

## **Act on State-Owned Specialised Financing Activities and Their Arrangement**

By decision of the Parliament, made as specified in section 87 of the Constitution of Finland, the following is enacted:

### **Chapter 1**

#### **General provisions**

##### **Section 1**

###### **Purpose of activities**

The purpose of the state-owned specialised financing company, hereinafter referred to as *company*, and its wholly owned subsidiary Suomen Vientiluotto Oy, hereinafter referred to as *SVL*, is to promote exports, the operations of Finnish companies, growth, internationalisation and sustainable economic growth in Finland. The companies shall carry out their special tasks by financing industrial and commercial activities in Finland and abroad, by maintaining and developing a competitive export financing system, and by correcting the market shortfall in enterprise financing in Finland.

##### **Section 2**

###### **Administration and management of the company and SVL**

The company falls under the administrative branch of the Ministry of Employment and the Economy, and the ministry shall be responsible for its ownership steering. The entire share capital of the company shall be directly owned and controlled by the state. The company may establish and own companies to carry out its tasks.

The members of the board of directors and the management of the company and its subsidiaries shall have sufficient expertise and experience to understand the company's business and the risks associated with its activities.

Members of the company's board of directors and management shall be trustworthy and reputable individuals who are not bankrupt or subject to a business prohibition and whose legal capacity is not otherwise restricted. A person shall not be considered trustworthy and reputable if they have:

- 1) been sentenced to imprisonment in the five years preceding the evaluation or to a fine in the three years preceding the evaluation for an offence that can be deemed to prove that he or she is manifestly unfit for the task
- 2) otherwise proven through their previous actions to be manifestly unfit for the task.

The company shall not be subject to regulation (EU) 2022/2554 of the European Parliament and of the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011.

##### **Section 3**

###### **Risk and audit committee and supervisory functions**

The company shall have a risk committee and an audit committee, or a combined risk and audit committee, consisting of members of the board of directors. Members of the board of directors who have sufficient expertise in financial management or risk management for the tasks of the committee in question shall be elected as members of the committees. The committees are responsible for

supervising that the company's management complies with the risk strategy decided by the board of directors. The committees shall report to the board of directors.

The role of the risk committee is to assist the board of directors in matters related to the company's risk strategy and risk-taking, and to monitor the effectiveness of risk management systems.

The role of the audit committee is to assist the board of directors in preparatory, monitoring and supervisory tasks related to the financial reporting system, internal supervision and auditing, and external auditing.

A member of the board who serves on the committee may not participate in the day-to-day management of the company in matters that fall within the remit of the committee.

The company shall have internal auditing and the necessary supervisory functions independent of business activities in place to monitor risks and compliance with regulations, operating principles and guidelines. The company's risk supervision function shall ensure that the company's material risks are identified, measured and reported to the board of directors. The supervisory functions shall have the administrative status, powers and resources necessary for the proper performance of their tasks.

Further provisions on the tasks of committees and supervisory functions independent of the company's business activities may be given by government decree.

## **Section 4**

### **Export financing**

Export financing refers to the financing of exports, foreign trade and foreign investments, the related funding and asset management, and risk hedging agreements.

## **Section 5**

### **Tasks of the company and SVL**

In order to fulfil its purpose, the task of the company is to:

- 1) independently or in cooperation with other financial operators grant and manage loans, guarantees, export guarantees, suretyships and other commitments related to business activities, and to make guarantee decisions within the framework of which the provider of financing or credit insurer may grant several individual loans
- 2) act as an export financing institution
- 3) participate in the European Union's financial instruments and cooperate with public and private sector operators, European Union institutions and international bodies.

In order to carry out its tasks, the company may:

- 1) raise and manage funds
- 2) purchase, sell, own and manage shares, partnerships and similar holdings, as well as securities and immovable property
- 3) produce studies and reports related to its activities and enterprise financing, engage in enterprise financing development and service activities and perform other specialist financing tasks.

SVL's task is to promote Finland's economic development by granting export financing alongside the company. SVL shall not grant export credit guarantees.

The Act on Credit Institutions (610/2014) shall not apply to the company or SVL, unless otherwise provided in this Act. No solvency requirements shall be imposed on the company or SVL.

## **Chapter 2**

### **Financing terms and conditions and decision-making**

#### **Section 6**

##### **Financing authorisations**

The amount of the commitments of the company and its subsidiaries referred to in section 5, subsection 1, paragraph 1 and subsection 3 may not exceed EUR 50 billion, of which:

1) the share of domestic financing loans, guarantees and other liabilities may not exceed EUR 10 billion

2) the share of export guarantees may not exceed EUR 40 billion

3) the share of guarantees and other export financing liabilities may not exceed EUR 40 billion; however, the powers and mandates referred to in this paragraph and paragraph 2 may not exceed a total of EUR 40 billion; a maximum of EUR 20 billion of the powers and mandates referred to in paragraphs 1 and 2 and in this paragraph may be financing decided on in accordance with the procedures laid down in sections 10 and 11.

The total capital amount of separate guarantee commitments issued by the state for the purpose of raising funding referred to in section 5, subsection 2, paragraph 1 may not exceed EUR 20 billion, of which the capital amount of short-term debt may not exceed EUR 3 billion. In addition, the company may have interest calculated on the principal amount of debts for which the state is liable and, in order to hedge risks, the necessary amount of interest rate swaps, currency swaps and other similar hedging arrangements related to the debts.

Within the limits set out in subsection 1 above, the government may grant commitments to the company and its subsidiaries to cover credit and guarantee losses and to pay interest, guarantee commissions, operating subsidies and other similar subsidies.

The maximum amount of commitments referred to in subsection 1 above shall be calculated by adding together the liabilities of binding offers and valid commitments, excluding any overlap between commitments. For the purpose of calculating liability, the currency of the agreement shall be converted into euros using the exchange rate announced by the European Central Bank on the date of the financing decision or on the date of issue of the debt referred to in subsection 2 above.

#### **Section 7**

##### **General conditions for granting financing**

The company and SVL may grant financing for industrial and commercial activities and export promotion in accordance with the purpose of their activities as provided in section 1. When assessing the conditions for granting financing, the company must pay particular attention to the debtor's solvency, the economic conditions of the activities and their development potential. Financing decisions shall take into account the Finnish interest referred to in section 8. When considering the terms and conditions of export credit guarantees and when granting such guarantees, in addition to

the above, economic policy considerations and international competitive factors related to the project to be guaranteed, as well as environmental and other impacts, shall be taken into account as part of the overall assessment of the project.

Decisions on the suspension and recovery of state aid granted by the company shall be made by the Ministry of Employment and the Economy. The recovery of state aid that is contrary to European Union regulations is governed by the act on the application of certain European Union regulations on state aid (300/2001, Laki eräiden valtion tukea koskevien Euroopan unionin säännösten soveltamisesta).

The company and SVL may, for justified reasons, restrict the lines of business or activities to be financed on the basis of business or risk management criteria. Further provisions on the conditions for granting of funding related to the restriction of lines of business may be given by government decree.

## **Section 8**

### **Finnish interest**

The industrial and commercial activity to be financed must take place in Finland or granting the financing must be deemed to promote Finland's economic development.

When assessing the promotion of Finland's economic development, consideration should be given to the positive effects of the financing arrangement on the national economy, employment, general government finances, the environment, the activity to be financed, the operating conditions of Finnish companies and other comparable factors.

In addition to individual financing arrangements, an assessment can also be made of a company's activities or a financing project as a whole.

The Ministry of Employment and the Economy shall, at the request of the company, issue a statement on the fulfilment of the condition referred to in subsection 1.

## **Section 9**

### **Risk-taking criteria and risk management**

In its risk-taking, the company shall take into account its objective of achieving long-term self-sustainability, its role as an economic and industrial policy actor, the risk concentrations of its outstanding commitments, possibilities for risk sharing with other financial institutions or entities and other comparable factors. The company's risk-taking may exceed its non-restricted equity and the assets of the State Guarantee Fund.

The company shall have adequate, effective, and reliable management and control systems documented in writing, including risk management systems, operating principles and procedures, which enable it to monitor, evaluate, and manage its financial activities and report on them.

The Ministry of Employment and the Economy shall confirm the company's risk-taking guidelines annually. The company shall confirm the detailed risk-taking and financing principles to be followed in its activities, taking into account the guidelines issued by the Ministry of Employment and the Economy.

Further provisions on the grounds for risk-taking, as well as administrative, steering, and risk management systems and the operating principles and procedures of risk management, may be given by government decree.

## **Section 10**

### **Special risk-taking**

The company's board of directors may decide to grant financing as a special risk-taking in a situation where the risk associated with the financing is so high that it could not be granted on the basis of the company's normal risk assessment, or if the financing would be granted on exceptional terms. The granting of financing as a special risk-taking requires a decision by the Ministry of Employment and the Economy on the fulfilment of economic or industrial policy or other compelling conditions. The ministry shall make the decision on the company's application.

This section shall not apply if the financing is decided in the manner specified in section 11.

## **Section 11**

### **Deciding on financing as an owner decision**

A financing decision falling within the general powers of the company's board of directors may be submitted to the meeting of shareholders for decision in special circumstances pursuant to chapter 6, section 7, paragraph 2 of the Limited Liability Companies Act (624/2006) if the financing decision involves matters that are substantial in terms of the company's risk-bearing capacity and the state's risk management, or if there are other particularly compelling reasons from the state's perspective.

## **Section 12**

### **Hedging arrangements**

The company and SVL can secure their financial interests through hedging arrangements. As hedging arrangements, commitments referred to in section 5, subsection 1, paragraphs 1 and 3 and subsection 3 may be exchanged for liabilities that are not related to the financing activities referred to in this Act.

## **Section 13**

### **Limiting of losses**

The company and SVL may limit their financial losses arising or to arise from their activities by selling or waiving receivables, purchasing collateral or by other measures and arrangements commonly used in liability management.

## **Chapter 3**

### **Financial principles**

## **Section 14**

### **Self-sustainability of the company and SVL**

The company and SVL shall strive to ensure that their operating expenses can be covered in the long term by the income generated from their activities. The actual amounts of state appropriations granted separately to the company's and SVL's activities shall be taken into account as income when assessing self-sustainability.

## **Section 15**

### **State responsibility**

The state shall be responsible for the company's guarantees, suretyships and other liabilities, agreements related to fund raising and asset management, and the fulfilment of commitments in accordance with related risk hedging agreements. The government may issue sureties without countersecurity as security for loans and loan programs taken out by the company. The state shall be liable for the company's commitments and debts incurred for funding up to the maximum amounts specified in section 6.

If the funds allocated by the company and SVL for export financing or the funds of the State Guarantee Fund prove insufficient to cover liabilities as provided for in section 17, subsection 2 or to ensure the continuity of activities, appropriations shall be transferred from the state budget to the State Guarantee Fund for this purpose. The fund shall receive its assets from an appropriation allocated for transfer to the fund in the state budget.

If the company or the State Guarantee Fund no longer requires the funds transferred from the state budget to cover the company's liabilities and provisions or to ensure the continuity of its activities, the company and the State Guarantee Fund shall, to this extent, return the funds to the state budget.

## **Section 16**

### **Purpose and administration of the State Guarantee Fund**

The purpose of the State Guarantee Fund is to cover losses incurred by the company and SVL in export financing that cannot be covered by their own export financing funds. The State Guarantee Fund is a fund operating outside the state budget under the Ministry of Employment and the Economy.

The fund shall have a board of directors that is responsible for decision-making, administration, and the proper organisation of the fund's finances and activities. The board of directors shall consist of a chairperson, a vice-chairperson and a maximum of three further members, each of whom shall have a personal deputy member. The Ministry of Employment and the Economy shall appoint the chairperson, vice-chairperson, other members and deputy members of the board of directors for a term of three years at a time. The chairperson and secretary general shall be from the Ministry of Employment and the Economy. The Ministry of Employment and the Economy may dismiss the board of directors or its chairperson, vice-chairperson, other member or deputy member from their duties.

The duty of the board of directors is to:

- 1) decide on payments to be made to the company from the fund's assets under section 17, subsection 2
- 2) make the proposal referred to in section 17, subsection 3
- 3) decide on the granting of the loan referred to in section 17, subsection 4 and its terms
- 4) decide on the payment of the management fee referred to in subsection 5 of this section to the company
- 5) submit an annual report of its activities to the Ministry of Employment and the Economy within six months of the end of the calendar year
- 6) make a proposal for the fund's budget
- 7) approve and sign the fund's financial statements.

The fund shall have a secretary general appointed by the Ministry of Employment and the Economy who prepares and presents matters to be decided by the board of directors, implements the board's decisions and performs other duties assigned to the secretary general in the rules of procedure.

The Ministry of Employment and the Economy shall confirm the rules of procedure of the board of directors on the basis of its proposal. The Ministry of Employment and the Economy may make an agreement with the company concerning tasks related to the management of the fund. The company is entitled to receive a management fee for tasks related to the management of the fund. The administrative costs of the fund shall be paid from the fund's assets.

The company shall prepare an annual assessment of the sufficiency of the fund's assets for the board of directors and the Ministry of Employment and the Economy.

Further provisions on the fund's decision-making, administration and financial and operational arrangements may be given by decree of the Ministry of Employment and the Economy.

## **Section 17**

### **State Guarantee Fund's assets, fund contributions and loans**

The State Guarantee Fund's assets shall consist of surpluses accumulated from the operations of the company's predecessor organisations, income from the fund's recovery receivables and accumulated recoveries, as well as assets transferred to the fund from the company or the state budget.

Losses incurred in export financing shall first be covered by the company's and SVL's own export financing funds and, should these prove insufficient, by funds from the State Guarantee Fund. If, when preparing the interim or final financial statements of the company or SVL, it becomes apparent that the export financing activities have resulted in a loss for the financial year, the loss shall be covered primarily from the free equity capital for export financing of the company's and SVL's balance sheet and secondarily from the State Guarantee Fund's assets.

The company's non-restricted equity may be transferred to the State Guarantee Fund. The company's payments to the State Guarantee Fund are decided by the meeting of shareholders on a proposal by the board of directors.

The State Guarantee Fund may grant a loan to a company on its application without requiring collateral.

## **Section 18**

### **Bookkeeping, financial statements and auditors of the State Guarantee Fund**

The State Budget Act (423/1988) shall apply to the fund's bookkeeping and financial statements. The Ministry of Employment and the Economy shall approve the fund's budget on a proposal made by the board of directors. The government shall approve the fund's financial statements on the recommendation of the Ministry of Employment and the Economy.

The Ministry of Employment and the Economy shall appoint the auditors for the fund's accounts and administration. One of the auditors shall be an auditor approved by the Finland Chamber of Commerce or a public administration and finance auditor.

## **Chapter 4**

### **Financial supervision**

## **Section 19**

### **Financial supervision**

The Financial Supervisory Authority shall act as the company's financial supervisor. The means of financial supervision shall include supervisor's assessment and supervision of the calculation of the company's key figures.

The Financial Supervisory Authority shall not supervise the state's industrial policy risk-taking guidelines. The Ministry of Employment and the Economy shall take into account the conclusions of the supervisory assessment submitted by the Financial Supervisory Authority in the planning and implementation of industrial policy and in the management of the company.

Financial supervision shall apply to the company's subsidiaries only pursuant to section 20, subsection 2 and section 21, and to the management of subsidiaries pursuant to section 2, subsections 2 and 3.

In its assessment, the Financial Supervisory Authority shall take into account the guidelines and regulations of the Financial Supervisory Authority and the European Banking Authority applicable to the financial supervision of the company. Provisions on the guidelines and regulations of the Financial Supervisory Authority and the European Banking Authority applicable to financial supervision may be given by government decree.

## **Section 20**

### **Supervisory assessment by the Financial Supervisory Authority**

The Financial Supervisory Authority shall prepare and submit to the company, the Ministry of Employment and the Economy and the Ministry of Finance a supervisory assessment of whether the company has administrative, steering and risk management systems in place in accordance with section 9, subsection 2, and whether the company's management and supervisory functions meet the requirements of section 2, subsections 2 and 3, and section 3.

When assessing risk management, the Financial Supervisory Authority shall take into account credit risk, interest rate risk, operational risk and other potential risk factors, as well as the company's liquidity and capital position.

When determining the scope and frequency of its assessment, the Financial Supervisory Authority shall take into account the quality, scope and diversity of the group's activities, the group's position of responsibility and its development, and the group's significance in terms of the financial markets. The Financial Supervisory Authority shall take into account the differences between the group's activities and those of credit institutions and their supervisory practices.

The Financial Supervisory Authority may, if necessary, conduct stress tests to support the preparation of the assessment.

For the purpose of preparing the assessment, the Financial Supervisory Authority has the right to receive the necessary information from the company, request additional information and summon the company to a hearing.

## **Section 21**

### **Reporting of deviations in key figures and supervision of their calculation**



The company shall monitor its risk position and concentration risk of outstanding commitments at the group level using key figures. The company shall notify the Ministry of Employment and the Economy and the Ministry of Finance if it observes deviations in the key figures compared to the risk-taking guidelines issued by the Ministry of Employment and the Economy. The company shall prepare a proposal for measures to the Ministry of Employment and the Economy, and will also bring the matter to the attention of the Financial Supervisory Authority.

The Financial Supervisory Authority shall supervise the calculation of key figures based on the company's reporting.

The Financial Supervisory Authority shall not set limit values for the key figures.

Upon receiving the proposal referred to in subsection 1 above, the Ministry of Employment and the Economy shall make a decision in the matter, which shall be communicated to the company, the Financial Supervisory Authority and the Ministry of Finance.

Further provisions on the key figures to be used for monitoring the risk position are given by government decree.

## **Section 22**

### **Public warning**

The Financial Supervisory Authority shall issue a public warning to the company if the company intentionally or through negligence acts in violation of section 26, subsection 1 of this Act and fails to correct the incorrect conduct without delay.

Appeals against the Financial Supervisory Authority's decision on a public warning are governed by the Act on the Financial Supervisory Authority (878/2008).

## **Chapter 5**

### **Miscellaneous provisions**

## **Section 23**

### **General administrative law and liability for acts in office**

The tasks referred to in section 5, subsection 1, paragraph 1 and subsection 3 of this Act shall be performed in accordance with the general administrative laws.

The provisions on criminal liability in public office shall apply to the personnel employed by the company and SVL and to the members of its bodies when they perform the duties referred to in section 5, subsection 1, paragraph 1 and subsection 3 of this Act. Provisions on liability are laid down in the Damages Act (412/1974).

The personnel employed by the company and SVL and the members of its bodies shall have the expertise, training or other qualifications required for the successful performance of the tasks referred to in section 5, subsection 1, paragraph 1 and subsection 3 of this Act.

## **Section 24**

### **Knowing the customer**

The company and SVL must know their customers, identify the customer's actual beneficiary and the person acting on behalf of the customer, and, if necessary, verify the identity of this person. In fulfilling

the obligation laid down in this section, the risk management systems referred to in section 9, subsection 2 may be utilised. In addition, the company and SVL must take the provisions of the Act on Preventing Money Laundering and Terrorist Financing (444/2017) into account in their activities.

## **Section 25**

### **Publicity and non-disclosure obligation**

The activities of the company and SVL are subject to the Act on the Openness of Government Activities (621/1999), hereinafter referred to as the *Publicity Act*, when they perform the tasks referred to in section 5, subsection 1, paragraph 1 and subsection 3 of this Act.

In addition to what is laid down in the Publicity Act regarding grounds for secrecy, any person who, as a member or deputy member of a body of the company or its subsidiary, or in the course of their employment or on behalf of the company or its subsidiary, becomes aware of any matter concerning the financial position or private personal circumstances of a customer or other person of the company or its subsidiary, or any business secret, is obliged to keep it secret, unless the person in whose favour the non-disclosure obligation is provided gives their consent to its disclosure.

## **Section 26**

### **The company's disclosure obligation and exceptions to the non-disclosure obligation concerning the disclosure of information**

Notwithstanding non-disclosure provisions, the company shall, upon request, provide the Financial Supervisory Authority with information necessary for the performance of its financial supervision duties referred to in sections 20 and 21.

Notwithstanding non-disclosure provisions, the company and its subsidiaries are required to disclose necessary information as follows:

- 1) to each other for financing or risk management purposes
- 2) to the Ministry of Employment and the Economy and the Ministry of Finance, at their request, for the purposes of steering and supervising the company's activities and suspension and recovery of state aid payments
- 3) to the Financial Supervisory Authority for the purpose of financial supervision.

The disclosure of information for the provision of business services is provided for by the act on the business services customer information systems (Laki yrityspalvelujen asiakastietojärjestelmästä, 293/2017).

## **Section 27**

### **Processing of personal data for prevention of misuse**

The processing of personal data for the purpose of preventing misuse shall comply with the provisions of chapter 15, section 18a of the Act on Credit Institutions.

## **Section 28**

### **Entry into force**

This Act shall enter into force on 1 January 2026. However, chapter 4 of this Act shall enter into force 24 months after the entry into force of this Act.

The following are repealed by this Act:

- 1) Act on Arrangements for the Establishment of a State-Owned Specialist Financing Company (442/1998)
- 2) Act on the State-Owned Specialised Financing Company (443/1998)
- 3) Act on the State Guarantee Fund (444/1998)
- 4) Act on Credits and Guarantees Provided by the State-Owned Specialist Financing Company (445/1998)
- 5) Act on the State's Export Credit Guarantees (422/2001)
- 6) Act on State Guarantees Granted to Companies Engaged in Shipbuilding or Shipowning Operations (573/1972)
- 7) Act on State Guarantees for Ensuring the Supply of Basic Raw Materials (651/1985)
- 8) Act on State guarantees and export guarantees granted to industry for investments promoting environmental protection (609/1973, Laki ympäristönsuojelua edistäviin investointeihin myönnettävistä valtiontakauksista ja vientitakuista)
- 9) Act on publicly supported export and ship credits and interest equalisation (1543/2011, Laki julkisesti tuetuista venti- ja alusluotoista sekä korontasauksesta)
- 10) Act on the company named Suomen Vientiluotto Oy (1136/1996, Laki Suomen Vientiluotto Oy -nimisestä yhtiöstä).

Loans, guarantees, suretyships and other commitments in force at the time this Act enters into force shall remain in force under their original terms and conditions at the time this Act enters into force. The liabilities arising from these commitments shall also be included in the financing authorisations referred to in section 6, subsection 1. Guarantee calculation shall be brought into line with this Act within one year of its entry into force.

Investments referred to in section 3, paragraph 3, subparagraph c of the Act on the State's Export Credit Guarantees shall, upon entry into force of this Act, be subject to the provisions of this Act concerning export financing.

Interest equalisation agreements and interest equalisation decisions that have come into force before the entry into force of this Act shall be governed by the act on publicly supported export and ship credits and interest equalisation (Laki julkisesti tuetuista venti- ja alusluotoista sekä korontasauksesta) and the provisions issued pursuant to it, as they stood when this Act entered into force, until the commitment has expired or the rights and obligations based on the interest equalisation have been transferred to the company.

Section 6, subsection 4 of the Act on the State-Owned Specialised Financing Company shall apply to the financial supervision of the company until chapter 4 of this Act enters into force.

The state guarantee fund operating outside the state budget referred to in the Act on the State Guarantee Fund, which is to be repealed, shall continue to operate in accordance with the present Act.

### **Authorised translator's certification**

The translation above corresponds in content to the Finnish document "Laki valtion erityisrahoitustoiminnasta ja sen järjestämisestä" presented to me, a copy of which I have attached. The source document consists of ten (10) pages and the translation, including this certification, of twelve (12) pages.

Translator's note: In section 26, the date of coming to force of the act, unspecified in the source text, has been taken and verified from the Finlex online database of legal information owned by the Ministry of Justice Finland.

Oulu, Finland

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Authorised translator from Finnish to English

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