

# Finnvera Investor Presentation

Finland's Export Credit and  
SME Financing Agency

March 2021

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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, DECEMBER 2020

### LENDING & GUARANTEE COMMITMENTS

Domestic  
**€2.9**  
billion

Exports  
**€22.0**  
billion

### BALANCE SHEET

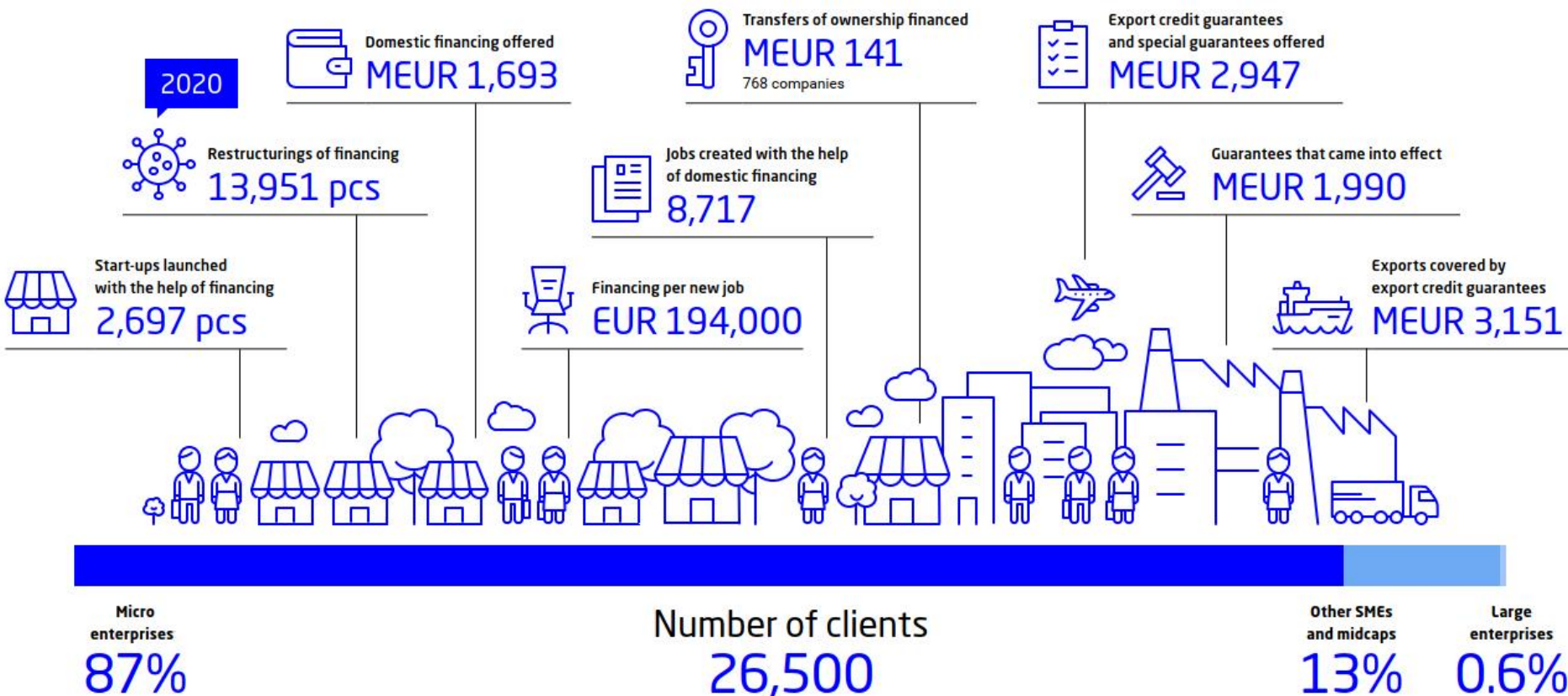
**€12.7**  
billion

### RESULT

**€-748**  
million



## Finnvera's role in society



# Business Review



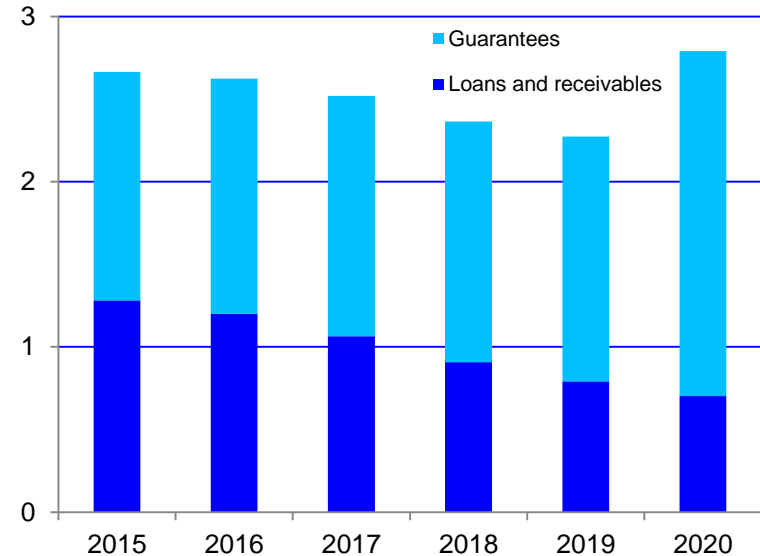


# SME and Midcap Financing

- 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.*

Exposure  
EUR billion

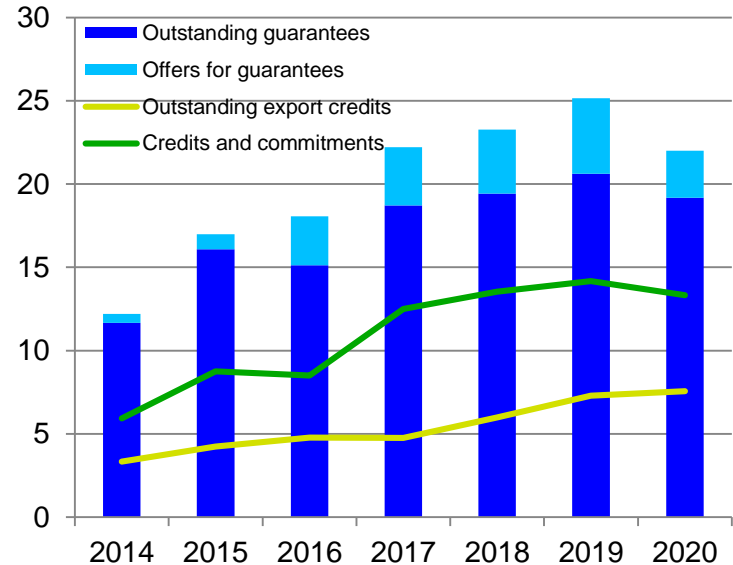


# Large Corporates

- 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 2020, Finnvera's export credit guarantees amounted to 5.5% 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 2020

EUR 22.2 billion,  
including commitments and binding offers.

● Finnvera had exposure  
in over 90 countries on  
31 Dec 2020.

## Exposure by sector 31 dec 2020



**Cruise shipping**  
EUR 10.9 bn  
(49%)



**Telecommunications**  
EUR 3.7 bn  
(17%)



**Pulp and paper**  
EUR 2.9 bn  
(13%)

**Others\***  
EUR 2.5 bn  
(11%)

**Other industries**  
EUR 1.2 bn  
(5%)

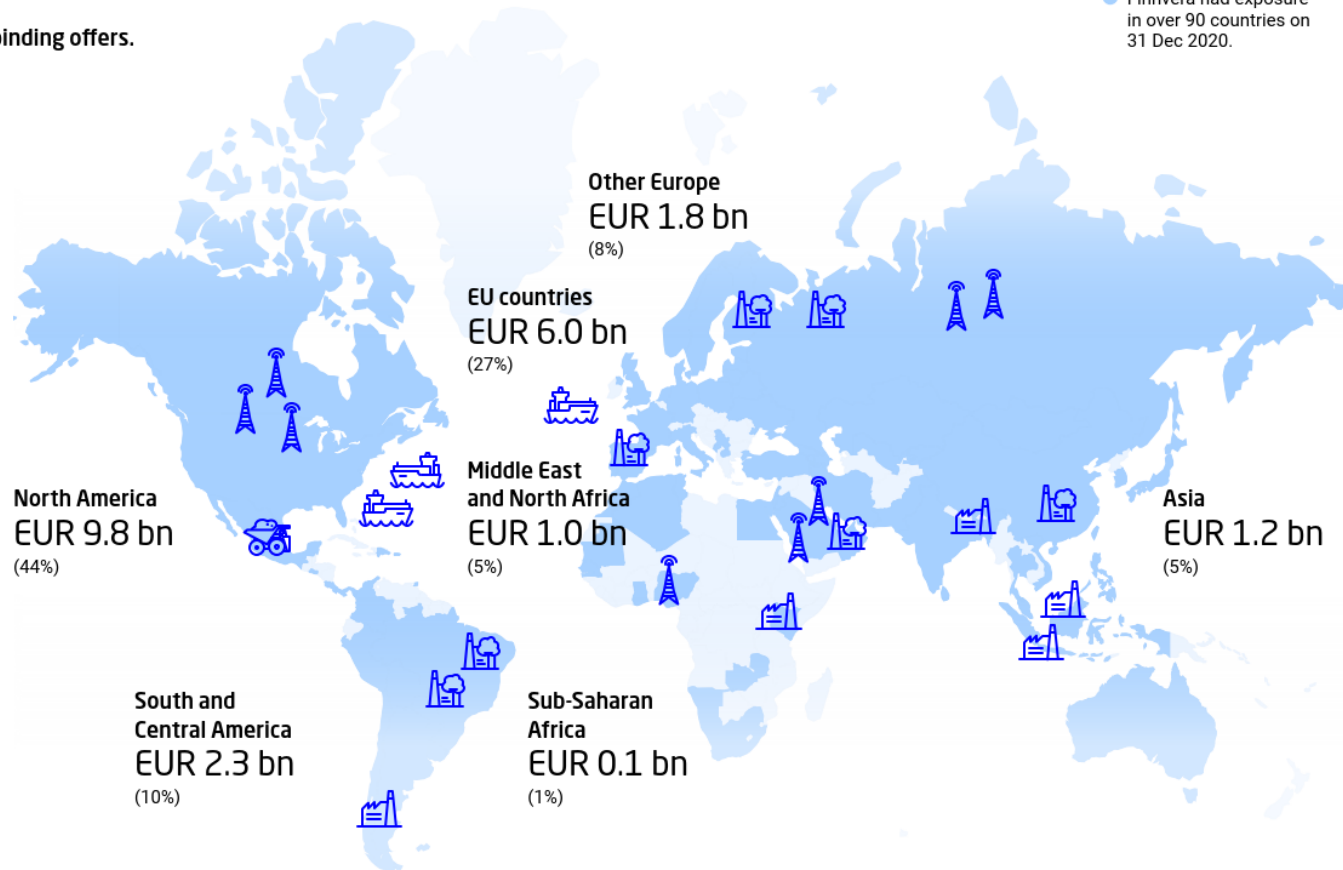


**Energy**  
EUR 0.6 bn  
(3%)



**Mining and metals**  
EUR 0.3 bn  
(1%)

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

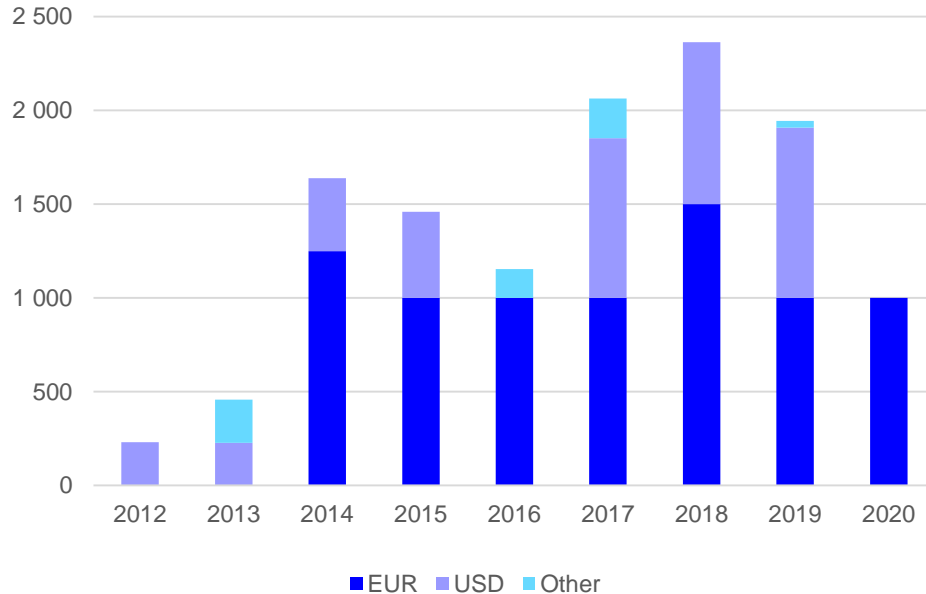


# Funding



# Funding

Annual EMTN funding volume  
(EUR million)

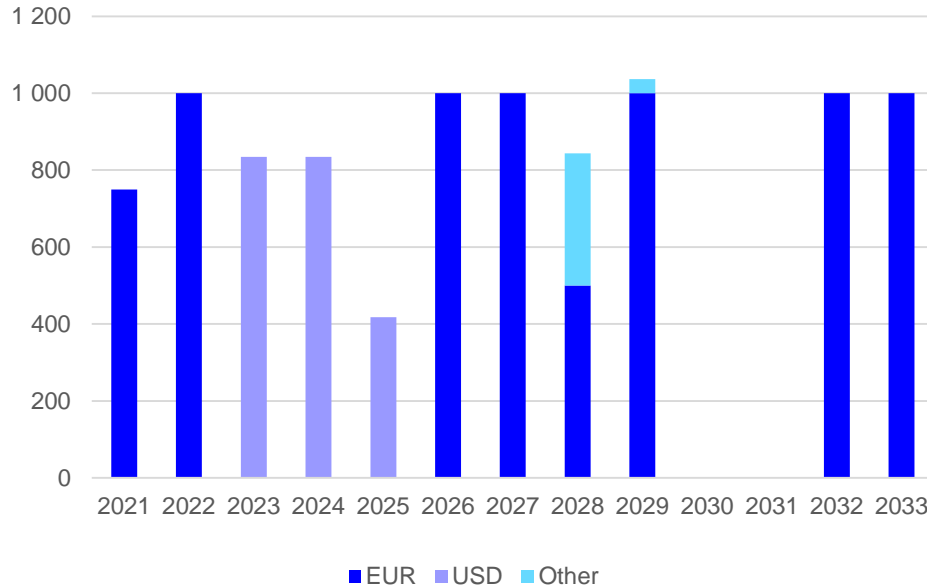


- Funding obtained by issuing debt under the EUR 15 billion EMTN program
- The debt is unconditionally and irrevocably guaranteed by the Republic of Finland
- Finnvera plans to be active in both EUR and USD depending on market conditions
- Funding plan for 2021 is between EUR 1 billion and 1.5 billion



# Funding

## Maturity of EMTN debt (EUR million)

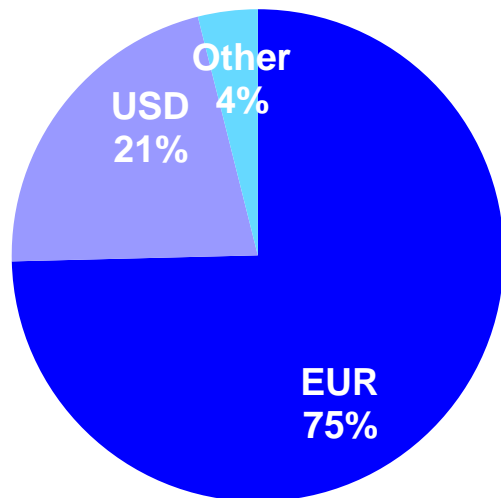


- Objective to maintain well defined secondary market curves in both EUR and USD
- Investor demand and ALM policies also taken into account in selection of currency and maturity
- LCR Level 1, CRR/BIS risk weight 0%, Solvency II 0%
- EUR debt eligible for the Eurosystem's Public Sector Purchase Programme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

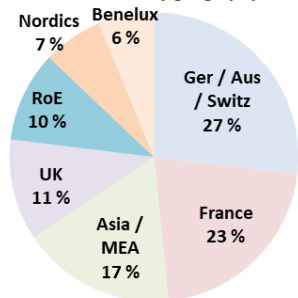
## Outstanding benchmark issues

Issue date	Ccy	Amount (Million)	Maturity date
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
Jun 20, 2018	USD	1 000	Jun 27, 2023
Mar 7, 2018	EUR	1 000	Jul 14, 2033
Sep 27, 2017	USD	1 000	Oct 5, 2020
May 10, 2017	EUR	1 000	May 17, 2032
Apr 6, 2016	EUR	1 000	Apr 13, 2026
Sep 15, 2015	EUR	1 000	Sep 22, 2022
May 28, 2015	USD	500	Jun 4, 2025
Nov 13, 2014	EUR	750	Nov 19, 2021

# Distribution of selected EMTN issues

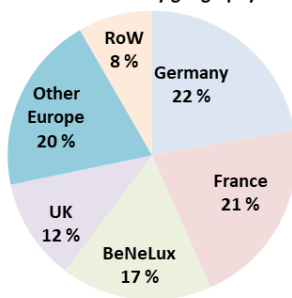
9/2020: 7y EUR 1bn 9/2027  
Order book 2.7bn; Re-offer MS flat

Distribution by geography



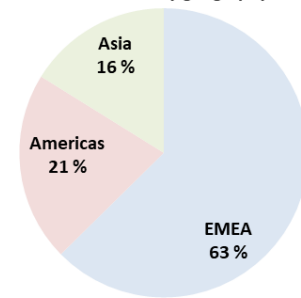
4/2019: 10y EUR 1bn 4/2029  
Order book 2.8bn; Re-offer MS-4

Distribution by geography



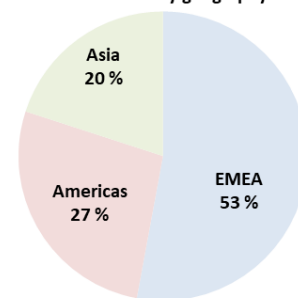
10/2019: 5y USD 1bn 10/2024  
Order book 2.0bn; Re-offer MS+17

Distribution by geography

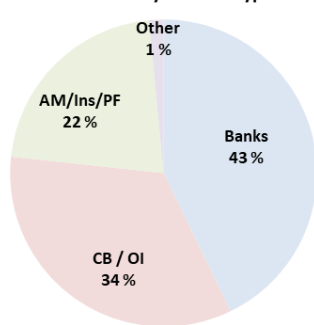


6/2018: 5y USD 1bn 6/2023  
Order book 1.6bn; Re-offer MS+15

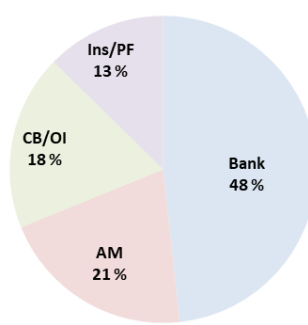
Distribution by geography



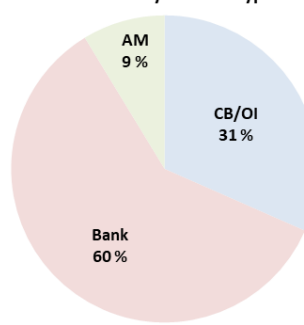
Distribution by investor type



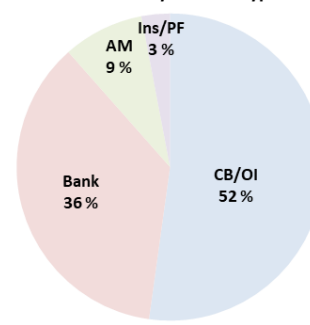
Distribution by investor type



Distribution by investor type



Distribution by investor type



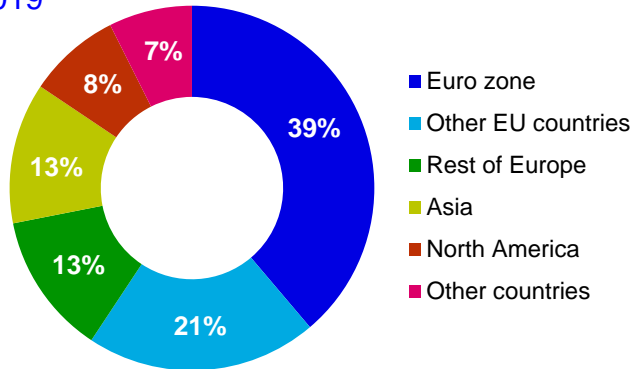
# Appendices



# 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

	2020	2019	2018	2017	2016	2015
<b>Finnvera Group</b>						
Net interest income and net fee and commission income, EUR million	194	182	177	174	194	197
Profit for the period, EUR million	-748	94	98	107	70	111
Total assets, EUR million	12,673	12,665	11,039	10,337	9,498	8,418
Tier 1 capital ratio, domestic operations, %	25.1	29.4	27.2	25.3	22.4	18.1
Tier 1 capital ratio, export credit guarantees, %	1.3	6.9	6.8			
Expense-income ratio, %	26.4	25.4	29.3	27.2	27.0	28.3
Shareholders' equity, EUR million	727	1,463	1,358	1,314	1,207	1,121
- of which non-restricted equity, EUR million	473	1,221	1,126	1,062	955	871
Average number of employees	360	364	372	383	398	404
<b>SMEs and midcaps</b>						
Loans, guarantees and export credit guarantees offered, EUR billion	1.7	1.0	0.9	1.0	1.0	1.1
Outstanding exposure, EUR billion	2.9	2.3	2.3	2.5	2.6	2.7
<b>Large Corporates</b>						
Export credit guarantees and special guarantees offered, EUR billion	2.9	5.2	3.0	7.5	4.2	6.6
Outstanding exposure, EUR billion	22.0	25.2	23.3	22.2	18.1	17.0
<b>Finnvera plc, clients</b>	26,500	24,500	25,700	27,300	27,700	28,400

# 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

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# 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](http://www.finnvera.fi)**.

FINNVERA