



Finnvera Investor Presentation

Finland's Export Credit and
SME Financing Agency

February 2024



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Finnvera in Brief



Finnvera's Role

- Finnvera promotes the exports and the SME sector by financing various stages of business with loans and guarantees
- Task is to supplement the financial services provided by the private sector
- Finnvera is:
 - The official Export Credit Agency (ECA) of Finland
 - The State-backed financier of Finland's SME sector

Finnvera's clients are Finnish micro-, small and medium sized enterprises operating on the Finnish market or seeking growth through internationalisation.

Our clients also include large Finnish corporations engaged in the export trade, their foreign customers, and domestic and foreign banks providing financing for exports.

Finnvera Group in Brief

- Specialised financing company owned 100% by the Republic of Finland
- Debt obligations explicitly guaranteed by the Republic of Finland
- Rating of debt obligations Aa1/P-1 by Moody's and AA+/F1+ by Fitch

KEY FIGURES, DECEMBER 2023

LENDING & GUARANTEE COMMITMENTS

Domestic
€3.0
billion

Exports
€23.2
billion

BALANCE SHEET

€14.3
billion

RESULT

€433
million

Finnvera's role and impact in society

Figures of the reference year 2022 are in parentheses.



Impacts on society

Domestic financing offered:

MEUR 2,104

(1,260)

Start-ups launched with the help of financing:

1,666 pcs

(1,931)

Jobs created with the help
of domestic financing:

4,835

(6,001)

Export credit guarantees
and special guarantees offered:

MEUR 5,102

(5,676)



Social impacts

Personnel expenses:

MEUR 32

(30)

Personnel training:

MEUR 0.5

(0.4)

Personnel work energy level:

4.3/5

(4.3/5)

ESG assessment, export
credit guarantees granted:

321 pcs

(295)



Environmental impacts

Emissions from Finnvera's own operations:

549 t CO₂e

(637)



Emissions from financed projects:

5.8 Mt CO₂e

(9.0)

Finnish exports:

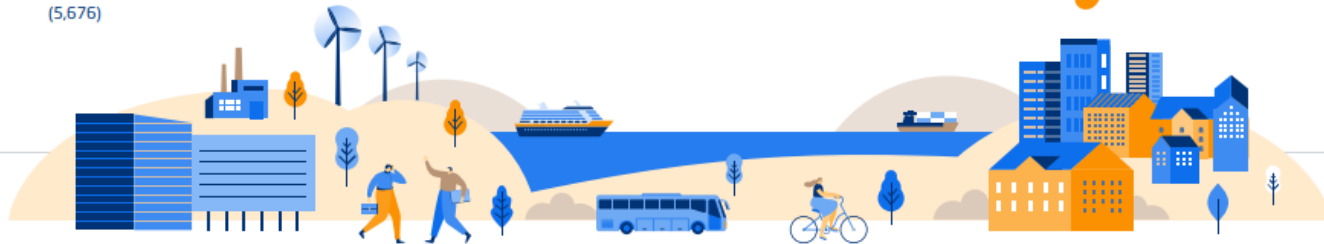
to 85 countries

(94)

Renewable's share of export exposures
related to energy production:

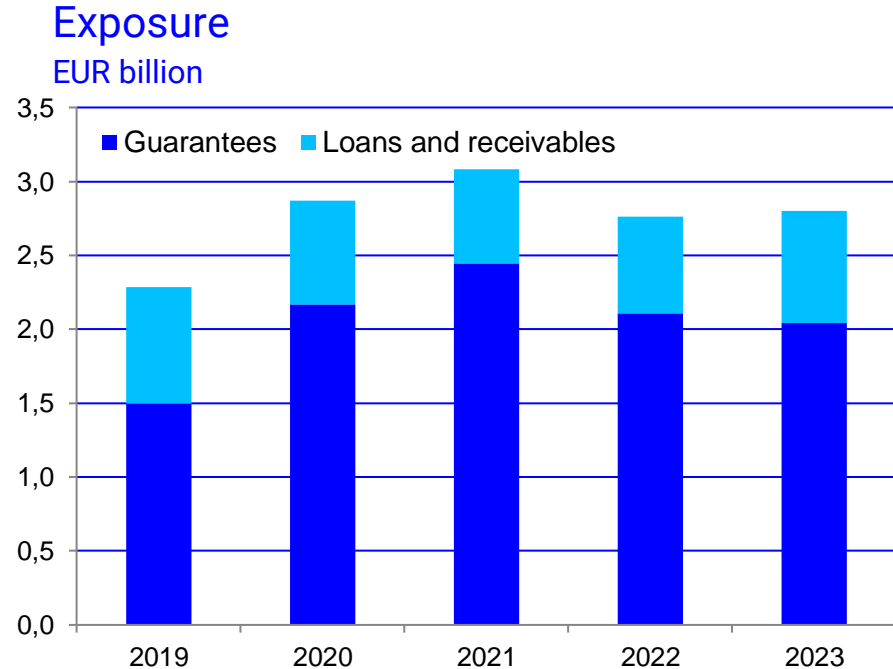
38%

(36)



SME and Midcap Financing

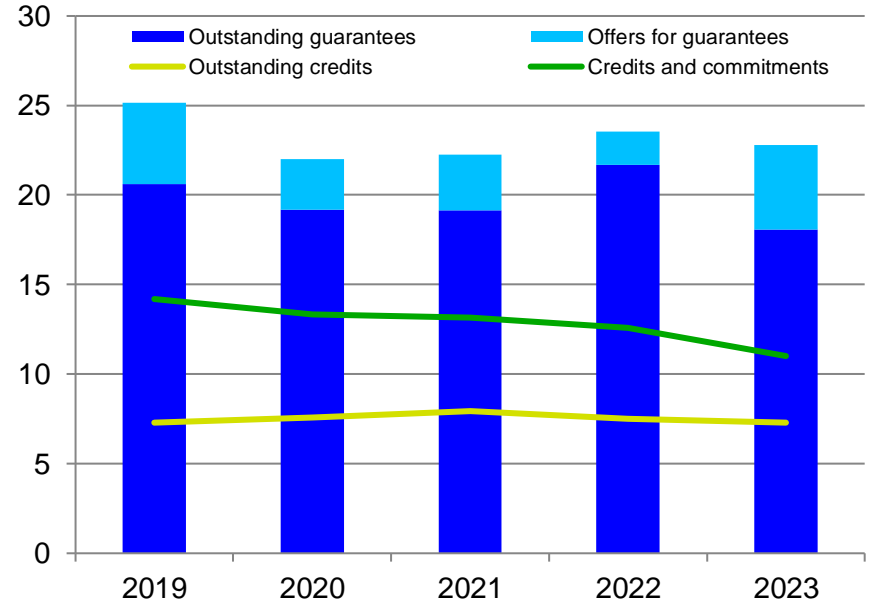
- Finnvera's mandate is to support the Finnish SME sector with focus on start-ups and growth companies
- Credit and guarantee losses in SME and midcap financing annually amount to about 2-4% of total exposure
- The State compensates 50% of Finnvera's losses from domestic operations so that Finnvera can take greater risks than those taken by commercial financial institutions



Large Corporates








- For large corporates Finnvera provides export financing to ensure Finnish enterprises' competitiveness on the international export market
- Finnvera's export credit guarantees provide Finnish exporters and financiers with cover for credit risks
- Export credits provide long term financing to foreign buyers of Finnish capital goods
- In 2023, Finnvera's export credit guarantees amounted to 7% of Finland's exports of goods
- Realised losses in export credit guarantee and special guarantee operations have been minor

Exposure EUR billion



Total exposure, export credit guarantees and special guarantees 31 Dec 2023

Exposure by sector Dec 31 2023

-  **Cruise shipping**
EUR 11.5 bn
(50%)
-  **Telecommunications**
EUR 4.0 bn
(17%)
-  **Pulp and paper**
EUR 3.5 bn
(15%)
-  **Others***
EUR 2.1 bn
(9%)
-  **Energy**
EUR 0.8 bn
(4%)
-  **Mining and metals**
EUR 0.6 bn
(3%)
-  **Other industries**
EUR 0.4 bn
(2%)

* Including other risks such as state and bank risks and reinsurance risk transfer.

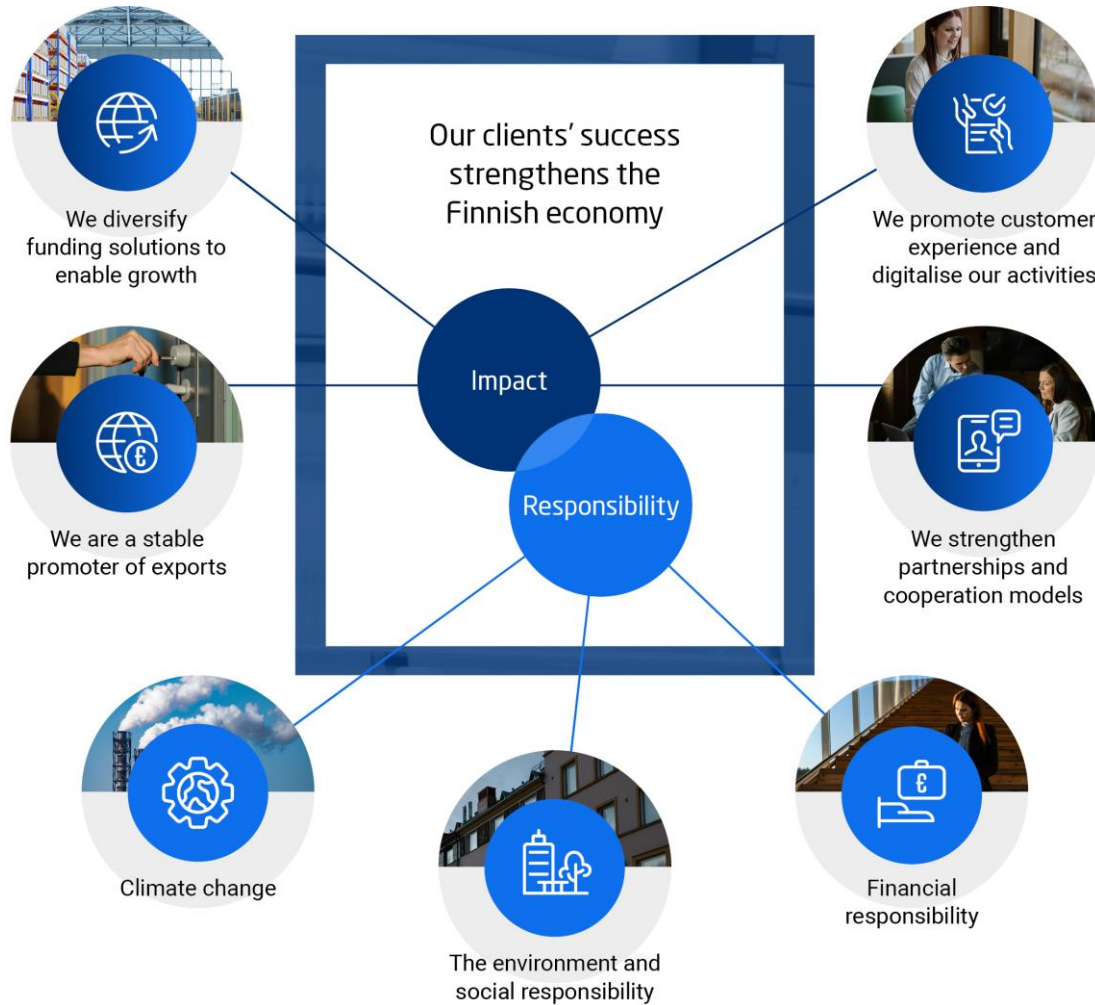


Finvera had exposure in 85 countries on 31 Dec 2023.

A woman with long dark hair is shown in profile, looking out a window. She is wearing a light-colored jacket and has her hands clasped near her chest. The scene is dimly lit, with light coming from the window on the right, creating a soft glow on her face and hair. The background is blurred, showing what appears to be a window with a view of a building.

ESG

FINNVERA



ESG Strategy

Climate change mitigation in Finnvera's operations

Encouragement



We help our customers seize the opportunities created by climate change action by financing growth, exports and investments.

Goals realised

- Backed by the InvestEU guarantee programme, we provided climate and digitalisation loans for SMEs
- We developed climate criteria to identify export projects that have climate-positive features
- We defined incentives for projects meeting the climate criteria

Goals 2024

- We publish the climate target, criteria and incentives

Restrictions



Our sectoral policies exclude the most harmful projects for the climate.

Goals realised

- We restricted granting of export credit guarantees to the oil and gas sectors as of January 1 2023, with strictly limited exceptions
- We exclude coal-fired power plants and peat projects abroad from Finnvera's financing

Goals 2024

- We will update our oil and gas sectoral policy

Measurement and reporting



We set goals for as well as measure and report on the climate impacts of the projects we finance and of our own operations.

Goals realised

- We calculated the direct and indirect CO₂ emissions from our operations
- We reported emissions relating to our ship liabilities according to the Poseidon Principles
- We set a long-term target for reducing our climate impacts

Goals 2024

- We will define an emission reduction pathway to 2050 and start to measure our performance with a CO₂/EUR indicator against the 1.5 degree pathway

Influencing



We influence the regulatory framework of export financing.

Goals realised

- We influenced and acted in the OECD export credit negotiations as part of the E3F coalition, which aims for transparency in energy project financing

Goals 2024

- We will review joining the UN convened Net-Zero ECA Alliance

Risk management



We are integrating climate change risks into our key financing decisions and risk management.

Goals realised

- We included climate risks (transition and physical) as part of ES assessment reports and ESG risks as part of our company analysis
- We introduced the ESG traffic light model and report for domestic financing projects

Goals 2024

- We will integrate climate risk stress test as part of internal capital adequacy assessment process (ICAAP)

Competence



Sustainability is one of our strategic competences.

Goals realised

- CSRD training for the personnel as well as the management team and the Board of Directors
- Membership in the Finnish Business and Society (FIBS) enables sustainability training for the entire staff

Goals 2024

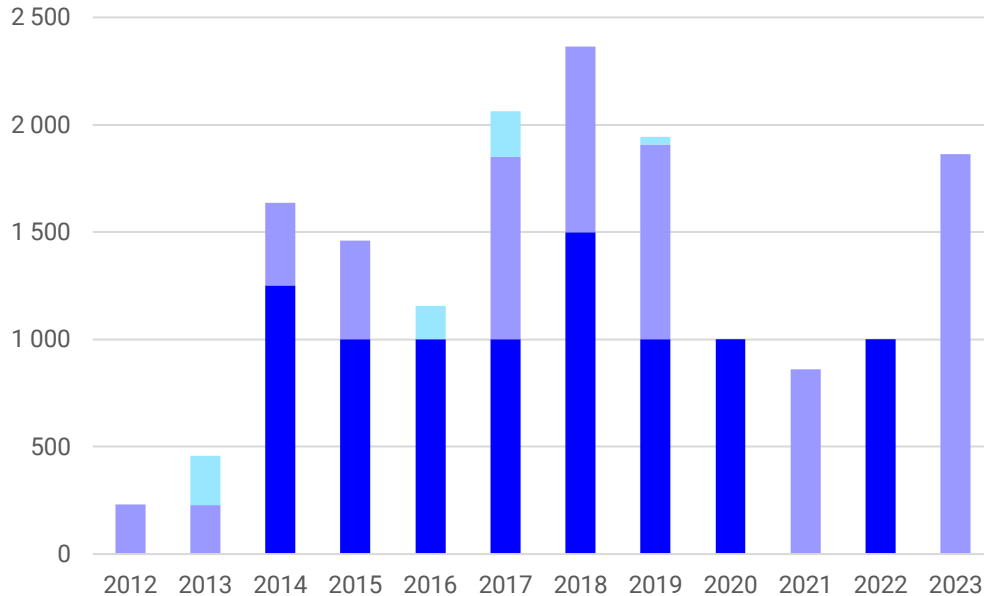
- Trainings on the new climate target, criteria and incentives
- FIBS membership and trainings continue

Funding



Long Term Funding

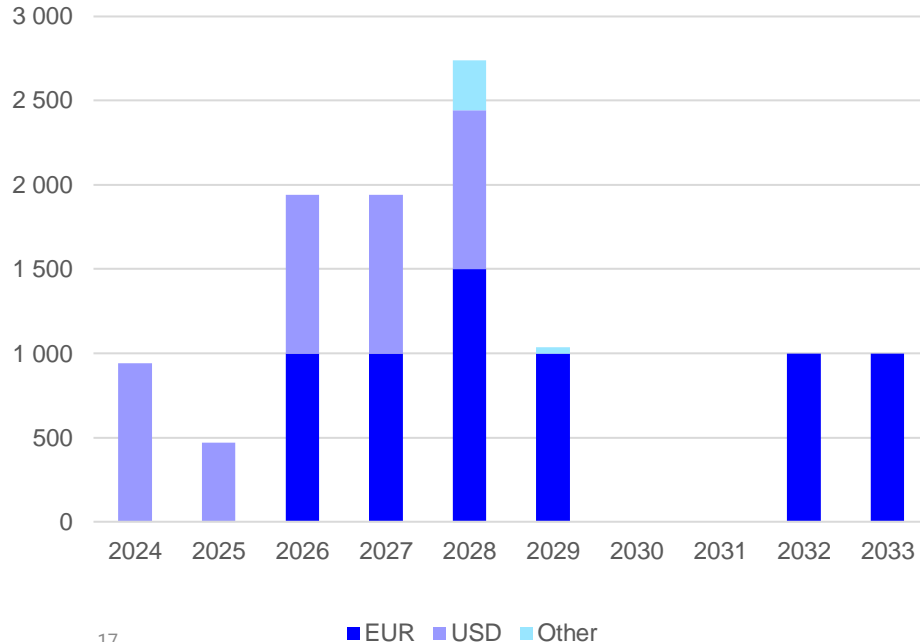
Annual EMTN funding volume (EUR million)



- Funding obtained by issuing debt under the EUR 15 billion EMTN program
- The issues unconditionally and irrevocably guaranteed by the Republic of Finland
- Planned long-term funding for 2024 is approximately EUR 1-2 billion

Long Term Funding

Maturity of EMTN debt (EUR million)

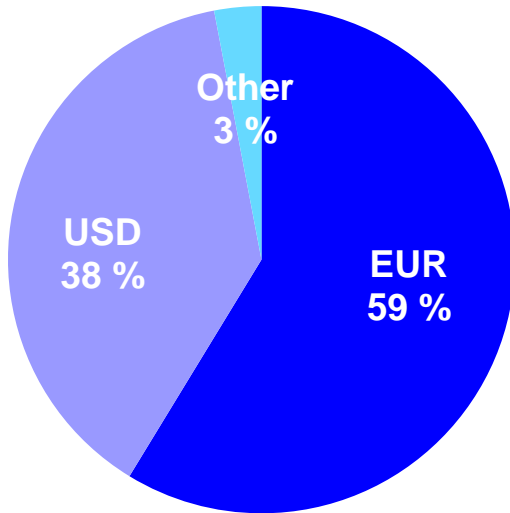


- Objective to maintain well defined secondary market curves in both EUR and USD
- Investor demand and ALM policies also taken into account in selection of currency and maturity
- LCR Level 1, CRR/BIS risk weight 0%, Solvency II 0%
- EUR debt eligible for the Eurosystem's Public Sector Purchase Programme (PSPP)

Long Term Funding

EMTN debt by currency

Outstanding amount EUR 11.1 billion



Debt swapped into floating rate EUR or USD to match the currency and interest rate basis of assets

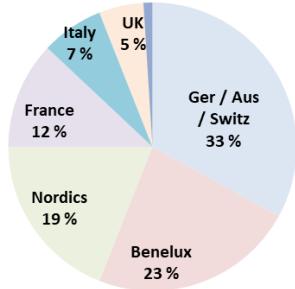
Outstanding benchmark issues

Issue date	Ccy	Amount (Million)	Maturity date
Oct 18, 2023	USD	1,000	Mar 17, 2027
Jun 8, 2023	USD	1,000	Jun 15, 2028
Sep 1, 2022	EUR	1,000	Mar 8, 2028
Oct 20, 2021	USD	1,000	Oct 27, 2026
Sep 8, 2020	EUR	1,000	Sep 15, 2027
Oct 16, 2019	USD	1,000	Oct 23, 2024
Apr 2, 2019	EUR	1,000	Apr 9, 2029
Oct 31, 2018	EUR	500	Aug 7, 2028
Mar 7, 2018	EUR	1,000	Jul 14, 2033
May 10, 2017	EUR	1,000	May 17, 2032
Apr 6, 2016	EUR	1,000	Apr 13, 2026
May 28, 2015	USD	500	Jun 4, 2025

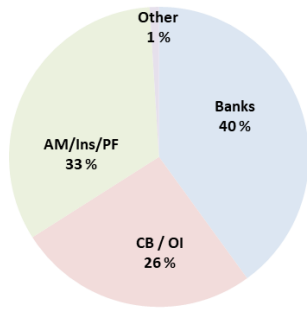
Distribution of selected EMTN issues

09/2022: long 5y EUR 1bn 3/2028
Order book 4.4bn; Re-offer MS -8

Distribution by geography

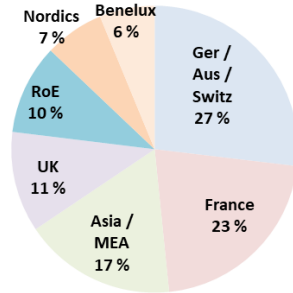


Distribution by investor type

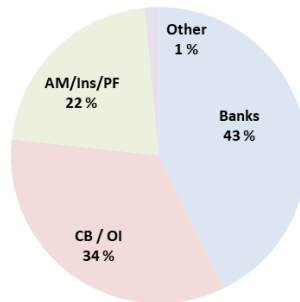


9/2020: 7y EUR 1bn 9/2027
Order book 2.7bn; Re-offer MS flat

Distribution by geography

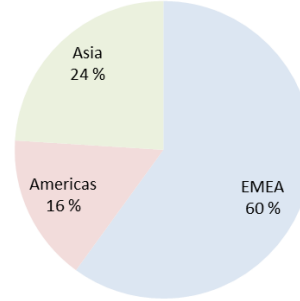


Distribution by investor type

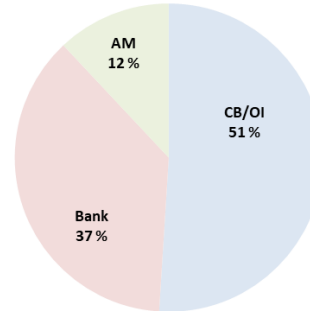


10/2023: 3y USD 1bn 3/2027
Order book 1.6bn; Re-offer SOFR+42

Distribution by geography

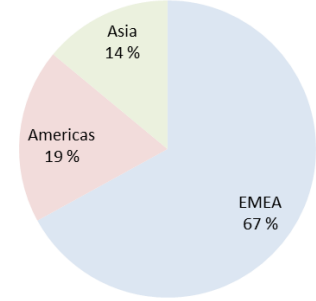


Distribution by investor type

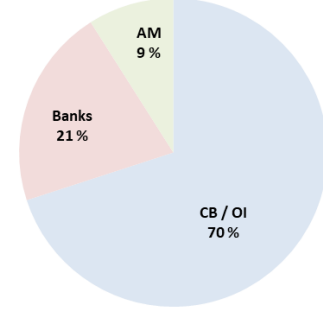


06/2023: 5y USD 1bn 6/2028
Order book 1.4bn; Re-offer SOFR+47

Distribution by geography



Distribution by investor type



ECP Short Term Funding

Explicit guarantee by the Republic of Finland

Programme launched	Q1/2022
Programme size	EUR 3 billion
Rating	Moody's: P-1 / Fitch: F1+
Dealers	Barclays, BofA & Citi
Currencies	EUR and USD
Target maturities	1M – 6M

**Medium term target for outstanding amount
approximately EUR 1 billion**



The Economic Outlook of the Finnish Economy



Finland in Numbers

Population



Population 2022
5 563 970

Live births 2022

44 951



Size of household-dwelling unit 2022

1 person

46%

2 persons

32%

3+ persons

22%



Population density 1.1.2023



18.3
inhabitants/km²

Source: [Statistics Finland](#)

Economy

Enterprises having received business subsidies 2022

44 165



Industrial structure 2022 share of the employed

Services and administration

74%



Industry and construction

21%



Agriculture and forestry

4%



Sources: [Statistics Finland](#), [State Treasury](#)

Total earnings of wage and salary earners 2021

Men **3 664**

Women **3 034**

euro per month median



GDP 2022 preliminary data

47 991

euro per inhabitant



Central government debt 2022

25 398

euro per inhabitant



Enterprises, 2021

The group of statistical units in the structural business and financial statement statistics will be expanded starting from the statistical reference year 2021. Limitations concerning the operating time and size of enterprises have been removed from the definition of statistical units.

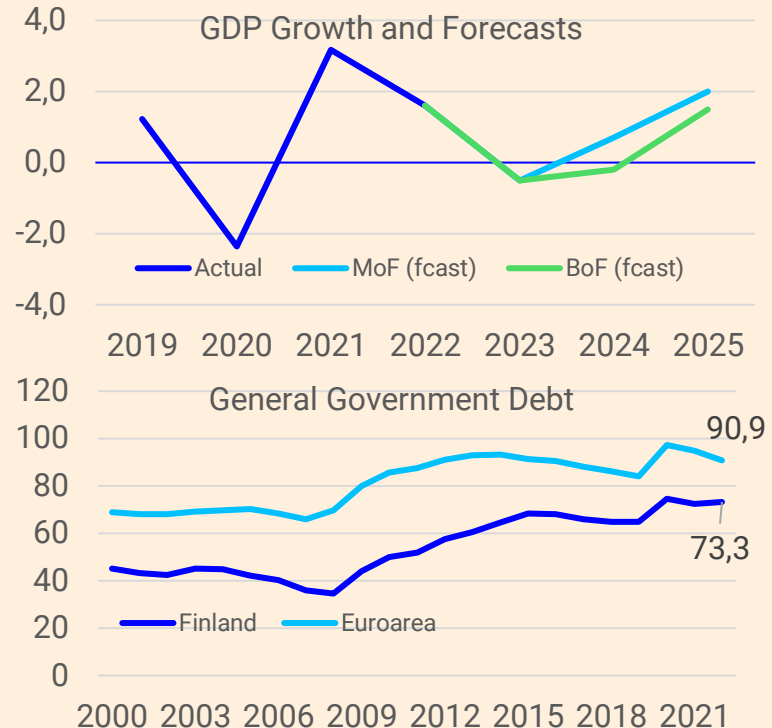
Industry	Enterprises	Personnel ¹⁾		Turnover € million
		%	Thousand	
Agriculture, forestry and fishing	131 321	23.4	40	3 009
Manufacturing	28 242	5.0	297	144 388
Construction	54 512	9.7	154	43 197
Wholesale and retail trade ²⁾	55 550	9.9	216	128 515
Transportation and storage	23 343	4.2	102	20 918
Accommodation and food service activities	15 751	2.8	45	5 699
Information and communication	20 270	3.6	95	25 482
Financial and insurance activities	14 721	2.6	42	33 211
Real estate activities	42 202	7.5	19	13 331
Professional, scientific and technical activities	66 109	11.8	107	18 093
Administrative and support service activities	23 107	4.1	124	12 808
Human health and social work	25 167	4.5	94	9 857
Other service activities	30 572	5.4	19	1 851
Other industries	31 308	5.5	49	28 389
Total	562 175	100	1 403	488 748
Size category of personnel				
0-4	526 027	93.6	201	63 871
5-9	16 937	3.0	109	26 800
10-19	9 654	1.7	129	34 242
20-49	6 003	1.1	179	50 031
50-99	1 965	0.3	135	45 555
100-249	953	0.2	144	53 162
250-499	348	0.1	118	42 804
500-999	171	0.0	120	41 779
1 000-	117	0.0	268	130 503
Total	562 175	100	1 403	488 748

¹⁾ Staff-years - ²⁾ Incl. repair of motor vehicles and motorcycles

Source: [Statistics Finland](#), [Structural business and financial statement statistics](#)

Economic Outlook of Finland (1st of Feb)

- Economic growth has slowed in 2023 and is expected to remain muted in 2024
- Transmission of monetary policy is fast in Finland due to widely used variable interest rates (usually Euribor rates)
- Labor market is still strong
- Public debt is higher than in other Nordics, but lower than Euro area average
- The direct negative effect on Russian exports/imports has thus far been mitigated



Finnish Exports and Economy

Biggest import and export countries, 2022*

Imports by country of origin, exports by country of destination

Import country	€ million	%	Export country	€ million	%
Germany	11 900	12.9	Germany	9 561	11.7
Sweden	11 649	12.6	Sweden	8 780	10.7
China	8 468	9.2	United States	7 750	9.5
Norway	6 399	6.9	Netherlands	5 995	7.3
Russia	6 248	6.8	China	4 035	4.9
Netherlands	4 724	5.1	Estonia	3 514	4.3
United States	4 114	4.5	Great Britain	2 927	3.6
Estonia	3 445	3.7	Belgium	2 907	3.6
Poland	3 049	3.3	France	2 525	3.1
Italy	2 343	2.5	Poland	2 492	3.0
Other countries	30 028	32.5	Other countries	31 241	38.3
Total	92 366	100	Total	81 727	100

Imports and exports by product category

	2021 € million	2022* € million	2022* %
Total imports	72 936	92 366	100
Chemical industry products	13 227	17 698	19.2
Products from mining and quarrying	8 035	13 156	14.2
Electric and electronics industry products	10 416	12 036	13.0
Metal and metal products	7 328	10 016	10.8
Transport equipment	7 953	8 243	8.9
Other	25 977	31 218	33.8
Total exports	68 908	81 727	100
Chemical industry products	12 674	17 502	21.4
Forest industry products	13 037	14 459	17.7
Metal and metal products	11 448	14 320	17.5
Machinery and equipment	8 978	9 834	12.0
Electric and electronics industry products	7 721	9 317	11.4
Other	15 050	16 295	19.9
Trade balance	-4 027	-10 639	

Source: [Finnish Customs](#)

- Total exports amount to roughly 40 % of GDP
- Main trading partners are Germany, Sweden and the US
- Trade with Russia has declined for a long time and is currently negligible

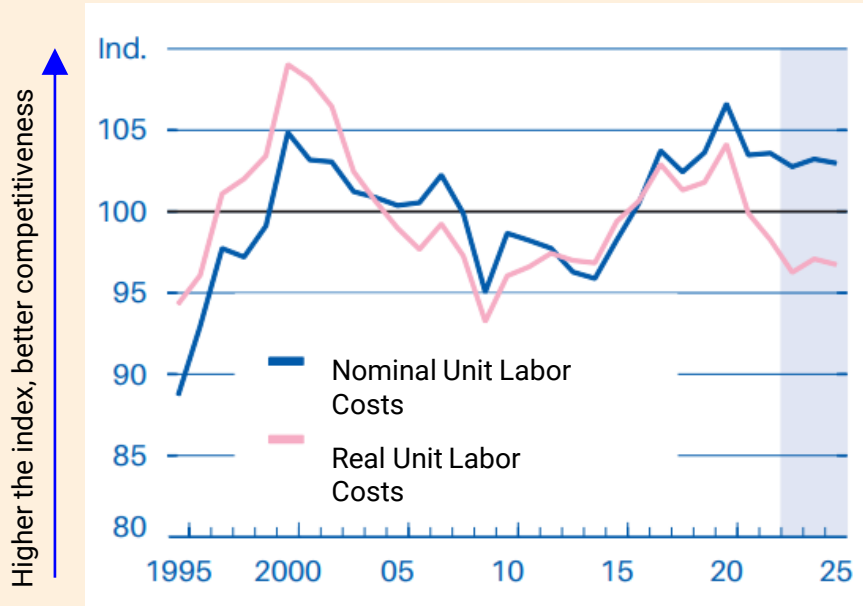
International comparison data

Country	Population, million	GNI per capita, USD, purchasing power adjusted 2021	Inflation, % 2022	Unemployment, % 2022
Finland	5.5	56 140	7.1	6.8
Sweden	10.4	60 990	8.4	7.4
Norway	5.4	84 240	5.8	3.2
Denmark	5.9	66 740	7.7	4.2
Iceland	0.4	56 230	8.3	3.8
Austria	8.9	59 480	8.5	4.7
Belgium	11.5	59 900	9.6	5.6
China	1 412.6	19 160	1.9	4.9
Czech Republic	10.7	43 950	15.1	2.4
Estonia	1.3	41 760	19.4	5.9
France	65.4	52 120	5.2	7.4
Germany	83.2	60 040	6.9	3.0
Greece	10.7	31 600	9.6	12.2
Hungary	9.7	35 650	14.6	3.4
Ireland	5.0	78 630	7.8	4.4
Israel	9.4	43 790	4.4	3.5
Italy	59.2	46 930	8.2	8.1
Latvia	1.9	33 580	17.3	6.4
Lithuania	2.8	41 750	19.7	5.6
Luxembourg	0.6	¹⁾ 84 010	6.3	4.7
Netherlands	17.5	63 340	10.0	3.5
Poland	37.8	36 330	14.3	2.6
Portugal	10.3	35 620	7.8	5.8
Spain	47.4	40 800	8.4	13.0
Switzerland	8.7	75 660	2.8	4.2
Türkiye	¹⁾ 83.6	30 000	72.3	10.0
Ukraine	41.4	13 860	20.1	²⁾ 9.8
United Kingdom	67.0	50 540	7.9	3.6
United States	331.9	70 480	8.0	3.6

¹⁾ 2020 - ²⁾ 2021

Sources: [UN](#); [ILO](#); [IME](#); [OECD](#); [World Bank](#)

Cost Competitiveness Remains Stable



Source: [ETLA Economic Research](#)

- Cost competitiveness has been decent after 2016
- Evolution of labor costs has contributed positively to competitiveness, exchange rate contribution has been negative, productivity has been lagging behind

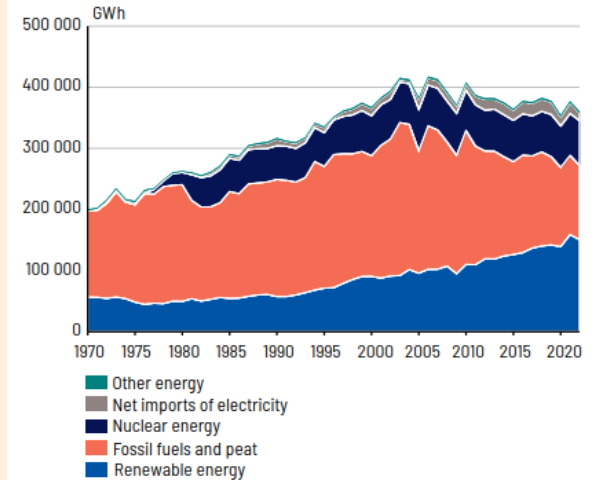
Energy Mix in Finland

- Considerable amount of green energy, which is a competitive advantage
- Considerably more green investments in the pipeline, although current financial environment may postpone some projects

Supply and total consumption of electricity, 2022*

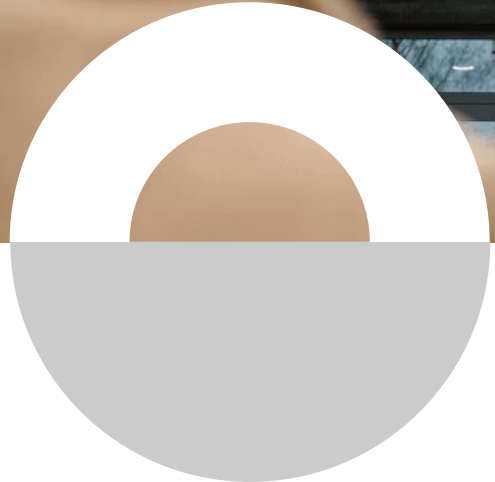
Supply	GWh	%	Total consumption	GWh	%
Nuclear power	24 221	29.6	Industry and construction	36 341	44.5
Hydro power	13 354	16.3	Households and agriculture	24 307	29.7
Wind power	11 562	14.1	Services and public consumption	17 825	21.8
Solar power	380	0.5	Transmission and distribution losses	3 241	4.0
Net imports	12 518	15.3	Total	81 714	100
Other heating power	19 679	24.0			
Total	81 714	100	Total	81 714	100

Total energy consumption, 1970–2022*



Source: [Statistics Finland, Energy supply and consumption](#)

Thank you!



FINNVERA

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