Building tomorrow.

Financier’s view to sustainable construction

Esa Kallio, President and CEO, MuniFin
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Why do we exist?

Ownership
Municipalities 53 %
Keva 31 %
Republic of Finland 16 %

Customers
- Municipalities
- Municipally controlled companies
- Municipal federations
- Non-profit housing organisations

Our mission
Building a better future in line with the principles of responsibility and in cooperation with our customers
MuniFin in figures

- Lending portfolio: 23 EUR billion
- Funding portfolio: 31.8 EUR billion
- Employees: 160
- Customers: 600 groups
- Balance sheet total: 37 EUR billion
- The best bank in Finland: #1
  A yearly bank comparison in the Kauppalehti newspaper 2018 & 2019
Services for customers

- Loans
- Leasing
- Financing limits
- Green financing
- Interest rate risk management
- E-services for economic and financial management, reporting and analysis
- Financial advisory services
MuniFin strategy to 2022

VISION
MuniFin is the best financing partner for its customers in a changing world.

Global operating environment
- Regulation of the financial markets
- Economic development
- Political instability
- Digitalisation
- Urbanisation
- Climate change

MISSION
Building a better future in line with the principles of responsibility and in cooperation with our customers.

Domestic operating environment
- Finland's economic development
- Public-sector structural reforms
- Change in the age structure and demography
- Urbanisation, migration

VALUES
- Responsibility
- Creditworthiness of the joint funding system
- Skills and motivated staff
- Efficiency
- Risk management

CUSTOMER FOCUS
- Happy customer

SUCCESS FACTORS
- Values
- Responsibility
- Creditworthiness of the joint funding system
- Skills and motivated staff
- Efficiency
- Risk management
Green gives a competitive edge in the financing market

Green finance is MuniFin’s flagship product

MuniFin was the first issuer of green bonds in Finland
What is green finance?

- Green bonds
- Green finance
- Innovative green projects all over Finland
- Low carbon and environment friendly investments

Global investors

Public investments
What counts as a green investment?

- Sustainable buildings
- Public transportation
- Renewable energy
- Water and waste water management
- Energy efficiency
- Waste management
- Environmental management
Sustainable buildings are the most commonly financed green projects for MuniFin
What do we look at when evaluating green buildings? Examples

**Energy**
- Renewable energy, using already existing district heating networks
- Device lifecycle
- Energy awareness of constructors and the users of buildings
- Air-tightness of buildings
- Device energy-efficiency

**Materials**
- Use of recycled materials
- Possibility to re-use materials at the end of lifecycle
- Lifecycle of materials
- Ensuring efficient recycling and waste management during the use of building
- Methods to minimise water consumption

**Innovation**
- Incentives for emission cutting innovations
- Raising the utilisation rate of building space with new procedures or operating models
- Raising awareness and offering information to make people’s behavior more climate friendly
Risk is a key factor in financing

Investors want to know exactly how their money is spent and what impact it has

Climate risks are widely acknowledged as crucial economic risks
Harmonising green impact reporting

- The Nordic green issuers have been actively cooperating in green bonds impact reporting for several years.

- MuniFin is the only Finnish member in the cooperation, but an active one.

- The aim of the cooperation is to harmonise the impact reporting on a Nordic level.

- The Nordic harmonisation initiative aims to increase transparency and consistency in reporting: sound and harmonised methodology is important to all stakeholders.
Harmonising the policies and practices of low carbon construction

+ Tightening of policies is definitely needed to accelerate the change to low-carbon construction
+ For lenders and investors, harmonisation makes it easier to compare different projects and to set clear qualifications for green projects
  – Harmonising policies and practices may increase the costs of buildings
  – Harmonising increases administration, bringing more costs and bureaucracy
    → This is especially true in an international setting where the starting levels and national requirements have been different

How to solve the equation?
• CO₂ is currently a number one criteria due to its clarity and consiseness
• Why not set buildings maximum CO₂ levels, but give the constructors leeway in the ways the level is reached
  → Solutions could consist of a combination of different kinds of choices and encourage new innovations
Case: Ambitious targets drive the City of Helsinki’s housing production

The City of Helsinki aims to be carbon neutral by 2035. As the largest lessor in Finland, Heka’s actions carry considerable weight. The company’s nearly 50,000 dwellings are home to more than 92,000 Helsinki residents.

Their new buildings have efficient heat recovery ventilation, LED lights both inside and out, solar panels, and E-values below 80.

Thank you!

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