

Finnvera Investor Presentation

Finland's Export Credit and
SME Financing Agency

December 2020

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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 by Moody's and AA+ by Fitch (the same as Finland's)

KEY FIGURES, JUNE 2020

LENDING & GUARANTEE COMMITMENTS



BALANCE SHEET



EMTN DEBT



Finnvera's role in society



Jobs created with the help
of SME and midcap financing

8,009



Transfers of ownership financed

MEUR 155

912 companies



Export credit guarantees
and special guarantees offered

MEUR 5,246



Start-ups launched
with the help of financing

2,427 pcs



SME and midcap financing offered

MEUR 990

of which 45% for companies seeking
growth and internationalisation



Financing per new job

EUR 124,000



Guarantees that
came into effect

MEUR 4,380



Exports covered by
export credit guarantees

MEUR 3,833

MICRO
ENTERPRISES

88%

Number of clients

24,500

OTHER SMES
AND MIDCAPS

11%

LARGE
ENTERPRISES

1%

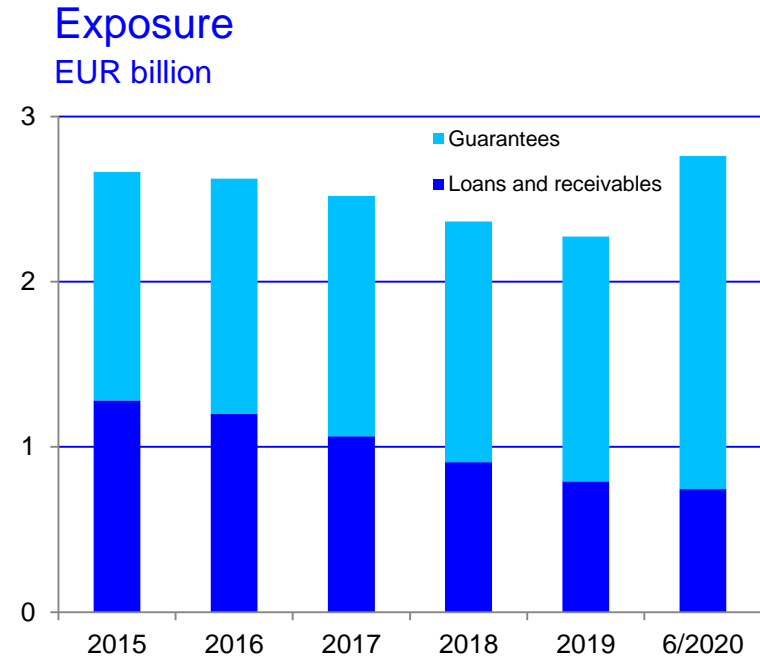
Business Review



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

**The State compensation temporarily increased to 80% due to the pandemic.*

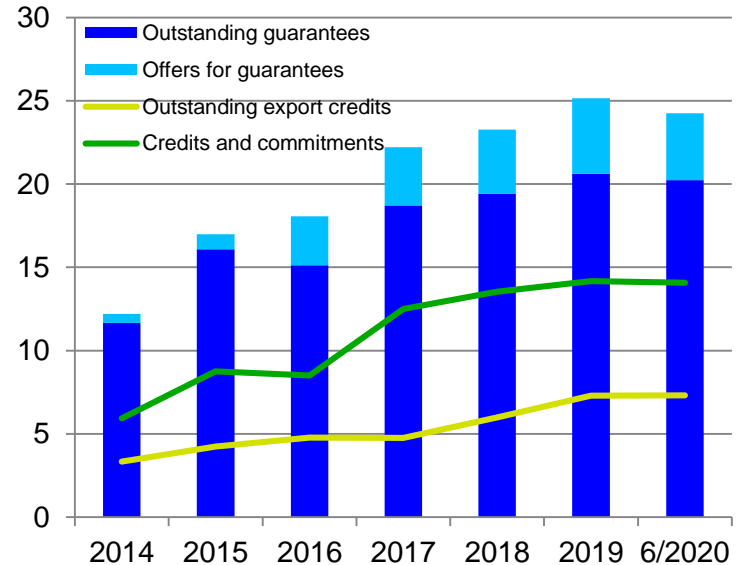


Large Corporates

- 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 2019, Finnvera's export credit guarantees amounted to 4% of Finland's total exports
- 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 2019

EUR 25.3 BILLION, INCLUDING COMMITMENTS AND BINDING OFFERS.



Cruise shipping
EUR 13.8 bn (54%)



Telecommunications
EUR 4.1 bn (16%)



Pulp and paper
EUR 2.9 bn (11%)

Others*
EUR 2.5 bn (10%)

Other industries
EUR 1.1 bn (4%)

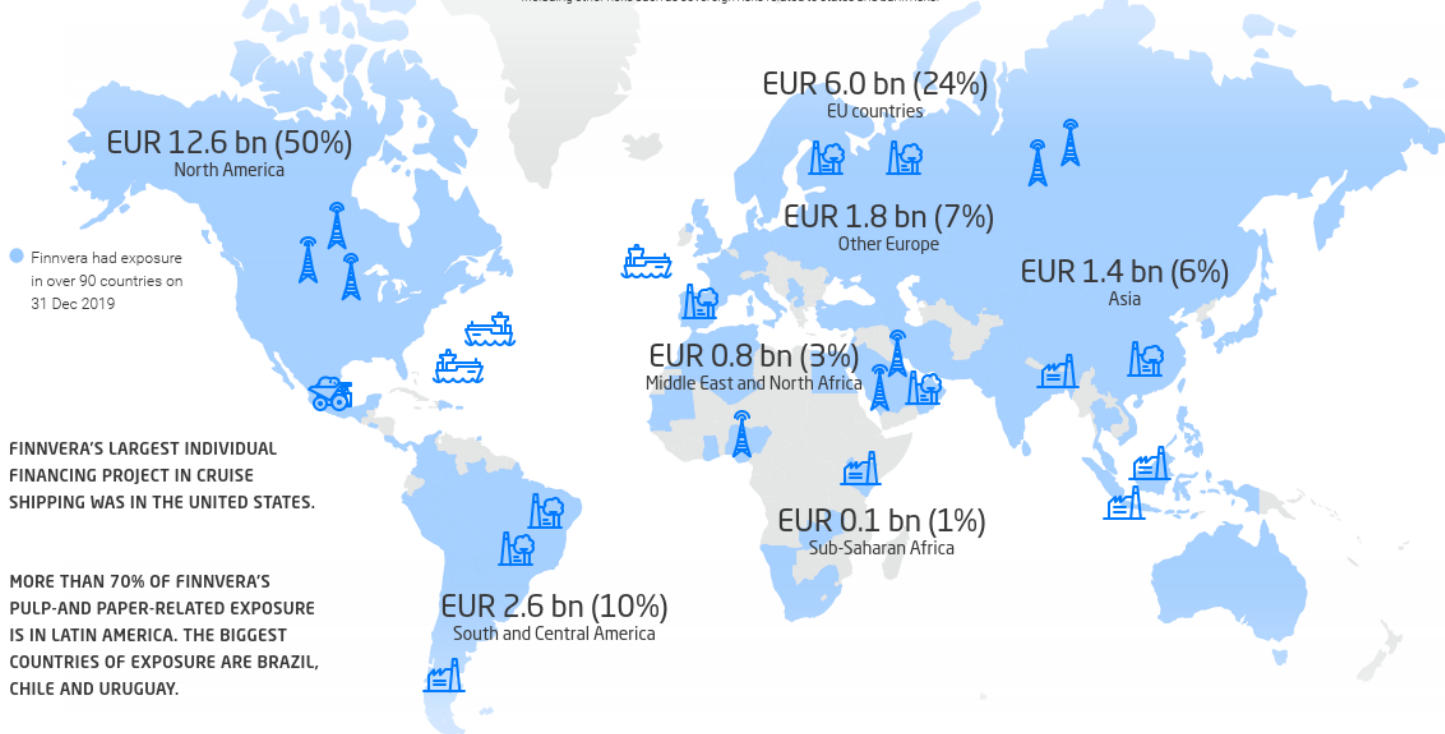


Energy
EUR 0.7 bn (3%)



Mining and metals
EUR 0.3 bn (1%)

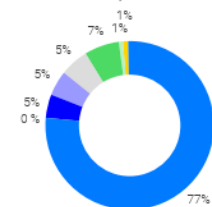
*Including other risks such as sovereign risks related to states and bank risks.



FINNVERA'S LARGEST INDIVIDUAL FINANCING PROJECT IN CRUISE SHIPPING WAS IN THE UNITED STATES.

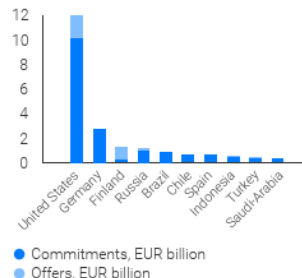
MORE THAN 70% OF FINNVERA'S PULP-AND PAPER-RELATED EXPOSURE IS IN LATIN AMERICA. THE BIGGEST COUNTRIES OF EXPOSURE ARE BRAZIL, CHILE AND URUGUAY.

EXPOSURE BY COUNTRY CLASSIFICATION 31 DEC 2019, EUR BILLION



- 0 Advanced economy
- 1 Very low risks
- 2 Low risks
- 3 Relatively low risks
- 4 Intermediate risks
- 5 Relatively high risks
- 6 High risks
- 7 Very high risks

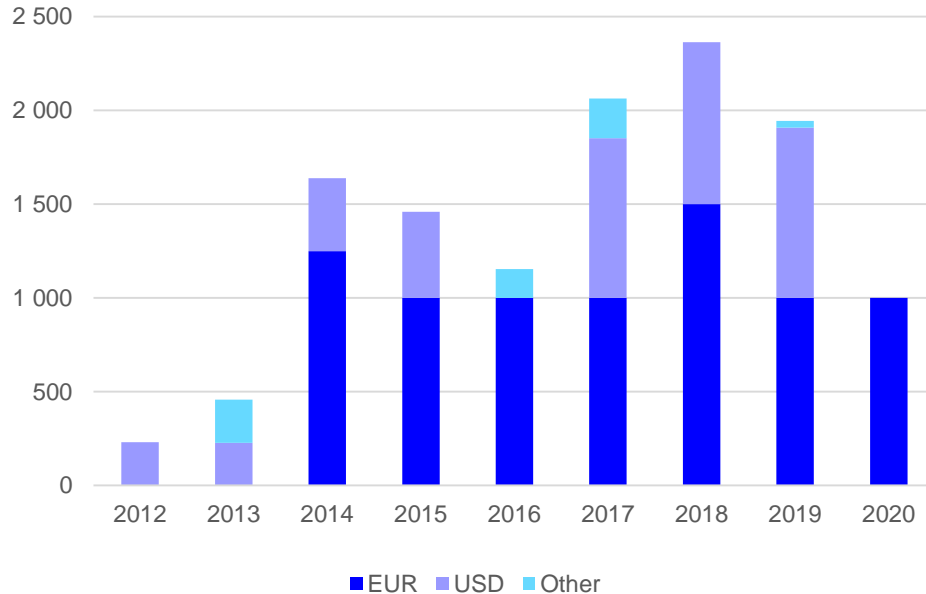
THE BIGGEST COUNTRY EXPOSURES ON 31.12.2019, EUR BILLION



Funding

Funding

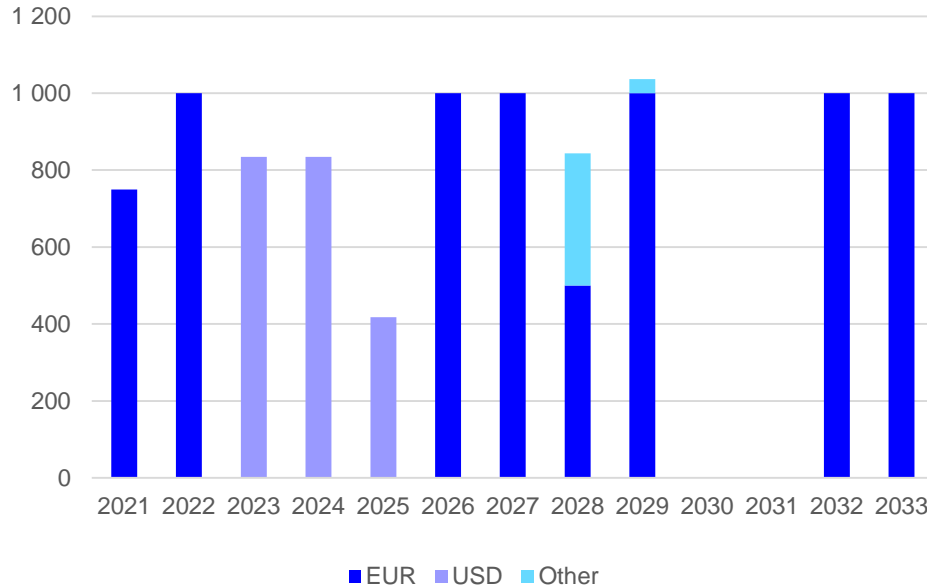
Annual EMTN funding volume
(EUR million)



- Funding obtained by issuing debt under the EUR 15 billion EMTN program
- The debt is unconditionally and irrevocably guaranteed by the Republic of Finland
- Finnvera plans to be active in both EUR and USD depending on market conditions
- Funding plan for 2021 is between EUR 1 billion and 1.5 billion

Funding

Maturity of EMTN debt (EUR million)

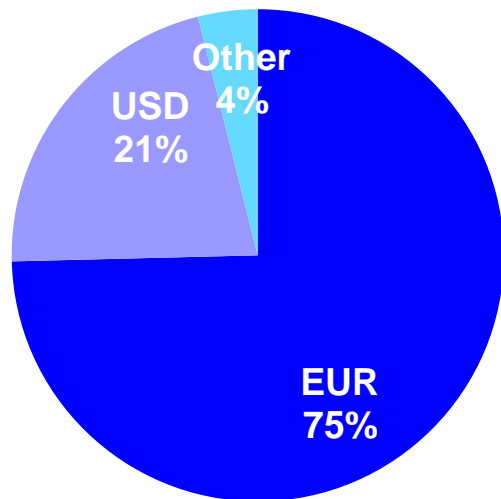


- Objective to maintain well defined secondary market curves in both EUR and USD
- Investor demand and ALM policies also taken into account in selection of currency and maturity
- LCR Level 1, CRR/BIS risk weight 0%, Solvency II 0%
- EUR debt eligible for the Eurosystem's Public Sector Purchase Programme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

Funding

EMTN debt by currency

Outstanding amount EUR 9.7 billion



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

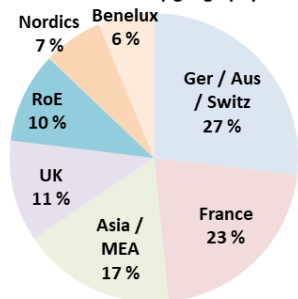
Outstanding benchmark issues

Issue date	Ccy	Amount (Million)	Maturity date	Dealers
Sep 8, 2020	EUR	1 000	Sep 15, 2027	Citi, DZ, Nordea, TD
Oct 16, 2019	USD	1 000	Oct 23, 2024	Citi, GS, HSBC, TD
Apr 2, 2019	EUR	1 000	Apr 9, 2029	CACIB, Danske, DB, Nordea, TD
Oct 31, 2018	EUR	500	Aug 7, 2028	Citi, DB, HSBC
Jun 20, 2018	USD	1 000	Jun 27, 2023	Citi, GS, HSBC, TD
Mar 7, 2018	EUR	1 000	Jul 14, 2033	CACIB, Danske, DB, Nordea
Sep 27, 2017	USD	1 000	Oct 5, 2020	CACIB, Citi, HSBC, Nordea
May 10, 2017	EUR	1 000	May 17, 2032	Citi, DB, GS, CACIB
Apr 6, 2016	EUR	1 000	Apr 13, 2026	CACIB, Citi, Danske, HSBC
Sep 15, 2015	EUR	1 000	Sep 22, 2022	CACIB, Danske, DB, Nordea
May 28, 2015	USD	500	Jun 4, 2025	Citi, DB, HSBC
Nov 13, 2014	EUR	750	Nov 19, 2021	CACIB, Citi, DB

Distribution of selected EMTN issues

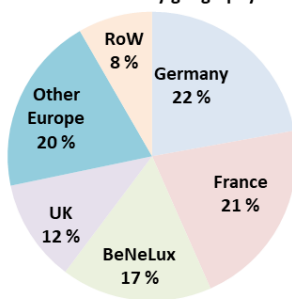
9/2020: 7y EUR 1bn 9/2027
Order book 2.7bn; Re-offer MS flat

Distribution by geography



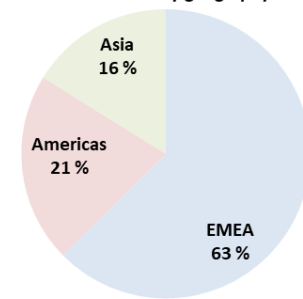
4/2019: 10y EUR 1bn 4/2029
Order book 2.8bn; Re-offer MS-4

Distribution by geography



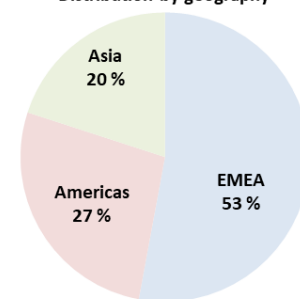
10/2019: 5y USD 1bn 10/2024
Order book 2.0bn; Re-offer MS+17

Distribution by geography

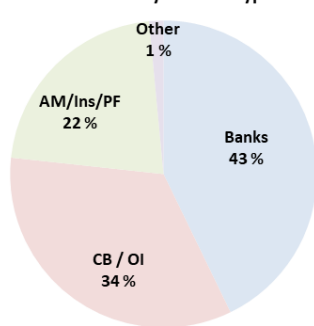


6/2018: 5y USD 1bn 6/2023
Order book 1.6bn; Re-offer MS+15

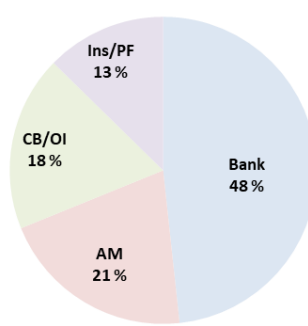
Distribution by geography



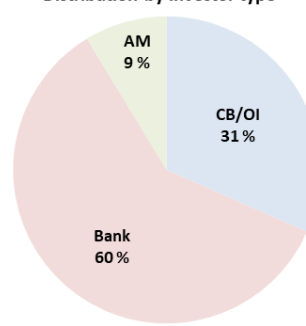
Distribution by investor type



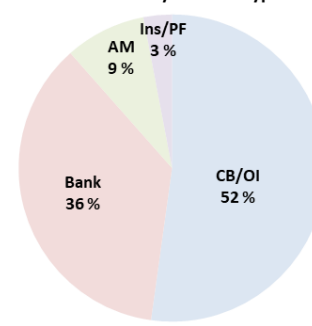
Distribution by investor type



Distribution by investor type



Distribution by investor type



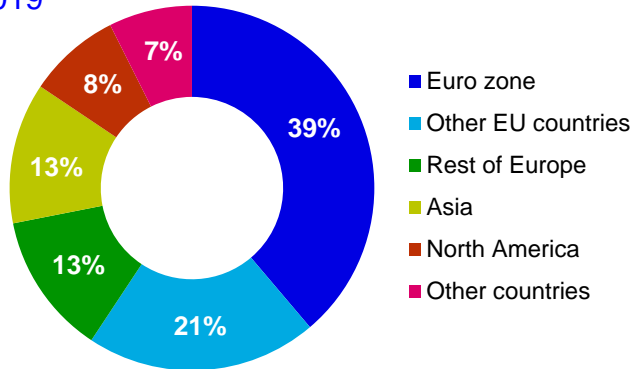
Appendices



Finland – An Export Oriented Economy

- A Nordic country rated AA+ (stable outlook) by Standard & Poor's and AA+ (stable outlook) by Fitch Ratings
- Almost 40 percent of Finland's economy is based on foreign trade

Exports by Regions
2019



Source: Finnish Customs

Finland - Main Economic Indicators

	2018	2019	2020F	2021F	2022F
GDP at market prices, change in volume, %	1.5	1.1	-3.3	2.5	2.0
Employment rate, %	71.7	72.5	71.5	71.5	72.3
Unemployment rate, %	7.4	6.7	7.8	8.0	7.6
General government net lending, % of GDP	-0.9	-1.0	-6.1	-5.2	-3.3
General government gross debt, % of GDP	59.6	59.3	69.0	71.4	72.5

Source: Ministry of Finance: Economic Survey, published in December 2020

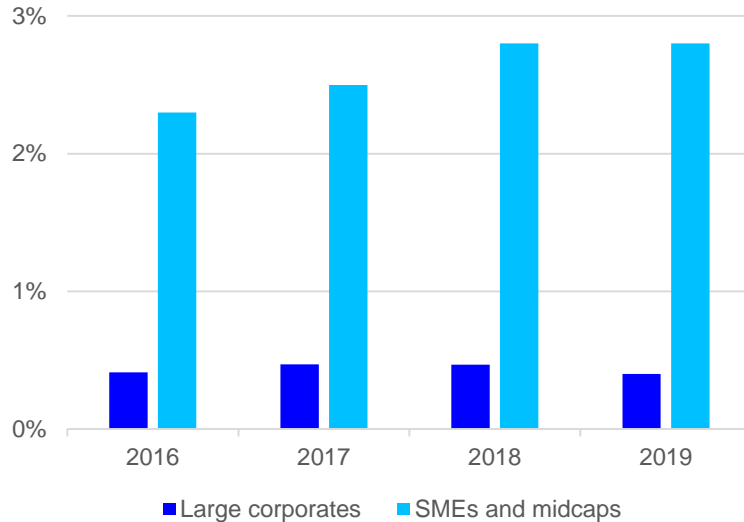
Finnvera - Key Figures

	1H/2020	2019	2018	2017	2016	2015
Finnvera Group						
Net interest income and net fee and commission income, EUR million	91	182	177	174	194	197
Profit for the period, EUR million	-423	94	98	107	70	111
Total assets, EUR million	12,961	12,665	11,039	10,337	9,498	8,418
Tier 1 capital ratio, domestic operations, %	23.7	29.4	27.2	25.3	22.4	18.1
Tier 1 capital ratio, export credit guarantees, %	4.5	6.9	6.8			
Expense-income ratio, %	29.1	25.4	29.3	27.2	27.0	28.3
Shareholders' equity, EUR million	1,051	1,463	1,358	1,314	1,207	1,121
- of which non-restricted equity, EUR million	797	1,221	1,126	1,062	955	871
Average number of employees	360	364	372	383	398	404
SMEs and midcaps						
Loans, guarantees and export credit guarantees offered, EUR billion	1.1	1.0	0.9	1.0	1.0	1.1
Outstanding exposure, EUR billion	2.8	2.3	2.3	2.5	2.6	2.7
- Loans and receivables, EUR billion	0.7	0.8	0.9	1.1	1.2	1.3
- Guarantees, EUR billion	2.1	1.5	1.4	1.5	1.4	1.5
Large Corporates						
Export credit guarantees and special guarantees offered, EUR billion	1.6	5.2	3.0	7.5	4.2	6.6
Outstanding exposure, EUR billion	24.2	25.2	23.3	22.2	18.1	17.0
- of which funded/committed by Finnish Export Credit Ltd, EUR billion	14.1	14.2	13.5	12.5	8.5	8.8
Finnvera plc, clients	26,100	24,500	25,700	27,300	27,700	28,400

Non-performing exposure

Non-performing exposure

% of total exposure



- In the beginning of 2018 the compensation for credit and guarantee losses from the State was decreased and harmonised to 50 per cent in SME and midcap financing.
- In SME and midcap financing non-performing exposure has in recent years been under 3 per cent of total exposure when the compensation for credit and guarantee losses is taken into account.
- In Large Corporates' operations non-performing exposure has been under 1 per cent of total exposure in recent years.

Equity and other reserves EUR 1.5 billion

- Accumulated buffers against credit losses consist of retained earnings (EUR 0.8 billion) and the State Guarantee Fund (EUR 0.7 billion)
 - The fund is administered by the Government and is not part of Finnvera
- Finnvera's obligations stemming from guarantees issued are restricted to the amount carried in reserves (retained earnings)
- The State assumes responsibility for guarantee losses exceeding the reserves on Finnvera's balance sheet and the State Guarantee Fund

June 30, 2020

Large Corporates

Reserve for export financing operations
EUR 829 million

State Guarantee Fund
EUR 688 million

SMEs and midcaps

Reserve for domestic operations
EUR 282 million

Retained earnings
and other non-restricted equity
EUR -314 million

Finnish State's Commitment

Debt obligations are explicitly guaranteed by the Republic of Finland

- Finnvera's guarantee scheme operates under the full faith and credit of the Republic of Finland
- No dividend payments by law
- The parent company is not liable to pay income tax
- The State compensates Finnvera for part of the credit and guarantee losses incurred in SME and midcap financing
- EUR 3 billion statutory back-up credit authorisation from the State

Two large, solid blue shapes are positioned on the left side of the slide. The top shape is a rectangle with rounded corners, and the bottom shape is a parallelogram-like rectangle with rounded corners. They are separated by a white gap.

Thank you!

Finnvera and its subsidiary Finnish Export Credit are the official ECAs of Finland. We offer export financing solutions and export credit guarantees backed by the full faith and credit of the Republic of Finland in a flexible yet responsible manner. For more information please see **www.finnvera.fi**.

FINNVERA