

Building tomorrow.

Financier's view to sustainable construction

Esa Kallio, President and CEO, MuniFin
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MuniFin



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



Customers

600

groups



Employees

160



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



Green gives a competitive edge in the financing market

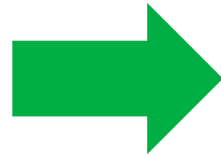
Green finance is MuniFin's flagship product

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-efficient

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

🕒 Monday 11.02.2019

Nordic issuers update their green bonds impact reporting guide

GREEN BOND



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?

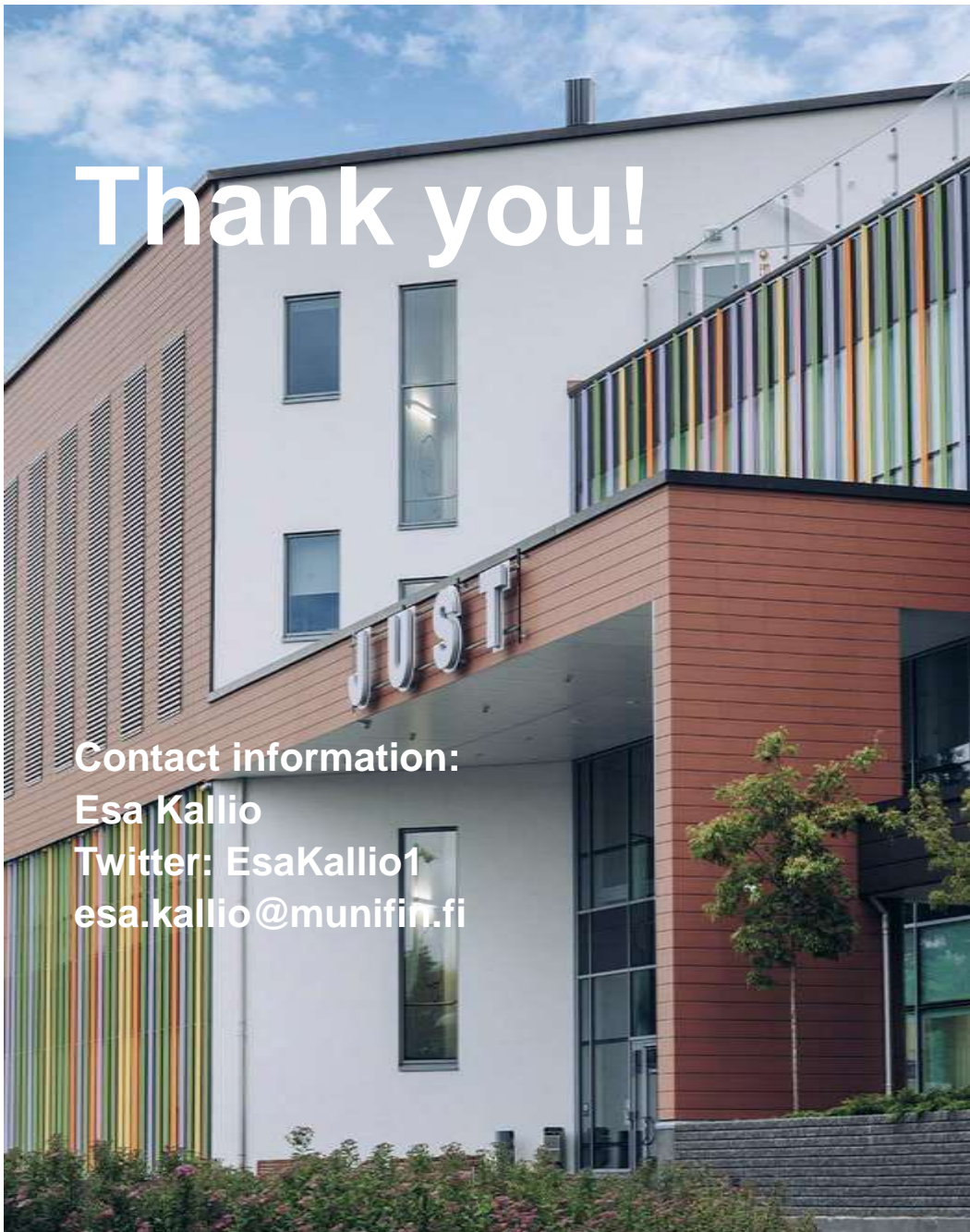
- CO₂ is currently a number one criteria due to its clarity and consistency
- Why not set buildings maximum CO₂ levels, but give the constructors leeway in the ways the level is reached
 - Solutions could consist of a combination of different kinds of choices and encourage new innovations

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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