances to the public and public sector entities	20,599,380	-	21,909,678	-	21,909,678
, of which loan receivables	*19,762,528*	-	*21,055,535*	-	*21,055,535*
, of which property lease receivables	*836,852*	-	*854,143*	-	*854,143*
Debt securities	1,574,954	-	1,575,066	-	1,575,066
Other assets	1,049,735	-	1,049,735	-	1,049,735
Total at amortised cost	**32,417,018**	**8,128,213**	**25,599,215**	**-**	**33,727,428**
Total financial assets	**49,399,188**	**11,675,333**	**39,544,746**	**36,699**	**51,256,777**

Adjusted Financial liabilities 31 Dec 2023 (EUR 1,000)	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	43,971	-	43,971	-	43,971
Liabilities to the public and public sector entities	1,322,866	-	1,223,599	99,266	1,322,866
Debt securities issued	9,530,487	-	9,234,376	296,110	9,530,487
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,194,531	-	1,077,062	117,469	1,194,531
Derivative contracts in hedge accounting	2,302,023	-	2,290,304	11,719	2,302,023
Total at fair value	**14,393,876**	**-**	**13,869,312**	**524,564**	**14,393,876**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	87,488	-	87,446	-	87,446
Liabilities to the public and public sector entities	1,299,685	-	1,312,634	-	1,312,634
Debt securities issued	31,054,516	-	30,832,056	187,193	31,019,249
Total in fair value hedge accounting	**32,441,689**	**-**	**32,232,137**	**187,193**	**32,419,329**
At amortised cost					
Liabilities to credit institutions	84,093	-	84,093	-	84,093
Debt securities issued	287,794	-	287,794	-	287,794
Provisions and other liabilities	401,180	-	401,180	-	401,180
Total at amortised cost	**773,068**	**-**	**773,068**	**-**	**773,068**
Total financial liabilities	**47,608,633**	**-**	**46,874,516**	**711,757**	**47,586,273**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

Sensitivity analysis of unobservable inputs

Sensitivity analysis illustrates the impact of the reasonably possible assumptions on the fair value of financial instruments for which valuation is dependent on unobservable inputs. In order to assess the 'significance' of the level 3 valuation inputs to the fair value of an instrument, MuniFin has defined a materiality ('significance') threshold to the fair value of an instrument and pre-defined stress levels that is assessed to be 'reasonable possible alternative assumption' to the valuation input.

In addition, in order to assess the significance, the Group uses materiality threshold by comparing the impact of the unobservable input (level 3) to the notional. If the impact is below threshold, the financial instrument is classified as a level 2 instrument. The assessment of the fair value hierarchy classification will be performed using a *Waterfall principle* meaning that the input which is assumed to be the most material valuation input, in combination with the complexity of the model, will be assessed first. As a result of an assessment, the Group has designation of level 3 instruments that has material unobservable input to the fair value of financial instrument.

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

Correlation parameters

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

Volatility (extrapolated or illiquid)

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

Dividend yield

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

Interest rates (extrapolated or illiquid)

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

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

The following table illustrates the effect that changing one or more of the assumptions in the unobservable input (reasonably possible alternative assumptions) could have on the valuations at the financial statement date. However, it is unlikely in practice that all unobservable inputs would simultaneously move to extremes of reasonably possible alternatives used in the sensitivity analysis. Hence, the impact of the sensitivity analysis disclosed in this Note is likely to be greater than the true uncertainty in the fair values at the financial statement date. Furthermore, the disclosure is neither predictive nor indicative of future movements in the fair value of financial instruments.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements on level 3, changing one or more of the assumptions to the reasonably possible alternative assumptions would have the following effects: as of 31 December 2024, these assumptions could have increased fair values by EUR 13.6 million (EUR 21.2 million) or decreased fair values by EUR 13.4 million (EUR 21.1 million).

Sensitivity analysis of unobservable inputs 31 Dec 2024 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	25,036	Stochastic model	Volatility – Extrapolated or Illiquid	24	-19
Derivative contracts					
			Correlation parameters	2	-7
Equity-linked derivatives	-6,715	Stochastic model	Volatility – Extrapolated or Illiquid	26	-52
			Dividend yield	2	-1
			Correlation parameters	116	-87
FX-linked cross currency and interest rate derivatives	-836	Stochastic model	Volatility – Extrapolated or Illiquid	703	-761
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	0	-1
Other interest rate derivatives	-76,772	Stochastic model	Volatility – Extrapolated or Illiquid	6,056	-6,097
			Interest rates – Extrapolated or Illiquid	969	-969
Debt securities issued and Liabilities to the public and public sector entities					
			Correlation parameters	2	0
Equity-linked liabilities	9,373	Stochastic model	Volatility – Extrapolated or Illiquid	51	-34
			Dividend yield	1	-1
			Correlation parameters	54	-44
FX-linked liabilities	82,047	Stochastic model	Volatility – Extrapolated or Illiquid	624	-608
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	1	-1
Other liabilities	423,104	Stochastic model	Volatility – Extrapolated or Illiquid	4,969	-4,737
			Interest rates – Extrapolated or Illiquid	21	-21
Total				**13,619**	**-13,440**

Sensitivity analysis of unobservable inputs 31 Dec 2023 (EUR 1,000)	Adjusted Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	27,663	Stochastic model	Volatility – Extrapolated or Illiquid	-26	-81
Derivative contracts					
			Correlation parameters	7	-20
Equity-linked derivatives	-21,298	Stochastic model	Volatility – Extrapolated or Illiquid	627	-607
			Dividend yield	34	-14
			Correlation parameters	125	-111
FX-linked cross currency and interest rate derivatives	591	Stochastic model	Volatility – Extrapolated or Illiquid	735	-859
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	0	0
Other interest rate derivatives	-99,445	Stochastic model	Volatility – Extrapolated or Illiquid	9,267	-9,408
			Interest rates – Extrapolated or Illiquid	708	-708
Debt securities issued and Liabilities to the public and public sector entities					
			Correlation parameters	24	8
Equity-linked liabilities	80,242	Stochastic model	Volatility – Extrapolated or Illiquid	658	-562
			Dividend yield	44	-36
			Correlation parameters	80	-73
FX-linked liabilities	108,722	Stochastic model	Volatility – Extrapolated or Illiquid	657	-577
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	2	-2
Other liabilities	393,605	Stochastic model	Volatility – Extrapolated or Illiquid	8,277	-8,060
			Interest rates – Extrapolated or Illiquid	31	-31
Total				**21,250**	**-21,141**

Transfers in the fair value hierarchy

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

During 2024, transfers totalling EUR 9,988 thousand have been made from level 1 to level 2 and EUR 31,470 thousand from level 2 to level 1 in the line item *Debt securities*. During 2024, there were no transfers from level 2 to level 3.

Level 3 transfers 2024 (EUR 1,000)	Adjusted 1 Jan 2024	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	31 Dec 2024
Financial assets										
At fair value										
Mandatorily at fair value through profit or loss										
Loans and advances to the public and public sector entities	27,663	-	-2,627	-	-	-	-	-	-	25,036
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	9,036	-202	-2,444	-	-	-261	202	-	-	6,331
Derivative contracts in hedge accounting	-	680	706	-	228	-	-680	-	-	934
Financial assets in total	**36,699**	**478**	**-4,365**	**-**	**228**	**-261**	**-478**	**-**	**-**	**32,301**
Financial liabilities										
At fair value										
Designated at fair value through profit or loss										
Liabilities to the public and public sector entities	99,266	-901	1,611	-2,579	-	-	901	-	-57,935	40,363
Debt securities issued	296,110	-3,997	-1,351	-9,594	-	-89,637	3,997	-	-	195,529
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	117,469	-6,555	-5,128	-	-	-18,480	6,555	-	-8,910	84,950
Derivative contracts in hedge accounting	11,719	2,900	-6,357	309	1,703	-	-2,900	-	-738	6,636
In fair value hedge accounting										
Amortised cost										
Debt securities issued	187,193	-11,498	-3,209	-	105,690	-	11,498	-	-11,042	278,632
Financial liabilities in total	**711,757**	**-20,049**	**-14,435**	**-11,863**	**107,393**	**-108,116**	**20,049**	**-**	**-78,625**	**606,110**
Level 3 financial assets and liabilities in total*	**748,456**	**-19,571**	**-18,799**	**-11,863**	**107,393**	**-108,377**	**19,571**	**-**	**-78,625**	**638,411**

* The Group recognises these gains and losses within the line item *Net result on financial instruments at fair value through profit or loss*. The fair value change due to changes in own credit risk of financial liabilities designated at fair value through profit or loss is recognised in the other comprehensive income. For cross currency swaps in hedge accounting, the cross currency basis spread is separated and excluded from the designation and accounted for as Cost-of-Hedging in the other comprehensive income.

During 2023, transfers totalling EUR 72,008 thousand have been made between to level 1 from level 2 in the line item *Debt securities*. During 2023, total of EUR 2,443 thousand were transferred from level 2 to level 3 financial instruments.

Level 3 transfers 2023 (EUR 1,000)	Adjusted 1 Jan 2023	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	Adjusted 31 Dec 2023
Financial assets										
At fair value										
Mandatorily at fair value through profit or loss										
Loans and advances to the public and public sector entities	31,219	-	-3,556	-	-	-	-	-	-	27,663
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	15,999	649	-4,041	-	-	-2,922	-649	-	-	9,036
Derivative contracts in hedge accounting	752	-	-	-	-	-	-	-	-752	0
Financial assets in total	**47,970**	**649**	**-7,597**	**-**	**-**	**-2,922**	**-649**	**-**	**-752**	**36,699**
Financial liabilities										
At fair value										
Designated at fair value through profit or loss										
Liabilities to the public and public sector entities	152,910	-901	7,594	-3,612	-	-57,626	901	-	-	99,266
Debt securities issued	982,846	-7,911	-27	-5,883	-	-680,825	7,911	-	-	296,110
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	337,031	-4,415	-10,658	-	-	-208,904	4,415	-	-	117,469
Derivative contracts in hedge accounting	5,546	559	628	139	7,411	-	-559	640	-2,645	11,719
In fair value hedge accounting										
Amortised cost										
Debt securities issued	57,413	-2,789	2,915	-	155,169	-	2,789	1,803	-30,107	187,193
Financial liabilities in total	**1,535,746**	**-15,456**	**452**	**-9,356**	**162,580**	**-947,355**	**15,456**	**2,443**	**-32,753**	**711,757**
Level 3 financial assets and liabilities in total	**1,583,716**	**-14,808**	**-7,145**	**-9,356**	**162,580**	**-950,277**	**14,808**	**2,443**	**-33,505**	**748,456**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 8. Cash and cash equivalents

31 Dec 2024 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Central bank deposits payable on demand	0	0	-
Cash and balances with central banks	**2**	**2**	**-**
Loans and advances to credit institutions payable on demand	61,494	61,494	0
Total cash and cash equivalents	**61,496**	**61,496**	**0**

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

Note 9. Derivative contracts

31 Dec 2024 (EUR 1,000)	Nominal value of underlying instrument	Fair value Positive	Fair value Negative
Derivative contracts in hedge accounting			
Interest rate derivatives			
Interest rate swaps	36,286,482	987,920	-1,262,963
, of which cleared by the central counterparty	*35,457,197*	*963,973*	*-1,250,839*
Currency derivatives			
Cross currency interest rate swaps	17,098,903	884,308	-224,818
Total derivative contracts in hedge accounting	**53,385,385**	**1,872,228**	**-1,487,782**
Derivative contracts at fair value through profit or loss			
Interest rate derivatives			
Interest rate swaps	22,504,004	224,609	-800,655
, of which cleared by the central counterparty	*15,300,387*	*119,869*	*-122,927*
Currency derivatives			
Cross currency interest rate swaps	3,663,059	95,498	-265,805
Forward exchange contracts	2,840,260	131,373	-761
Equity derivatives	12,572	-	-6,715
Total derivative contracts at fair value through profit or loss	**29,019,895**	**451,480**	**-1,073,936**
Total derivative contracts	**82,405,280**	**2,323,708**	**-2,561,718**

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

Adjusted 31 Dec 2023 (EUR 1,000)	Nominal value of underlying instrument	Fair value Positive	Fair value Negative
Derivative contracts in hedge accounting			
Interest rate derivatives			
Interest rate swaps	34,542,139	1,244,663	-1,692,231
, of which cleared by the central counterparty	*33,536,278*	*1,207,369*	*-1,676,456*
Currency derivatives			
Cross currency interest rate swaps	13,281,574	437,818	-609,792
Total derivative contracts in hedge accounting	**47,823,713**	**1,682,481**	**-2,302,023**
Derivative contracts at fair value through profit or loss			
Interest rate derivatives			
Interest rate swaps	19,711,573	294,754	-892,723
, of which cleared by the central counterparty	*12,850,600*	*200,263*	*-87,761*
Currency derivatives			
Cross currency interest rate swaps	3,250,213	56,183	-193,110
Forward exchange contracts	3,890,874	2,770	-87,375
Equity derivatives	85,340	24	-21,323
Total derivative contracts at fair value through profit or loss	**26,938,000**	**353,731**	**-1,194,531**
Total derivative contracts	**74,761,713**	**2,036,212**	**-3,496,553**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 10. Changes in intangible and tangible assets

	Intangible assets	Tangible assets			
Jan–Dec 2024 (EUR 1,000)	**Total**	**Real estate**	**Other tangible assets**	**Right-of-use assets**	**Total**
Acquisition cost 1 Jan	29,014	299	6,478	15,406	22,183
+ Additions	239	-	386	656	1,042
- Disposals	-	-	-29	-7,530	-7,560
Acquisition cost 31 Dec	29,253	299	6,835	8,532	15,665
Accumulated depreciation and impairment charges 1 Jan	22,703	-	5,920	6,614	12,535
- Accumulated depreciation on disposals	-	-	-29	-7,277	-7,306
+ Depreciation according to plan	3,830	-	554	1,646	2,201
Accumulated depreciation and impairment charges 31 Dec	26,533	-	6,445	984	7,429
Carrying amount 31 Dec	**2,720**	**299**	**389**	**7,548**	**8,236**

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

Note 11. Credit risks of financial assets and other commitments

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

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*			
31 Dec 2024 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Loans and advances to credit institutions at amortised cost	8,566,672	-61	-	-	-	-	8,566,672	-61
Loans and advances to the public and public sector entities at amortised cost	31,381,806	-142	2,086,923	-2,103	291,705	-316	33,760,434	-2,561
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,561,931	-9	1,139	0	-	-	1,563,069	-9
Debt securities at amortised cost	1,824,426	-1	986	0	-	-	1,825,412	-1
Debt securities at fair value through other comprehensive income	377,480	-45	-	-	-	-	377,480	-45
Cash collateral to CCPs in Other assets at amortised cost	889,687	-5	-	-	-	-	889,687	-5
Credit commitments (off-balance sheet)	2,864,012	-16	71,219	-2	-	-	2,935,231	-18
Total	**47,466,014**	**-280**	**2,160,266**	**-2,105**	**291,705**	**-316**	**49,917,986**	**-2,701**

* The Group has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in the Consolidated Financial Statements 2023 Note *2 Risk management principles and the Group's risk position* in Section *7. Credit risk*. The Group's management expects that all the stage 3 receivables will be recovered and no final credit loss will emerge. Stage 3 receivables include EUR 1,926 thousand (EUR 2,031 thousand) of originated credit impaired receivables (*Purchased or Originated Credit Impaired, POCI*). Expected credit losses for the POCI receivables amount to EUR 3 thousand (EUR 3 thousand).

The increase in stage 3 receivables during the financial year was mainly due to the transition of one medium-sized entity to stage 3.

Adjusted Exposures by asset groups and impairment stages 31 Dec 2023 (EUR 1,000)	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Loans and advances to credit institutions at amortised cost	9,193,021	-73	-	-	-	-	9,193,021	-73
Loans and advances to the public and public sector entities at amortised cost	29,024,906	-122	1,560,904	-1,872	141,974	-214	30,727,784	-2,207
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,420,170	-8	21,546	-21	-	-	1,441,715	-29
Debt securities at amortised cost	1,573,803	-1	1,152	0	-	-	1,574,955	-1
Debt securities at fair value through other comprehensive income	375,072	-42	-	-	-	-	375,072	-42
Cash collateral to CCPs in Other assets at amortised cost	1,049,741	-6	-	-	-	-	1,049,741	-6
Credit commitments (off-balance sheet)	3,017,822	-15	53,406	0	-	-	3,071,212	-15
Total	**45,654,535**	**-267**	**1,637,008**	**-1,894**	**141,974**	**-214**	**47,433,502**	**-2,375**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

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

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-267**	**-1,894**	**-214**	**-2,375**
New assets originated or purchased	-92	-92	-69	-253
Assets derecognised or repaid (excluding write-offs)	93	121	67	282
Transfers to Stage 1	-2	361	-	359
Transfers to Stage 2	4	-158	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision *(Management overlay)*	-	625	-	625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models* and inputs** used for ECL calculations	-16	-1,070	-35	-1,122
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 31 Dec 2024	**-280**	**-2,105**	**-316**	**-2,701**
Expected credit losses, net change Jul–Dec 2024	**-7**	**-530**	**-68**	**-604**

* Represents changes in the model.
** Represents changes to model parameters (e.g. GDP rates, unemployment rates)

In 2024, MuniFin Group updated the macroeconomic scenarios quarterly to take into account forward-looking information. Additionally, the Group revised its probability of default model for calculating the customer finance exposures. Previously 30-day payment delay was the indicator for customer's inability to pay. The model was updated so that the indicator for insolvency observation is either the official definition of default or if customer's exposures are transferred to stage 3. The amount of expected credit losses increased by EUR 1,122 thousand due to changes made in the models and parameters.

The Group has assessed the impact of general cost inflation and increased interest rates on customer financing receivables and credit risk. At the end of December 2023, the Group's management assessed that some customers may face challenges in the sufficiency of cash flows during the first half of 2024 and decided to increase the additional discretionary provision recognised in June 2023 up to EUR 625 thousand.

At the end of June 2024, the Group's management assessed that the increased interest rate levels have impacted customers especially within the housing sector, and a slightly larger than normal amount of payment delays and forbearances have been observed during the first half of the year. According to the management's judgement, a smaller number of customers may continue to face challenges in the sufficiency of cash flows in the latter part of the year. Part of the previous additional discretionary provision has been realised during the first half of 2024 as transfers to levels 2 and 3. Thus the Group's management decided to decrease it by EUR 375 thousand, making the additional discretionary provision based on a group-specific assessment EUR 250 thousand at the end of June 2024.

At the end of December 2024, the Group's management assessed again the need of additional discretionary provision and decided to release the provision in full. The model update in the calculation of probability of default and the resulting increase in expected credit losses and stage transfers are estimated to take into account the previous additional provision for receivables with increased credit risk. Based on the Group's assessment, some customers may face challenges in the sufficiency of cash flows in 2025, which may cause further payment delays and forbearances for MuniFin Group. However, the declining interest rate environment is expected to gradually ease the financial situation of customers.

The total credit risk of MuniFin Group has remained low, and the amount of expected credit losses at still at low level. The rising interest rate levels and inflation weakened the housing sector customers' ability to pay, which showed a slight increase in payment delays, forbearance measures and in the weakening of creditworthiness. MuniFin Group's customer exposures have zero risk weight in the capital adequacy calculation as they are from Finnish municipalities, joint municipal authorities, wellbeing services counties, or involve a municipality, joint municipal authority, wellbeing services county's guarantee or a state deficiency guarantee supplementing the real estate collateral. The Group's management estimates that all receivables will be recovered in full and therefore no final credit loss will arise. On 31 December 2024, the Group had EUR 13,449 thousand in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing or where credit receivables are due for payment by the guarantor (at the end of 2023 there were no such receivables). Credit risk of the liquidity portfolio has remained on a good quality level and the average rating of debt securities in the portfolio was AA+ (AA+).

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-464**	**-686**	**-21**	**-1,171**
New assets originated or purchased	-60	-65	0	-126
Assets derecognised or repaid (excluding write-offs)	87	31	18	136
Transfers to Stage 1	-1	88	-	87
Transfers to Stage 2	2	-40	-	-38
Transfers to Stage 3	0	0	-65	-65
Additional provision (Management overlay)	-	-625	-	-625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	168	-596	-145	-573
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 31 Dec 2023	**-267**	**-1,894**	**-214**	**-2,375**
Expected credit losses, net change Jul–Dec 2023	**-28**	**-747**	**-210**	**-985**

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

Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-73**	**-**	**-**	**-73**
New assets originated or purchased	-50	-	-	-50
Assets derecognised or repaid (excluding write-offs)	63	-	-	63
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	-	-	-1
Total 31 Dec 2024	**-61**	**-**	**-**	**-61**
Expected credit losses, net change Jul–Dec 2024	**9**	**-**	**-**	**10**

Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-109**	**-**	**-**	**-109**
New assets originated or purchased	-4	-	-	-4
Assets derecognised or repaid (excluding write-offs)	46	-	-	46
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-6	-	-	-6
Total 31 Dec 2023	**-73**	**-**	**-**	**-73**
Expected credit losses, net change Jul–Dec 2023	**7**	**-**	**-**	**7**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-122**	**-1,872**	**-214**	**-2,207**
New assets originated or purchased	-16	-90	-69	-175
Assets derecognised or repaid (excluding write-offs)	6	121	67	194
Transfers to Stage 1	-2	340	-	338
Transfers to Stage 2	4	-157	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision *(Management overlay)*	-	625	-	625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-13	-1,070	-35	-1,119
Write-offs	-	-	-	-
Total 31 Dec 2024	**-142**	**-2,103**	**-316**	**-2,561**
Expected credit losses, net change Jul–Dec 2024	**-15**	**-542**	**-68**	**-625**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2023	**-89**	**-662**	**-21**	**-772**
New assets originated or purchased	-20	-65	0	-85
Assets derecognised or repaid (excluding write-offs)	3	12	18	34
Transfers to Stage 1	-1	87	-	86
Transfers to Stage 2	2	-38	-	-36
Transfers to Stage 3	0	0	-65	-65
Additional provision *(Management overlay)*	-	-625	-	-625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-18	-582	-145	-745
Write-offs	-	-	-	-
Total 31 Dec 2023	**-122**	**-1,872**	**-214**	**-2,207**
Expected credit losses, net change Jul–Dec 2023	**-30**	**-732**	**-210**	**-972**

Expected credit losses on Leased assets in Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-8**	**-21**	**-**	**-29**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	0	0	-	0
Transfers to Stage 1	-	21	-	21
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	0	-	-1
Total 31 Dec 2024	**-9**	**0**	**-**	**-9**
Expected credit losses, net change Jul–Dec 2024	**-1**	**11**	**-**	**10**

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

Expected credit losses on Debt securities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-1**	**0**	**-**	**-1**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	1	0	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 31 Dec 2024	**-1**	**0**	**-**	**-1**
Expected credit losses, net change Jul–Dec 2024	**0**	**0**	**-**	**0**

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

Expected credit losses on Debt securities at fair value through other comprehensive income by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**ECL**
Opening balance 1 Jan 2024	**-42**	**-**	**-**	**-42**
New assets originated or purchased	-12	-	-	-12
Assets derecognised or repaid (excluding write-offs)	10	-	-	10
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 31 Dec 2024	**-45**	**-**	**-**	**-45**
Expected credit losses, net change Jul–Dec 2024	**0**	**-**	**-**	**0**

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

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

Expected credit losses on Cash collateral to CCPs in Other assets at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-6**	**-**	**-**	**-6**
New assets originated or purchased	0	-	-	0
Assets derecognised or repaid (excluding write-offs)	2	-	-	2
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 31 Dec 2024	**-5**	**-**	**-**	**-5**
Expected credit losses, net change Jul–Dec 2024	**2**	**-**	**-**	**2**

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

Expected credit losses on Credit commitments (off-balance sheet) by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-15**	**0**	**-**	**-15**
New assets originated or purchased	-12	-2	-	-14
Assets derecognised or repaid (excluding write-offs)	11	0	-	11
Transfers to Stage 1	0	0	-	0
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 31 Dec 2024	**-16**	**-2**	**-**	**-18**
Expected credit losses, net change Jul–Dec 2024	**-2**	**1**	**-**	**-1**

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

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

Forward-looking information

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

	31 Dec 2024			31 Dec 2023		
Scenario	**2025**	**2026**	**2027**	**2024**	**2025**	**2026**
Adverse	40%	40%	40%	40%	40%	40%
Base	50%	50%	50%	50%	50%	50%
Optimistic	10%	10%	10%	10%	10%	10%

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

		31 Dec 2024			31 Dec 2023		
Macroeconomic variables	**Scenario**	**2025**	**2026**	**2027**	**2024**	**2025**	**2026**
10Y Fin Government rate, %	Adverse	5.0	4.2	3.5	3.8	3.7	3.7
	Base	2.8	2.8	2.8	3.5	3.5	3.4
	Optimistic	3.2	3.2	3.1	3.3	3.2	3.2
Residential Real Estate (selling price, YoY change), %	Adverse	-10.0	0.0	4.0	-13.0	-2.0	3.0
	Base	4.0	3.0	2.0	-1.0	4.0	2.5
	Optimistic	4.0	2.5	2.5	2.5	4.0	2.5
Unemployment rate, %	Adverse	10.8	10.2	9.2	9.9	9.6	8.5
	Base	8.3	7.5	6.9	7.7	7.4	7.0
	Optimistic	6.5	6.0	5.7	7.1	6.1	5.8

Scenario descriptions

Base scenario
The global macroeconomic environment remains challenging. The significant tightening of monetary policy in 2022–2023 continues to negatively impact demand factors. In the United States, the controlled cooling of the economy has been successful so far, but Donald Trump's inflationary economic policy could complicate the implementation of monetary policy. Growth in the euro area is gradually recovering, but the recovery is slow, particularly due to severe structural problems in Germany's industrial sector. In China, the trend of slowing growth continues. The potential for a trade war between major powers and the escalating risk of regional military conflicts heighten economic uncertainty.

Inflation has significantly slowed down during 2024. As a result, both the U.S. Federal Reserve and the European Central Bank have been able to start easing monetary policy. In 2025, the main focus of central banks will shift from combating inflation to supporting economic growth. The ECB is expected to lower the deposit rate to 2.00% by the end of 2025, which will also be the bottom level of the rate-cutting cycle.

Finland has particularly suffered from past interest rate hikes and has gone through a rather deep recession. Conversely, Finland's economy will benefit from interest rate cuts more than average. Finland's GDP is expected to still contract by 0.3% in 2024. Cyclical recovery will accelerate economic growth to 2% in 2025–2026, after which the economy will grow according to its long-term potential. Average yearly unemployment rate is expected to peak at 8.4% in 2024 and remain elevated at 8.3% in 2025.

The prices of owner-occupied apartments in major cities, on average, are still expected to decrease by 3.0% in 2024. The recovery of the real estate market begins in 2025. Both residential and commercial real estate markets are expected to see price increases in 2025.

Optimistic scenario
In the optimistic scenario, the economy is expected to recover faster than in the baseline scenario. The Finnish GDP is projected to grow 3.5% in 2025 and 2.5% in 2026. Unemployment is expected to begun declining by the end of 2024 and fall below 7% already in 2025. Consumer price inflation is expected to be cooled down to 2.0% in 2024 and remain at or just below 2% over the subsequent three years. Housing demand is seen to be recovered towards the end of 2024. Home price inflation is anticipated to accelerate to 4.0% in 2025, followed by a moderation to a 2.5% level in annual price gains. Due to the faster-than-expected recovery in aggregate demand, the ECB is anticipated to lower interest rates much more gradually than in our baseline scenario.

Adverse scenario
The adverse scenario describes a situation where geopolitical tensions escalate due to the conflict between China and Taiwan. Trade relations between the USA and the EU with China deteriorate, and global supply chains are disrupted, leading to a significant increase in the cost of industrial raw materials and intermediate goods. The volatile situation in the Middle East expands into a conflict between Israel and Iran, causing strong upward pressure on energy prices.

Inflation begins to accelerate sharply again. The ECB is forced to halt its rate-cutting cycle and raise rates above 4%. The difficulties in the private sector lead to a significant increase in banks' credit losses. Risk premiums in financial markets widen considerably.

The abrupt slowdown of foreign trade and the new rise in interest rates push Finland's economy back into a deep recession. GDP contracts by 3.5% in 2025 and only begins to gradually recover in late 2026. Unemployment rises sharply and remains above 10% even in 2026. The USA's hesitation in defending Taiwan also calls NATO's security guarantees into question, significantly widening the risk premiums on Finnish government bonds. The rise in living costs and interest rates deepens the distress of Finnish households. The slump in the housing market and construction continues, and the decline in housing prices intensifies.

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

	31 Dec 2024			31 Dec 2023		
Sensitivity analysis (EUR 1,000)	**Weighted scenario**	**Adverse scenario (100%)**	**Excluding weighted scenario**	**Weighted scenario**	**Adverse scenario (100%)**	**Excluding weighted scenario**
ECL	2,701	4,765	2,578	1,750	2,414	1,618
Proportion of the exposure in Stage 2 and 3	5.21%	11.26%	5.17%	3.94%	5.10%	3.78%

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

Non-performing and forborne exposures

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

Non-performing and forborne exposures 31 Dec 2024 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	8,535	8,535	-85	8,451
Unlikely to be paid	-	152,231	152,231	-137	152,094
Forborne exposures	430,479	130,939	561,418	-352	561,066
Total	**430,479**	**291,705**	**722,184**	**-573**	**721,610**

Adjusted Non-performing and forborne exposures 31 Dec 2023 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	7,676	7,676	-36	7,639
Unlikely to be paid	-	19,266	19,266	-59	19,207
Forborne exposures	382,211	115,032	497,243	-570	496,673
Total	**382,211**	**141,974**	**524,185**	**-666**	**523,519**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Forbearances are concessions to the original contractual payment terms agreed upon at the customer's initiative, aimed at helping the customer cope with temporary payment difficulties. Performing forborne exposures are those that have recovered from non-performing status during the trial period or forbearance measures made into a performing loan. All performing forborne exposures are classified on stage 2. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures. Such receivables are classified on stage 1. The Group considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties, and the Group would not have agreed to them if the borrower had been in good financial condition. All such receivables are classified on stage 3.

In 2024, loan forbearance measures were granted particularly to customers in the housing sector, whose underutilisation of the premises has increased because of intensified competition for tenants. Forbearance measures were also granted due to the increased interest rate level. As a result of the granted repayment deferrals, the unpaid installments have mostly been deferred to the end of the loan maturity, to be paid with the final installment, or to the current 5-year period if the loan is a state deficiency guaranteed interest subsidised loan. Forbearance measures were not applied to leasing receivables.

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

Realised credit losses

The Group has not had any final realised credit losses during the financial year or the comparison year.

Note 12. Liabilities to credit institutions

(EUR 1,000)	31 Dec 2024	Adjusted 31 Dec 2023
Bilateral loans to credit institutions	167,558	131,458
Liabilities to credit institutions, payable on demand	-	2,177
Received collateral on derivatives	716,137	81,916
Total	**883,694**	**215,552**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 13. Debt securities issued

	31 Dec 2024		31 Dec 2023	
(EUR 1,000)	Carrying amount	Nominal value	Adjusted Carrying amount	Nominal value
Bonds	41,125,457	42,306,455	36,885,471	38,680,909
Other*	3,408,849	3,421,647	3,987,327	4,017,074
Total	**44,534,306**	**45,728,102**	**40,872,798**	**42,697,983**

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

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

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

Benchmark issuances during the year 2024	Value date	Maturity date	Interest-%	Nominal value (1,000)	Currency
Fixed rate benchmark bond, issued under the MTN programme	17 Jan 2024	2 Feb 2034	2.750%	1,000,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	31 Jan 2024	31 Jan 2029	4.250%	1,500,000	USD
Fixed rate benchmark bond, issued under the MTN programme	23 Apr 2024	23 Apr 2027	4.875%	1,000,000	USD
Fixed rate benchmark bond, issued under the MTN programme	29 Aug 2024	29 Aug 2029	2.500%	1,000,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	9 Oct 2024	9 Oct 2029	3.625%	1,000,000	USD

In the above table, the benchmark issuances are included by the settlement date.

Note 14. Other liabilities

(EUR 1,000)	31 Dec 2024	Adjusted 31 Dec 2023
Other liabilities		
Lease liabilities	7,599	8,837
Cash collateral taken from CCPs	259,850	392,343
Other	17,732	17,265
Total	**285,181**	**418,445**

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 15. Collateral given

Given collaterals on behalf of own liabilities and commitments (EUR 1,000)	31 Dec 2024	Adjusted 31 Dec 2023
Loans and advances to credit institutions to the counterparties of derivative contracts*	608,408	1,064,737
Loans and advances to credit institutions to the central bank**	31,980	35,152
Loans and advances to the public and public sector entities to the central bank***	4,814,713	4,615,648
Loans and advances to the public and public sector entities to the Municipal Guarantee Board****	13,705,743	12,765,959
Debt securities to the central counterparty clearing	101,703	70,901
Other assets to the counterparties of derivative contracts*	889,682	1,049,735
Total	**20,152,229**	**19,602,132**

* MuniFin Group has pledged collateral to the counterparties of derivative contracts.

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

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

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

Collateral given is presented at the carrying amounts of the financial statement date.

During the financial year, the Group corrected the presentation of accrued interest. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Note 16. Contingent assets and liabilities

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

Note 17. Off-balance-sheet commitments

(EUR 1,000)	31 Dec 2024	31 Dec 2023
Credit commitments	2,935,231	3,071,228
Total	**2,935,231**	**3,071,228**

Note 18. Related-party transactions

MuniFin Group's related parties include:

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

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

The Group has carried out only employment-based remuneration transactions with the related party persons. The Group does not have loan or financial receivables from these related parties.

Note 19. Events after the reporting period

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

MuniFin (Municipality Finance Plc) is one of Finland's largest credit institutions. The owners of the company include Finnish municipalities, the public sector pension fund Keva and the State of Finland. The Group's balance sheet is over EUR 53 billion.

MuniFin's customers include municipalities, joint municipal authorities, wellbeing services counties, joint county authorities, corporate entities under the control of the above-mentioned organisations, and affordable social housing. Lending is used for environmentally and socially responsible investment targets such as public transportation, sustainable buildings, hospitals and healthcare centres, schools and day care centres, and homes for people with special needs.

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

Read more: www.munifin.fi

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