

Finnvera Investor Presentation

Finland's Export Credit and
SME Financing Agency

June 2021

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Contents

Finnvera in Brief
Business Review
Funding
Appendices

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

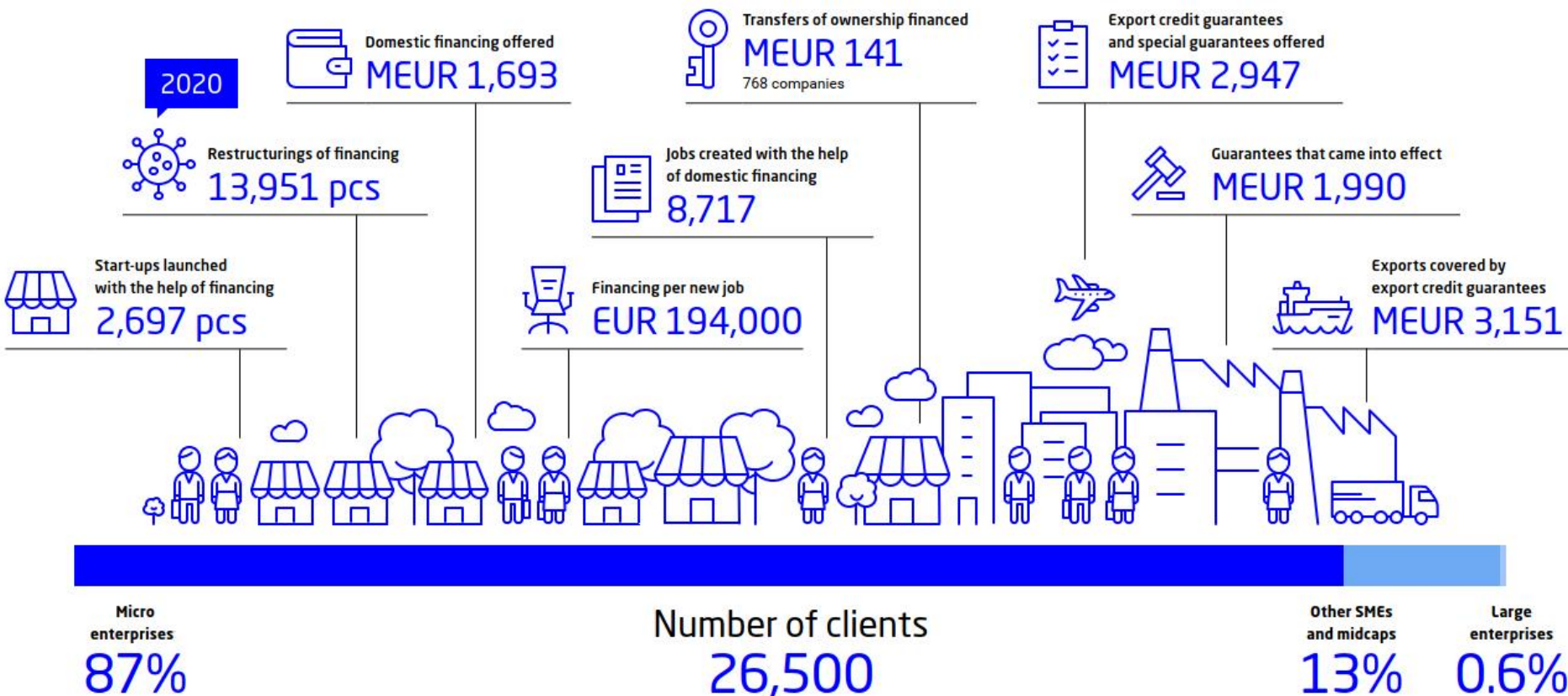
BALANCE SHEET

€12.7
billion

RESULT

€-748
million

Finnvera's role in society



Business Review

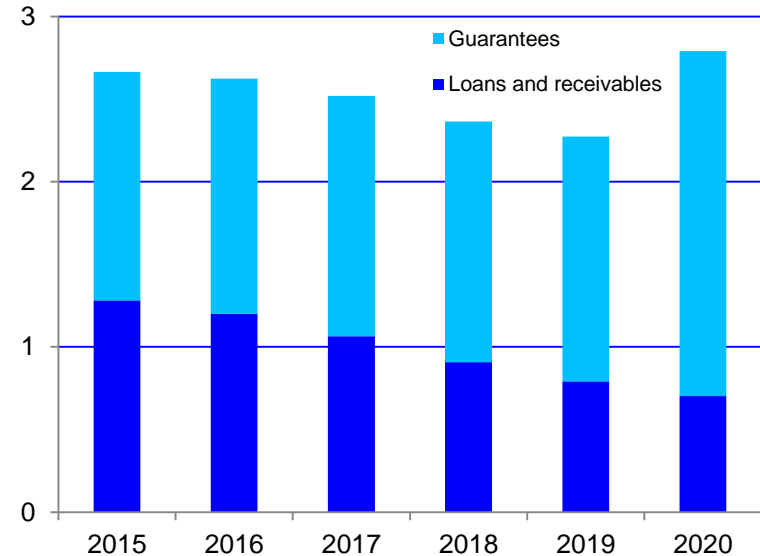


SME and Midcap Financing

- 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

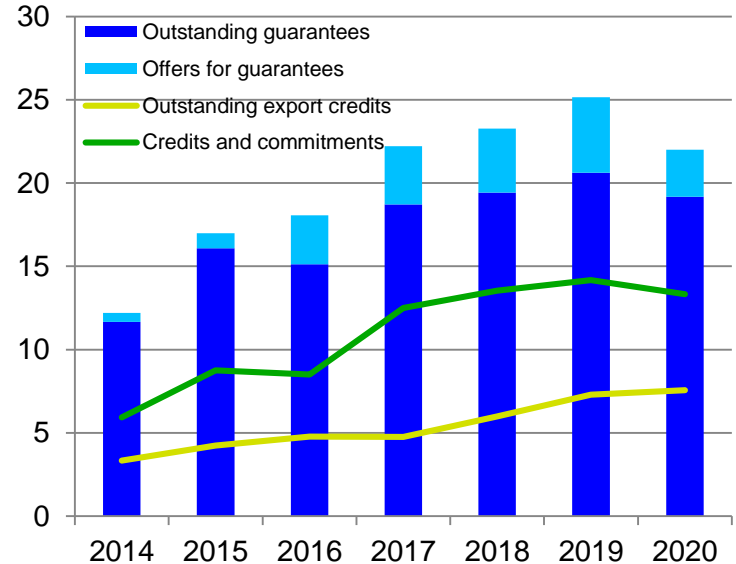


Large Corporates

- 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%)

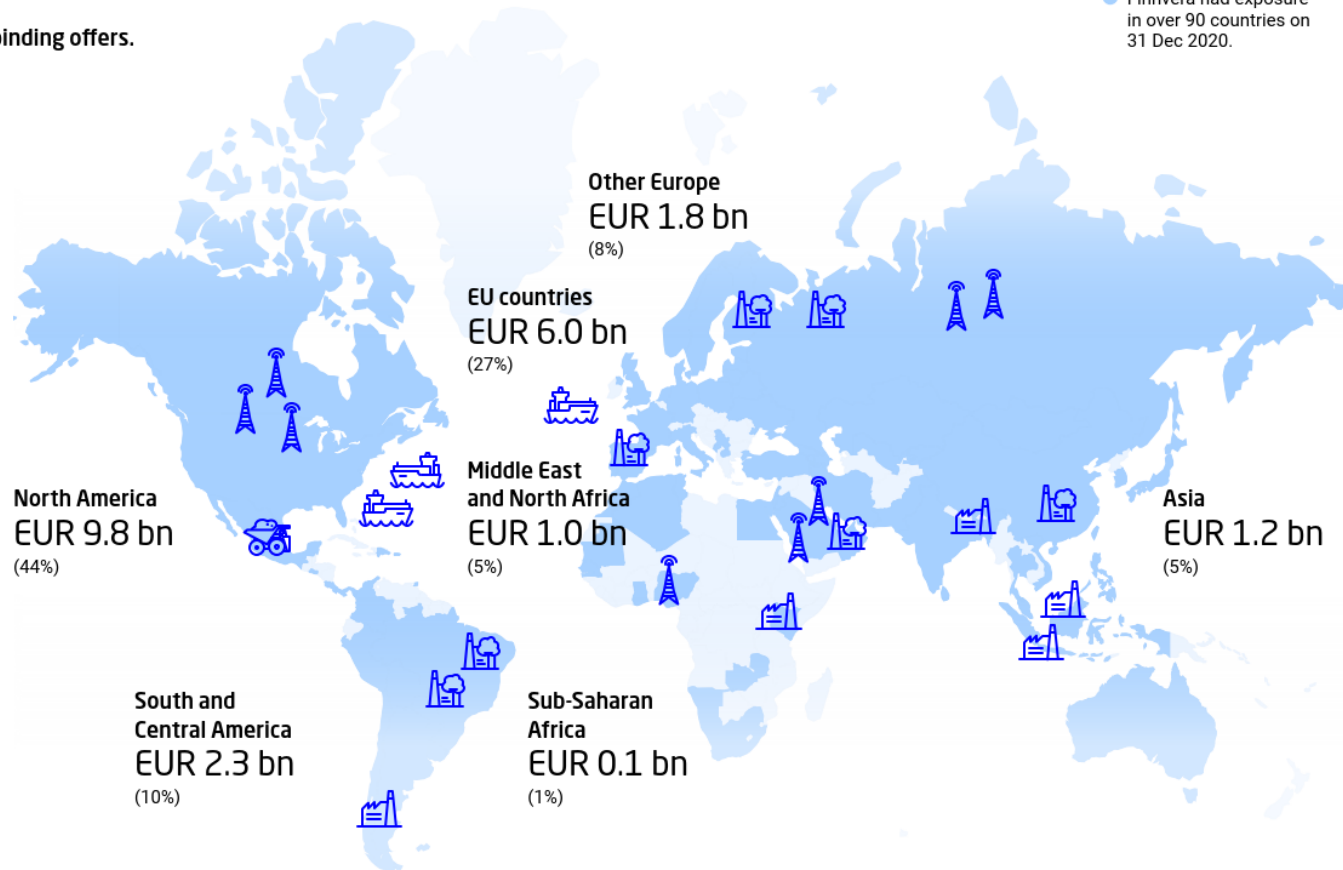


Energy
EUR 0.6 bn
(3%)



Mining and metals
EUR 0.3 bn
(1%)

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

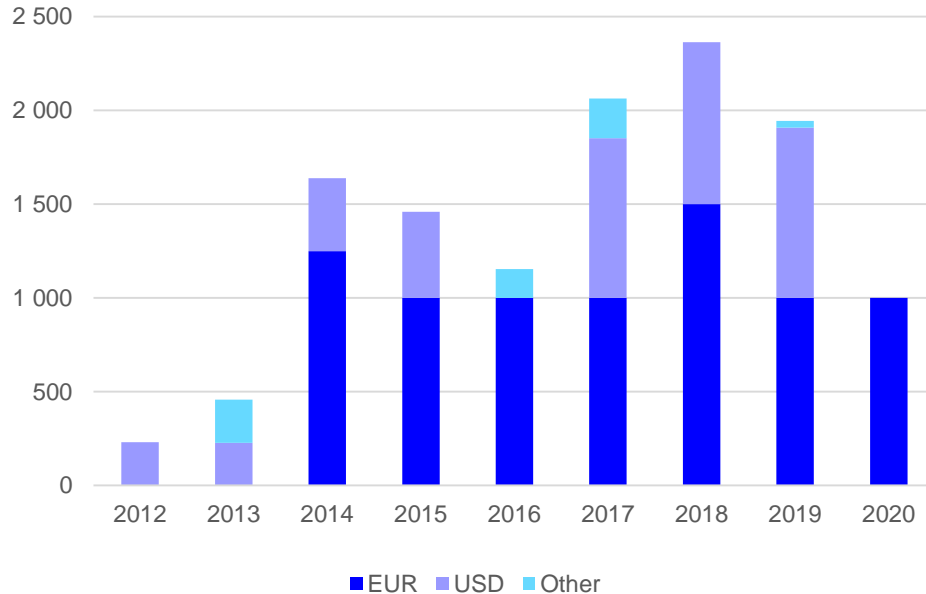


Funding



Funding

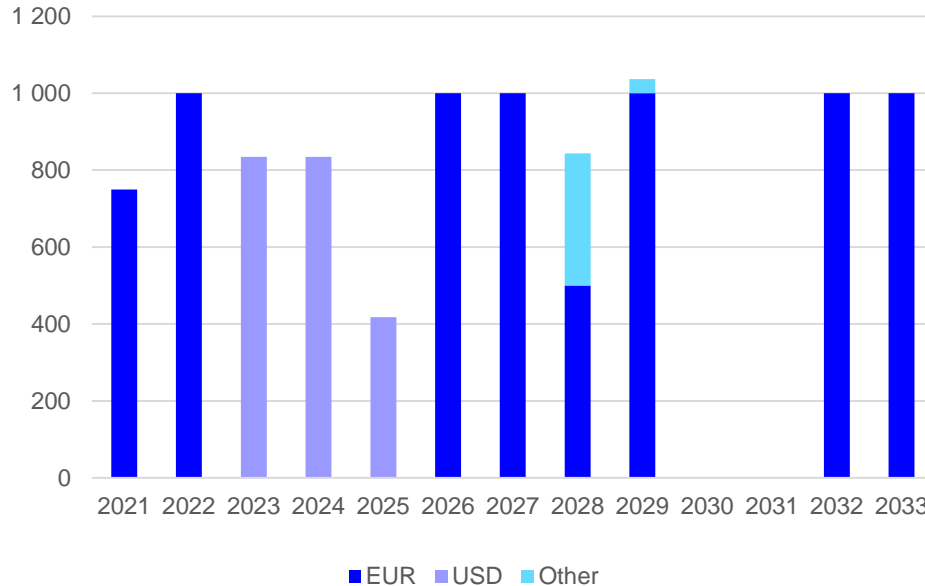
Annual EMTN funding volume
(EUR million)



- 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)

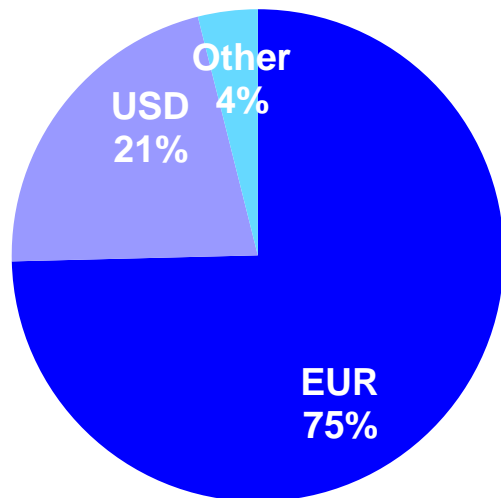


- Objective to maintain well defined secondary market curves in both EUR and USD
- Investor demand and ALM policies also taken into account in selection of currency and maturity
- LCR Level 1, CRR/BIS risk weight 0%, Solvency II 0%
- EUR debt eligible for the Eurosystem's Public Sector Purchase Programme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

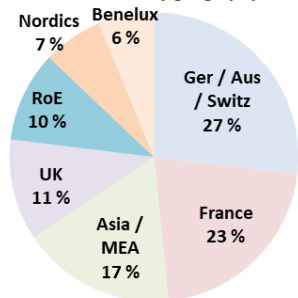
Outstanding benchmark issues

| 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

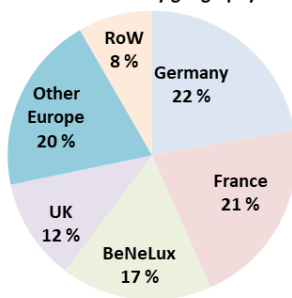
9/2020: 7y EUR 1bn 9/2027
Order book 2.7bn; Re-offer MS flat

Distribution by geography



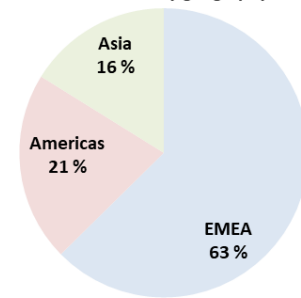
4/2019: 10y EUR 1bn 4/2029
Order book 2.8bn; Re-offer MS-4

Distribution by geography



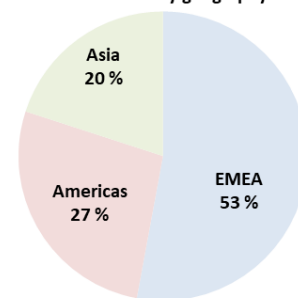
10/2019: 5y USD 1bn 10/2024
Order book 2.0bn; Re-offer MS+17

Distribution by geography

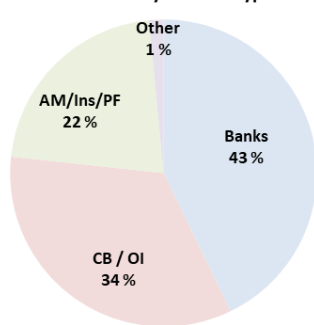


6/2018: 5y USD 1bn 6/2023
Order book 1.6bn; Re-offer MS+15

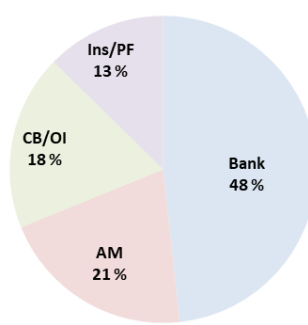
Distribution by geography



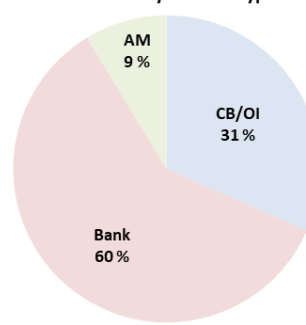
Distribution by investor type



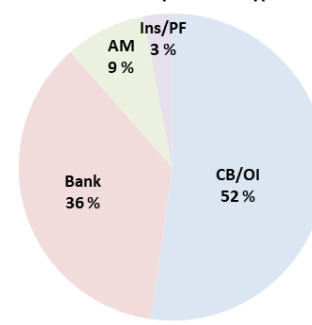
Distribution by investor type



Distribution by investor type



Distribution by investor type



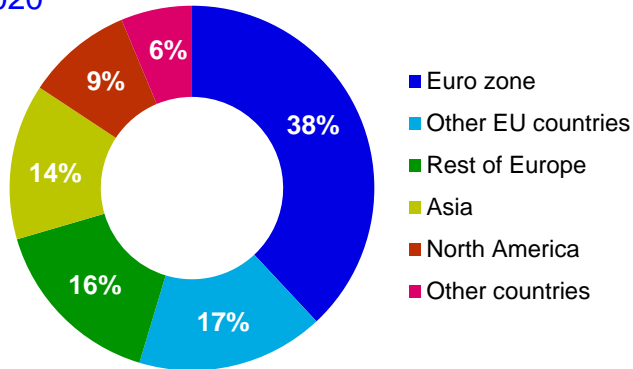
Appendices



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
2020



Source: Finnish Customs

Finland - Main Economic Indicators

| | 2018 | 2019 | 2020 | 2021F | 2022F |
|---|------|------|------|-------|-------|
| GDP at market prices, change in volume, % | 1.3 | 1.3 | -2.8 | 2.6 | 2.5 |
| Employment rate, % | 71.7 | 72.5 | 71.6 | 71.7 | 72.6 |
| Unemployment rate, % | 7.4 | 6.7 | 7.8 | 7.8 | 7.2 |
| General government net lending, % of GDP | -0.9 | -1.0 | -5.4 | -4.7 | -2.9 |
| General government gross debt, % of GDP | 59.7 | 59.5 | 69.2 | 71.6 | 72.4 |

Source: Ministry of Finance: Economic Survey, published in May 2021

Finnvera - Key Figures

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|--------|
| Finnvera Group | | | | | | |
| 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 |
| | | | | | | |
| SMEs and midcaps | | | | | | |
| 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 |
| | | | | | | |
| Large Corporates | | | | | | |
| 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 |
| | | | | | | |
| Finnvera plc, clients | 26,500 | 24,500 | 25,700 | 27,300 | 27,700 | 28,400 |

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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**.

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