

Finnvera Investor Presentation

Finland's Export Credit and
SME Financing Agency

December 2022



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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, SEPTEMBER 2022

LENDING & GUARANTEE COMMITMENTS

Domestic
€2.7
billion

Exports
€23.2
billion

BALANCE SHEET

€12.9
billion

RESULT Q3 (YtD)

(€19)
million

Finnvera's role in society

Domestic financing offered
MEUR 1,724

Transfers of ownership financed
MEUR 174
813 companies

Export credit guarantees
and special guarantees offered
MEUR 4,340

Restructurings of financing
7,264 pcs

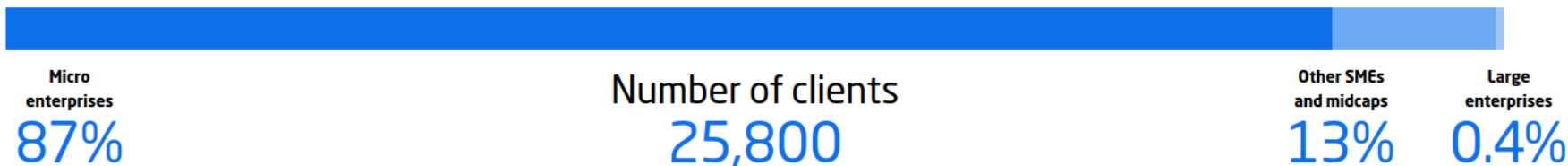
Jobs created with the help
of domestic financing
8,599

Guarantees that came into effect
MEUR 3,338

Start-ups launched
with the help of financing
2,399 pcs

Financing per new job
EUR 200,000

Exports covered by
export credit guarantees
MEUR 2,508



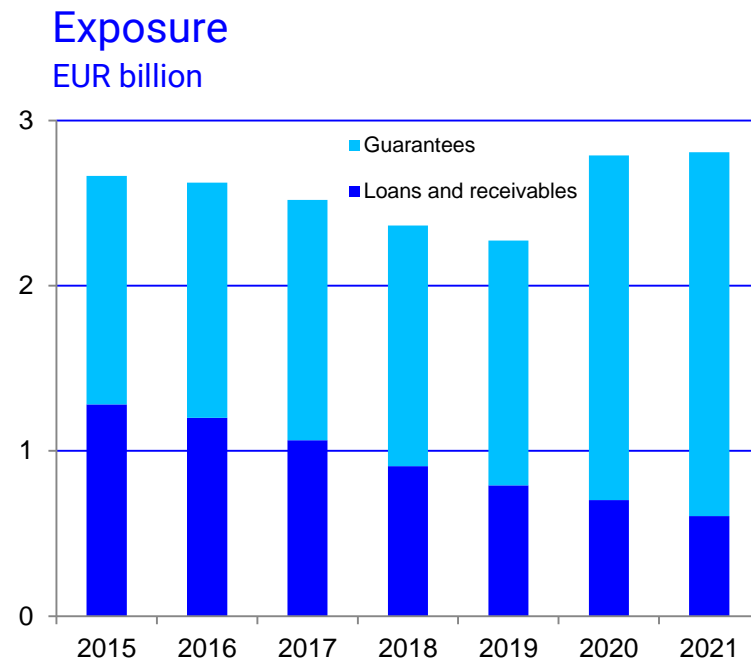
Business Review



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

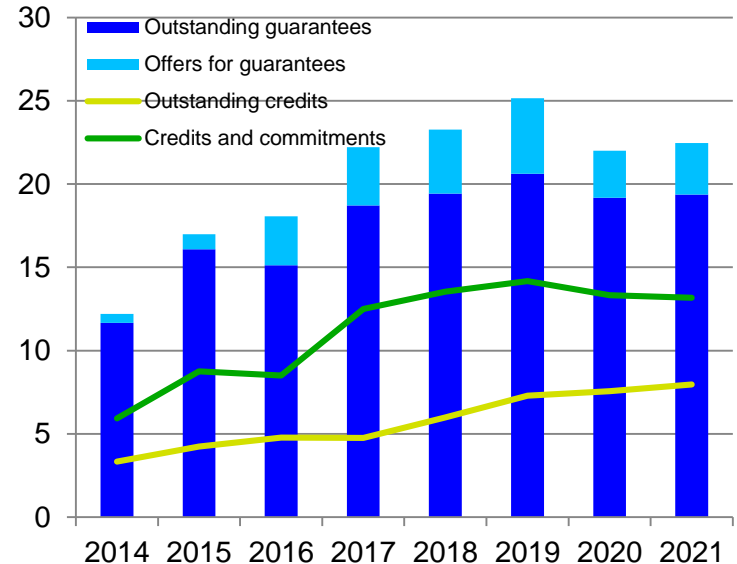
**The State compensation temporarily increased to 80% due to the pandemic.*



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 2021, Finnvera's export credit guarantees amounted to 4% 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 2021

EUR 22.4 billion,
including commitments and binding offers.

Exposure by sector 31 Dec 2021



Cruise shipping
EUR 11.3 bn
(50%)



Pulp and paper
EUR 3.5 bn
(16%)



Telecommunications
EUR 3.3 bn
(15%)

Others*
EUR 2.1 bn
(10%)

Other industries
EUR 0.8 bn
(4%)

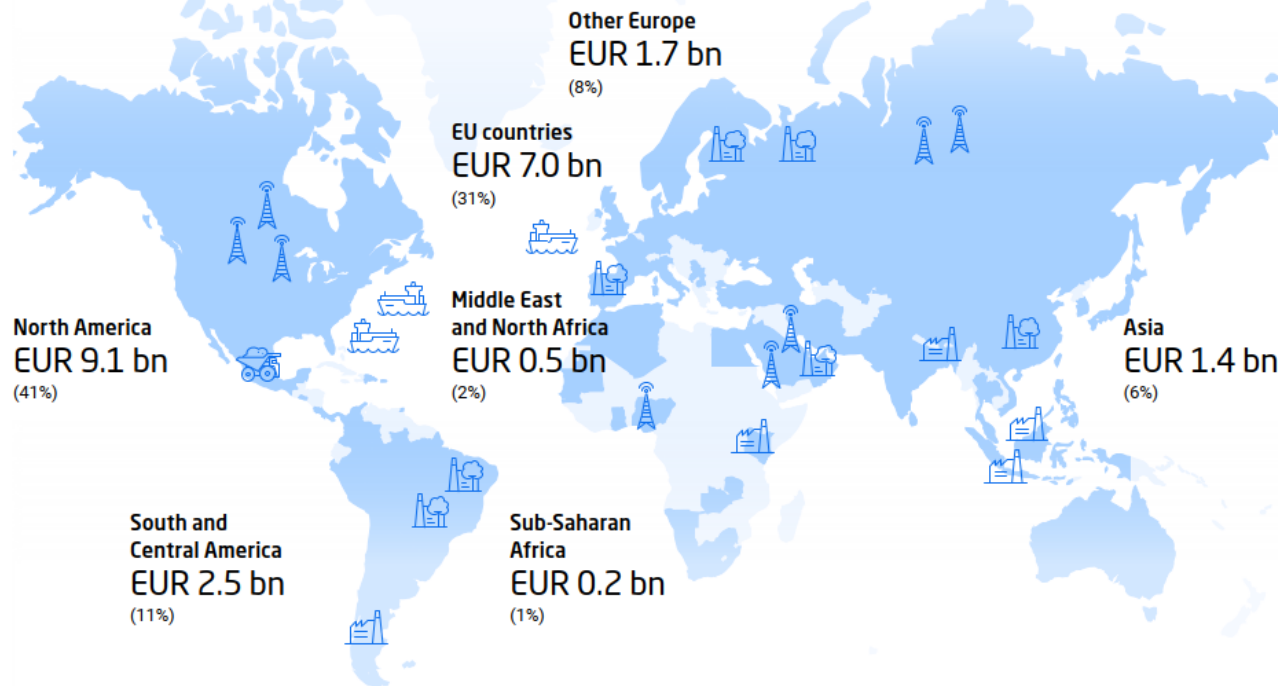


Mining and metals
EUR 0.7 bn
(3%)



Energy
EUR 0.6 bn
(3%)

* Including other risks such as
state and bank risks.



A woman with long dark hair is shown in profile, looking out of a window. She is wearing a light-colored blazer and has a dark bag slung over her shoulder. The scene is dimly lit, with warm light coming from the window, creating a contemplative atmosphere. The background outside the window is blurred, showing what appears to be a cityscape or industrial area.

ESG

 FINNVERA



Sustainability and Corporate Responsibility

- Responsibility and its aspects, climate change, the environmental and social responsibility as well as financial responsibility are the basis of the strategy.
- Finnvera is a responsible financier whose operations are based on risk-based assessment and international standards.
- One of the cornerstones of Finnvera's operations is a long-term self-sustainability, which we ensure through controlled risk-taking
- Finnvera measures its success in economic responsibility by the impacts of financing and by economic sustainability.
- Finnvera promotes business and employment all over Finland.
- Finnvera nurtures a good work atmosphere and develop the corporate culture.
- Finnvera takes care of our personnel's professional competence.

ESG Strategy

Climate change

Efforts to mitigate climate change in particular have been highlighted more strongly than before:

- Finnvera helps companies take advantage of the opportunities that arise from the climate actions
- Finnvera measures and report the climate impact of our own operations
- Finnvera identify the risks of climate change
- Finnvera limits the granting of funding to the most harmful projects
- Finnvera influences the rules of export financing
- Sustainability is one of the strategic competences

Poseidon Principles

- Finnvera has joined the [Poseidon Principles](#) climate alignment agreement regarding the CO2 emissions of Finnveras's ship finance portfolio. Target to reduce shipping's total annual greenhouse gas emissions by at least 50% of 2008 levels by 2050.

Investment framework

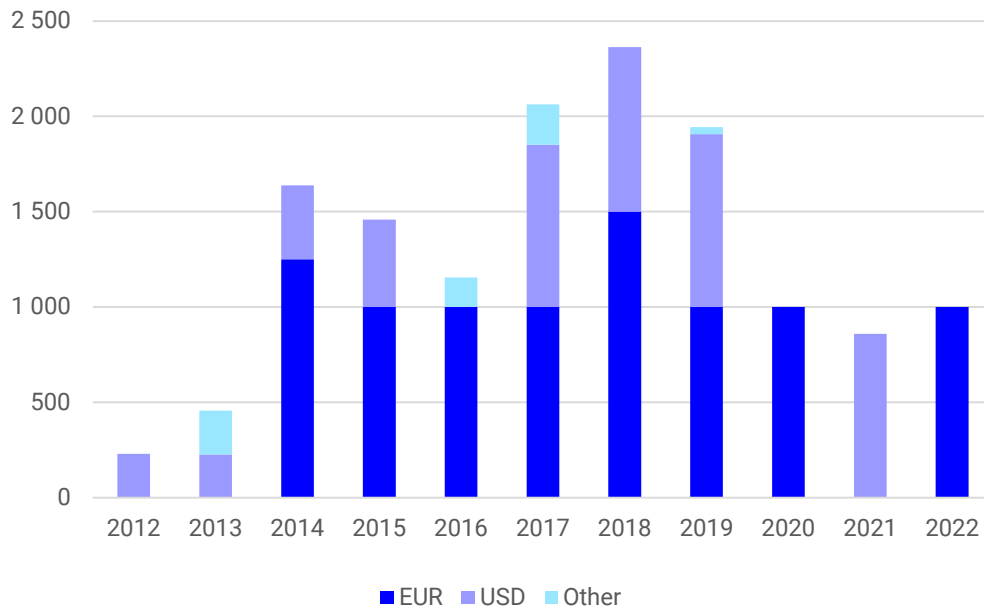
- Finnvera is currently creating a more detailed sustainable investment framework. This framework will determine the preconditions for sustainable and responsible investments and systematically allocate capital to investments that meet these preconditions.

Funding



Long Term Funding

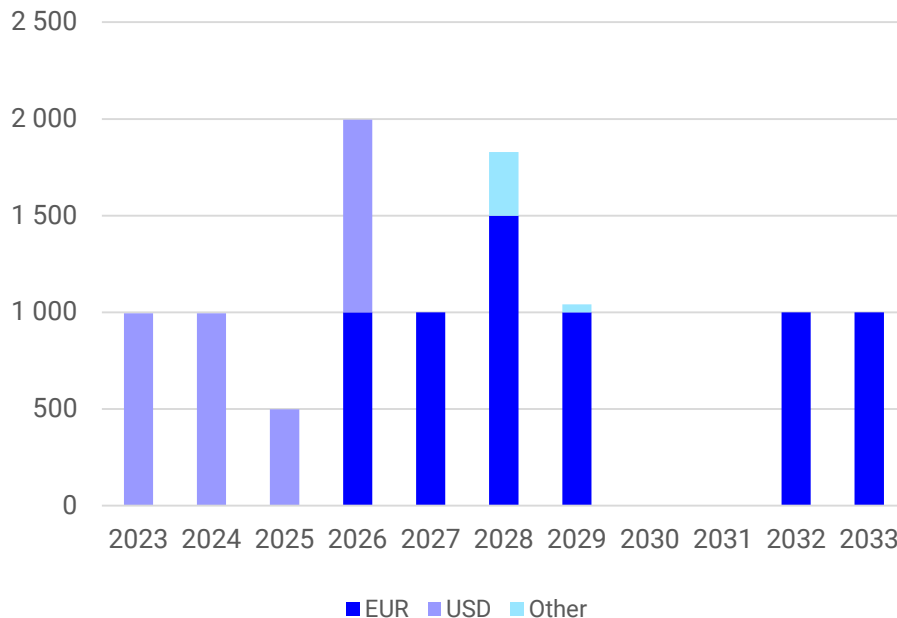
Annual EMTN funding volume
(EUR million)



- 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 2023 is approximately EUR 1-2 billion

Long Term Funding

Maturity of EMTN debt (EUR million)

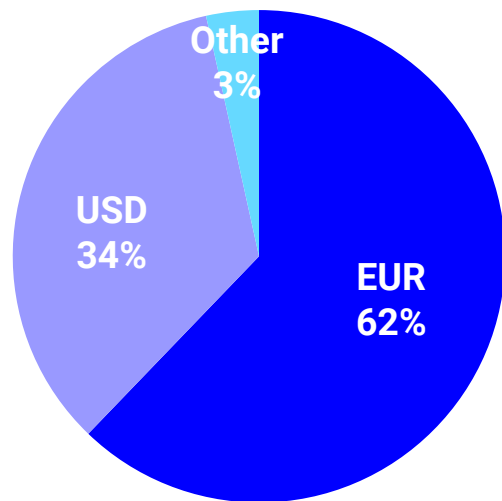


- Objective to maintain well defined secondary market curves in both EUR and USD
- Investor demand and ALM policies also taken into account in selection of currency and maturity
- LCR Level 1, CRR/BIS risk weight 0%, Solvency II 0%
- EUR debt eligible for the Eurosystem's Public Sector Purchase Programme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

Long Term Funding

EMTN debt by currency

Outstanding amount EUR 10.5 billion



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

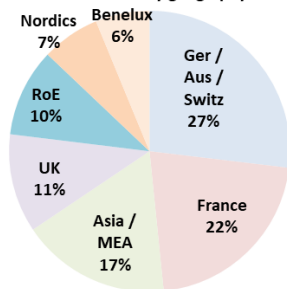
Outstanding benchmark issues

Issue date	Ccy	Amount (Million)	Maturity date
Sep 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
Jun 20, 2018	USD	1,000	Jun 27, 2023
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

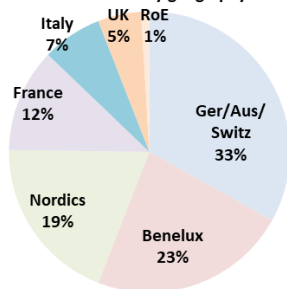
9/2020: 7y EUR 1bn 9/2027
Order book 2.7bn; Re-offer MS flat

Distribution by geography



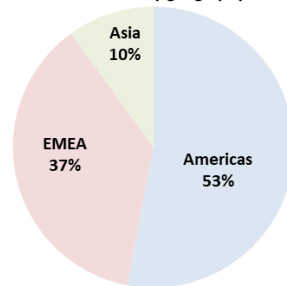
09/2022: long 5y EUR 1bn 3/2028
Order book 4.4bn; Re-offer MS-8

Distribution by geography



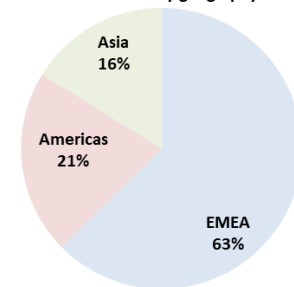
10/2021: 5y USD 1bn 9/2026
Order book 2.2bn; Re-offer SOFR+23

Distribution by geography

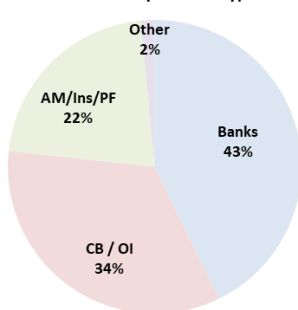


10/2019: 5y USD 1bn 10/2024
Order book 2.0bn; Re-offer MS+17

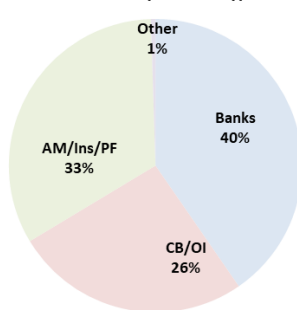
Distribution by geography



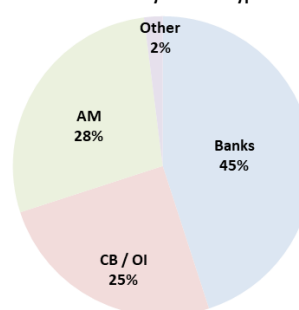
Distribution by investor type



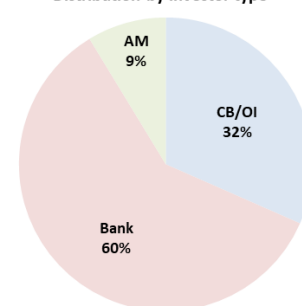
Distribution by investor type



Distribution by investor type



Distribution by investor type

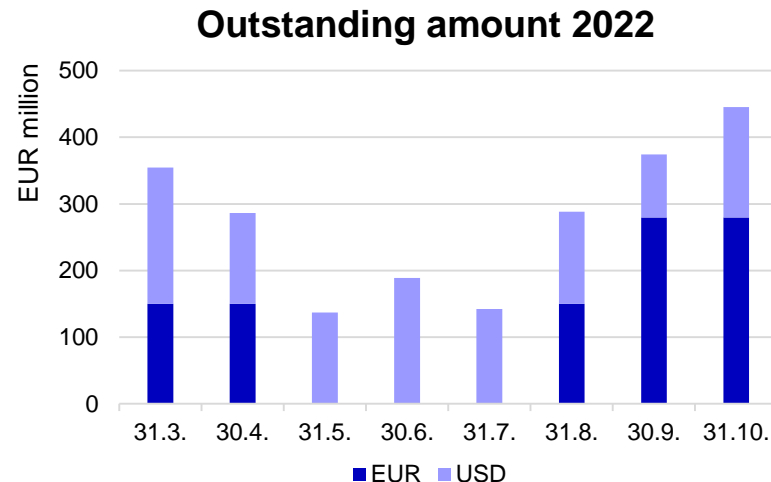


ECP Short Term Funding

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 – 3M

Medium term target for outstanding amount EUR 1 bn



The Economic Outlook of the Finnish Economy



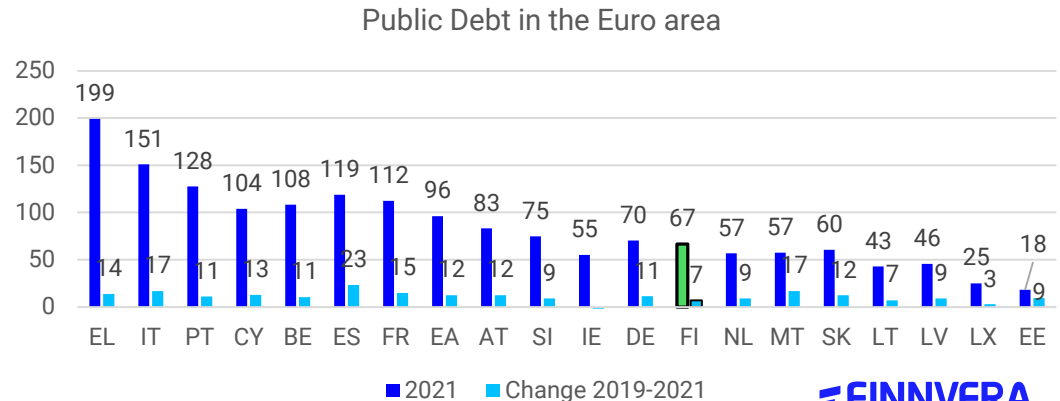
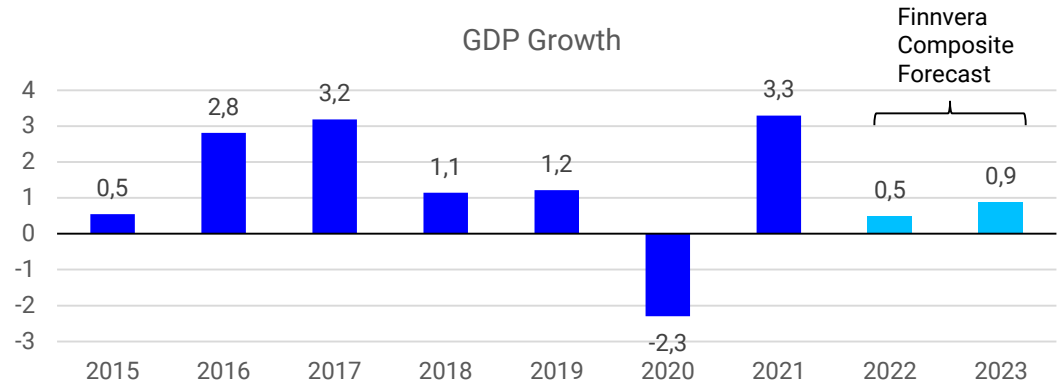
Finland in Numbers

- **Population** 5,6 million
- **Long-term Ratings**
 - Moody's Aa1 (Jul 2022)
 - Fitch AA+ (Apr 2022)
- **GDP per Capita:** \$46,342 (2021)
- **GDP y-o-y** 1% (Jul 2022)
- **Employment Rate** 75,7% (Jul 2022)
- **Export-share of GDP** 41% (2021)



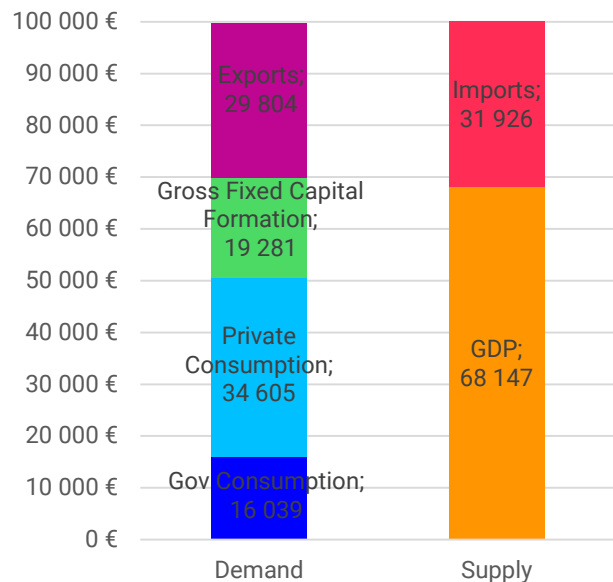
Economic Outlook of Finland (Sep 12th)

- The current economic environment of Finland is stable, although there are risks ahead due to global economic slowdown
- Employment rate is record high
- Public debt is lower than the median in the Euro area
- The direct negative effect on Russian exports/imports has thus far been mitigated



The Finnish Economy

Demand and Supply, 2022Q2, M€



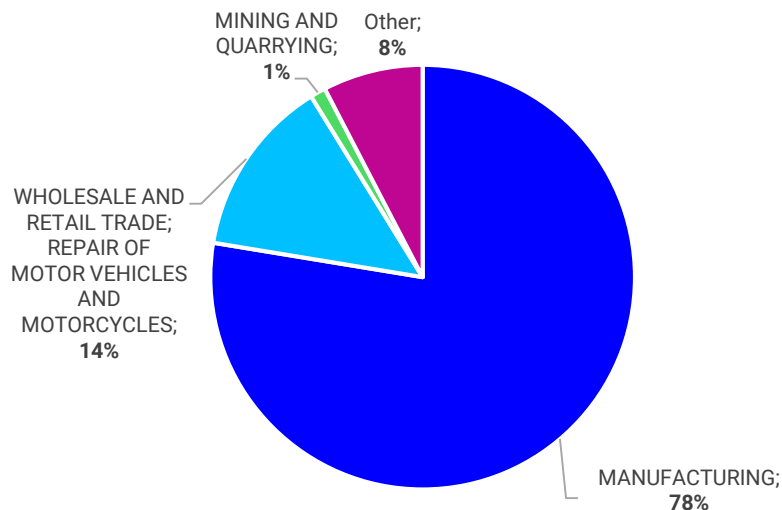
- Exports amount to over 40% of GDP in Finland
- Main trading partners are Germany, Sweden and the US
- The share of trade with Russia has declined for a long time and continues on a declining path

Main trading partners, share of total goods exports, %

	May 2019	May 2022
Germany	15.1	12.6
Sweden	10.7	10.8
The US	7.2	9.3
The Netherlands	6.5	7.8
The UK	3.6	5.6
Russia	6.8	2.5
China	5.2	4.5

Finnish Exports

Main Exporting Industries (goods)

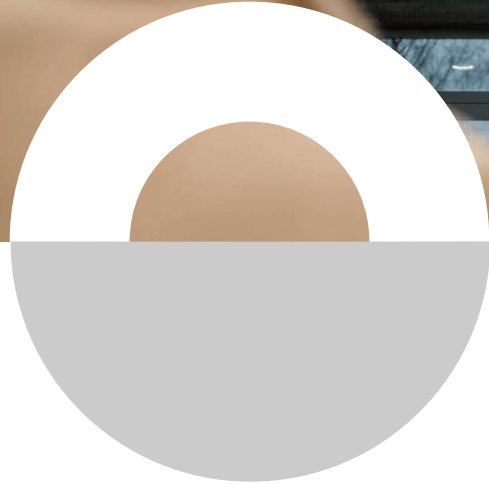


Largest exporting categories (CN2), 12M sum

Category	M€	Share
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	9 059	12%
MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	7 139	9%
PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	6 816	9%
IRON AND STEEL	6 246	8%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	5 802	8%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF	5 176	7%
WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	4 361	6%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	3 065	4%
PLASTICS AND ARTICLES THEREOF	2 930	4%
PULP OF WOOD OR OF OTHER FIBROUS CELLULOSIC MATERIAL; RECOVERED (WASTE AND SCRAP) PAPER OR PAPERBOARD	2 512	3%
Total	76 749	69%



Thank you!



 **FINNVERA**

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.