



Finnvera Investor Presentation

Finland's Export Credit and
SME Financing Agency

November 2024



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Contents

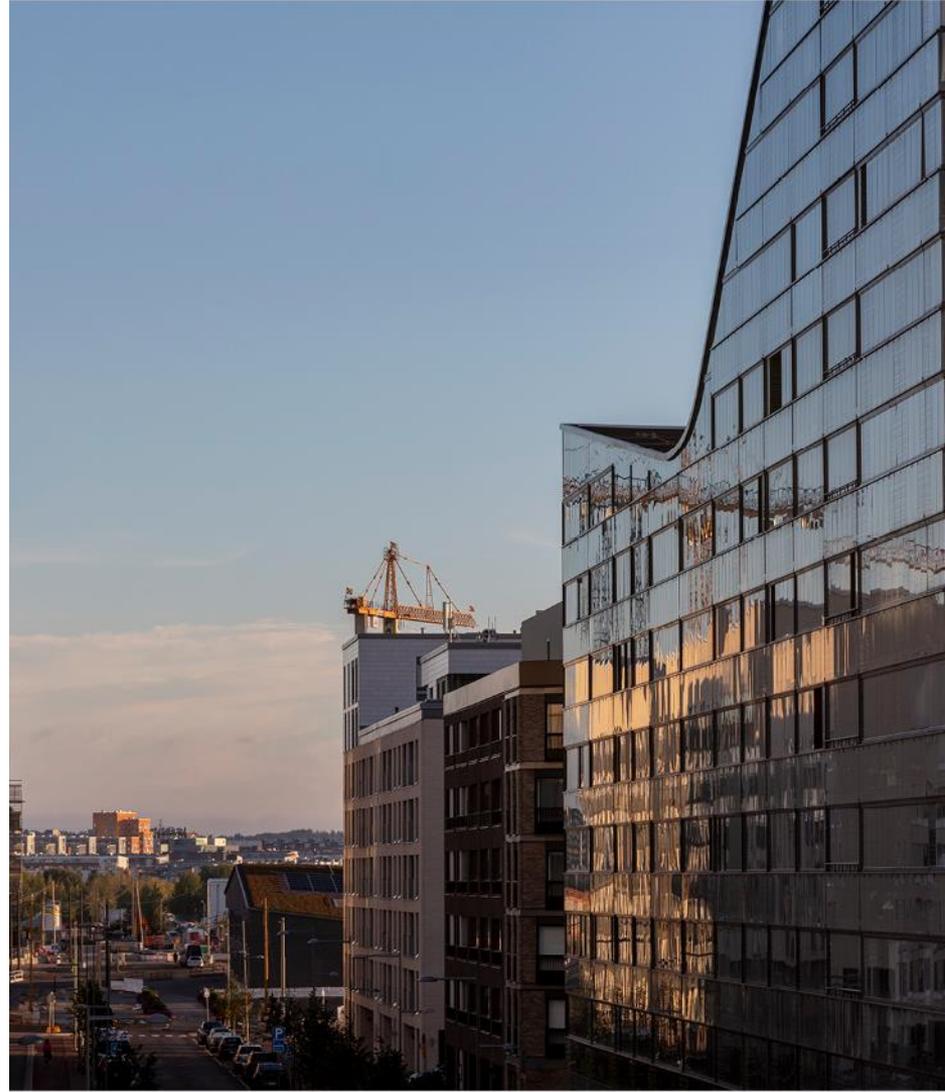
Finnvera in Brief
Business Review
ESG
Funding
Appendices



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'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 is:**
 - The official Export Credit Agency (ECA) of Finland
 - The State-backed financier of Finland's SME sector



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 2024

LENDING & GUARANTEE COMMITMENTS

Domestic
€3.0
billion

Exports
€22.8
billion

BALANCE SHEET

€15.4
billion

RESULT Q1-Q3

€182
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)



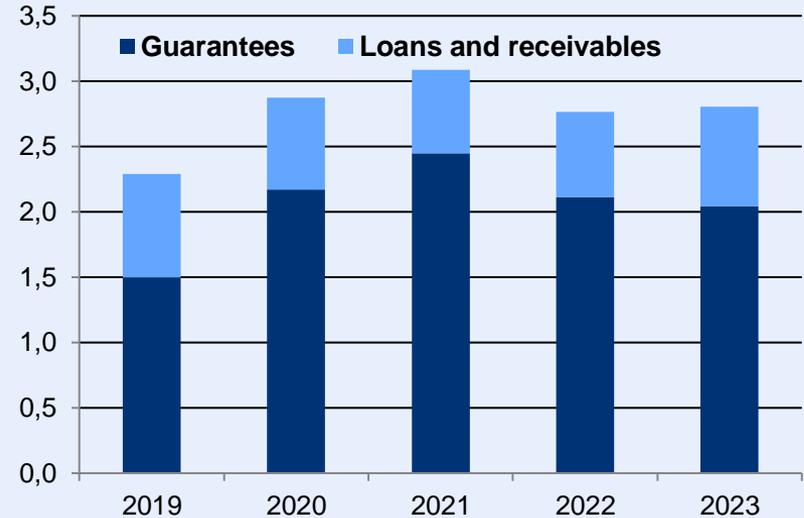


Business Review

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.

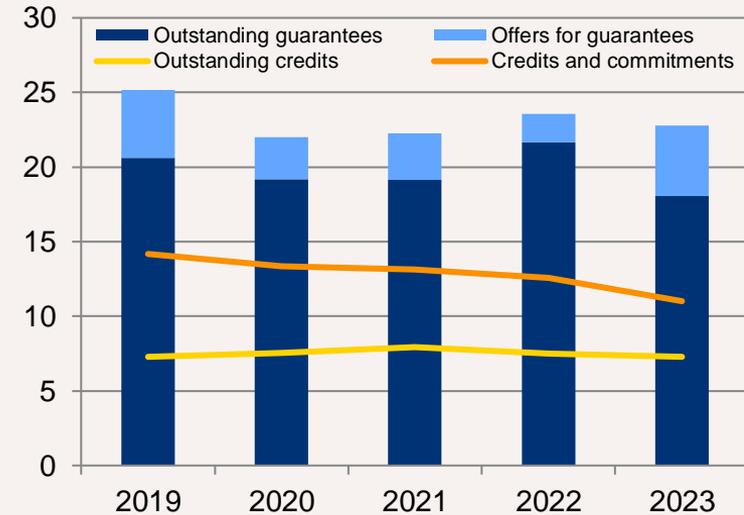
Exposure, EUR bn



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 bn



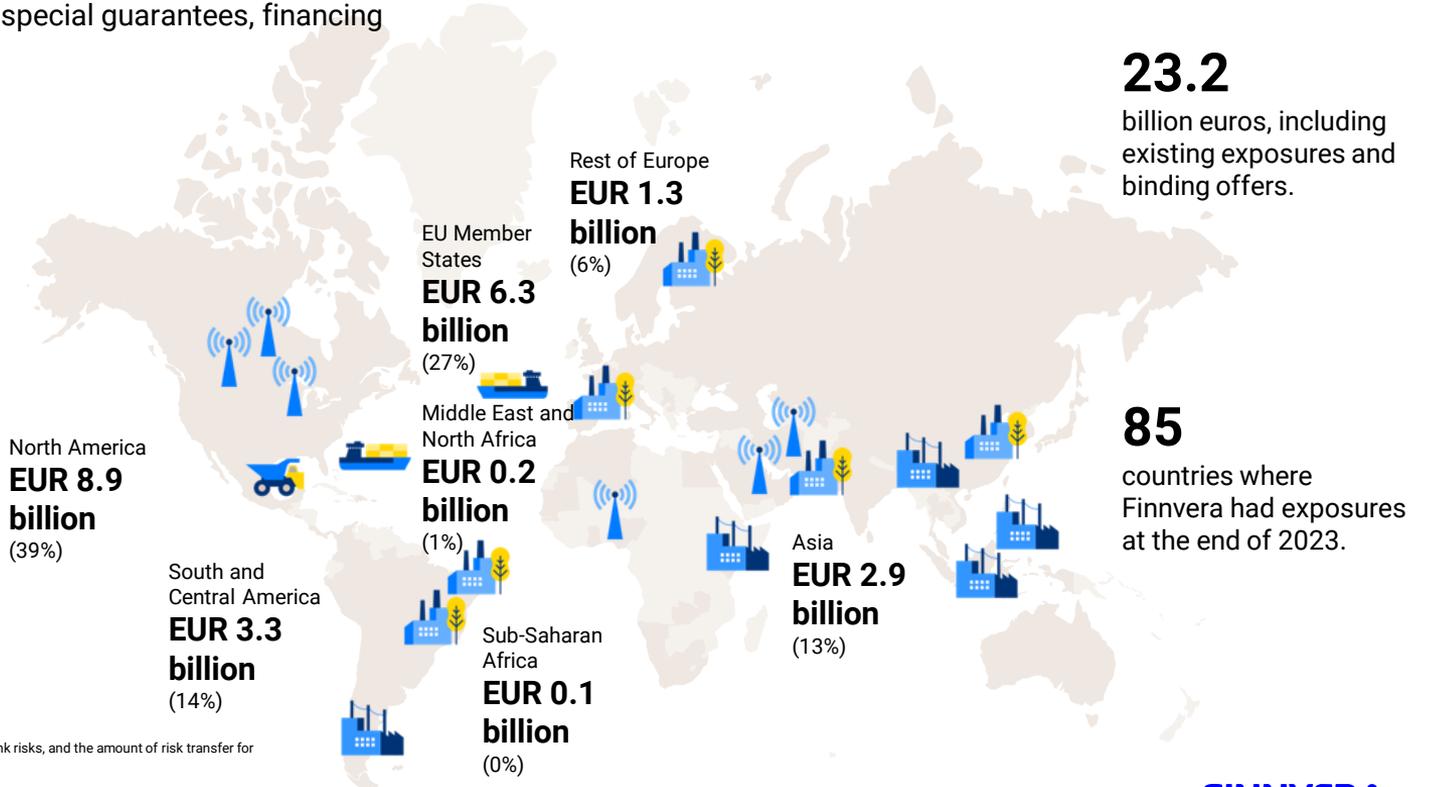
Finnvera as a provider of export financing

Total export credit and special guarantees, financing

Responsibilities by sector 31 Dec 2023

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

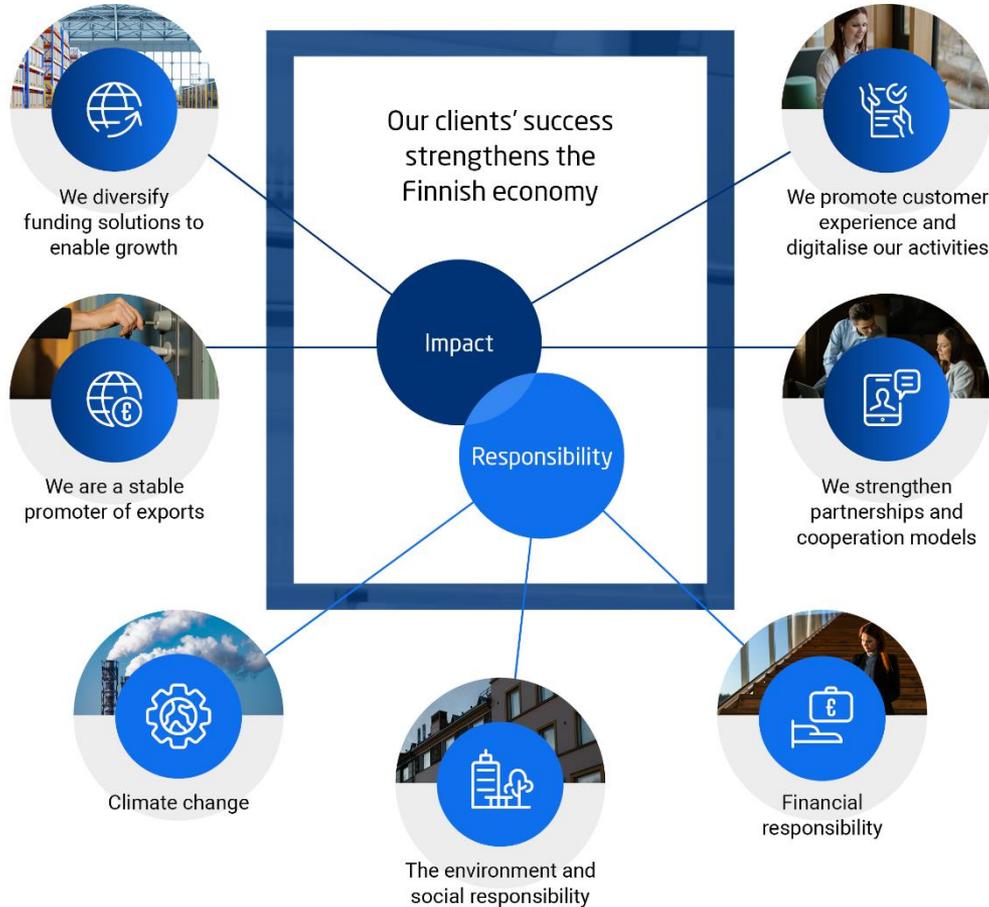
*Contains other risks, such as government and bank risks, and the amount of risk transfer for reinsurance.



23.2
billion euros, including existing exposures and binding offers.

85
countries where Finnvera had exposures at the end of 2023.

ESG



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

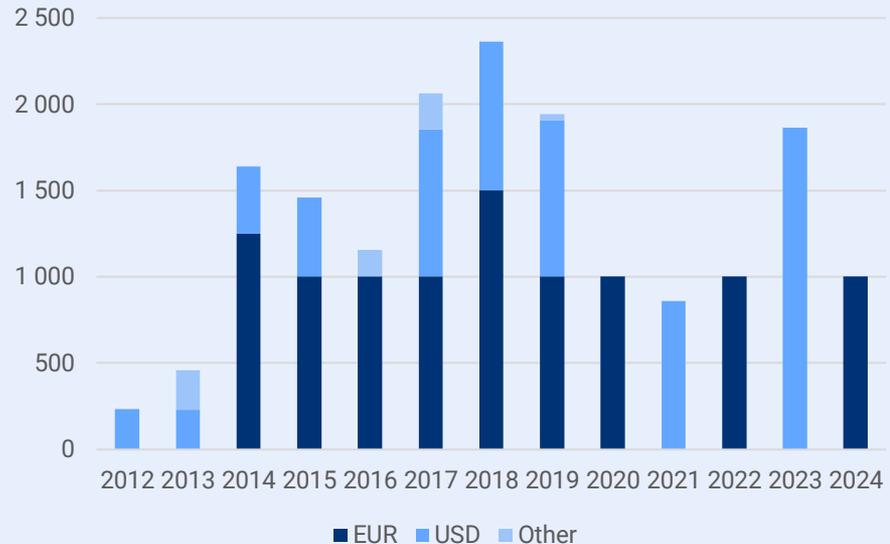
- Trainings on the new climate target, criteria and incentives
- FIBS membership and trainings continue

Funding

Long Term Funding

- 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
 - EUR 1 billion completed in May
 - Next issue will likely be in 2025

Annual EMTN funding volume, (EUR million)



Long Term Funding

- 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).

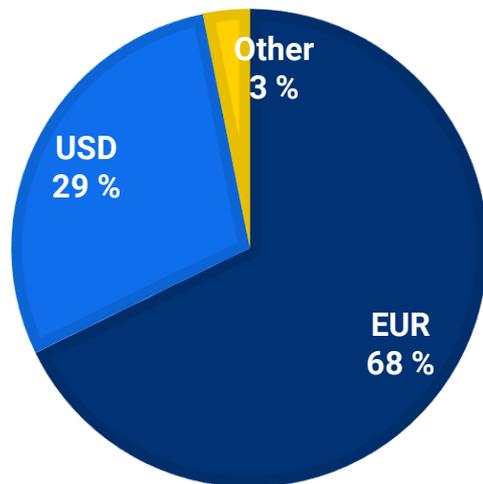
Maturity of EMTN debt, (EUR million)



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

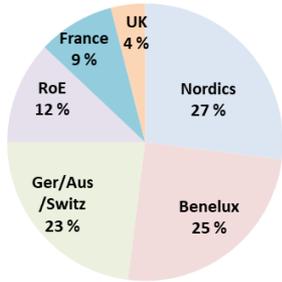
Issue date	Currency	Amount (Million)	Maturity date
May 22, 2024	EUR	1,000	Aug 30, 2029
Oct 18, 2023	USD	1,000	Mar 17, 2027
Jun 8, 2023	USD	1,000	Jun 15, 2028
Sep 1, 2022	EUR	1,000	Mar 8, 2028
Oct 20, 2021	USD	1,000	Oct 27, 2026
Sep 8, 2020	EUR	1,000	Sep 15, 2027
Apr 2, 2019	EUR	1,000	Apr 9, 2029
Oct 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

05/2024: long 5y EUR 1bn 8/2029

Order book 2.5bn; Re-offer MS+8

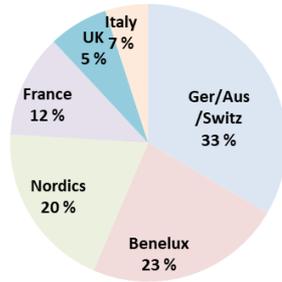
Distribution by geography



09/2022: long 5y EUR 1bn 3/2028

Order book 4.4bn; Re-offer MS-8

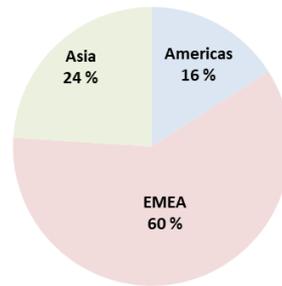
Distribution by geography



10/2023: 3y USD 1bn 3/2027

Order book 1.6bn; Re-offer SOFR+42

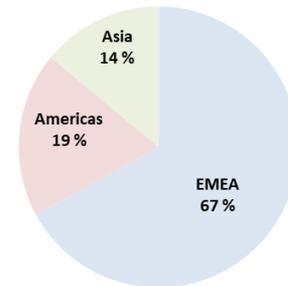
Distribution by geography



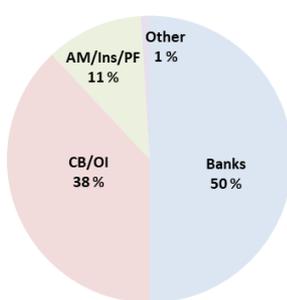
6/2023: 5y USD 1bn 6/2028

Order book 1.4bn; Re-offer SOFR+47

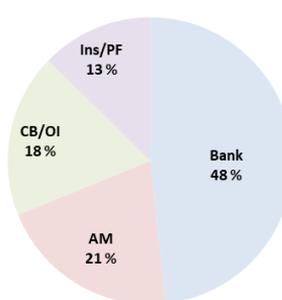
Distribution by geography



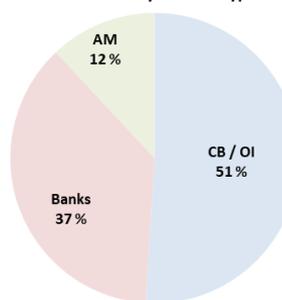
Distribution by investor type



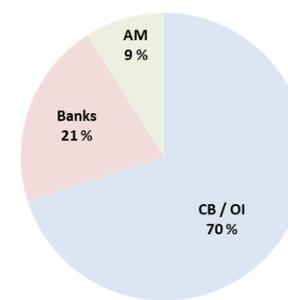
Distribution by investor type



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 – 6M

Medium term target for outstanding amount approximately EUR 1 billion



A large blue and white cargo ship is docked at a pier. The ship has "Finbo Cargo" written on its side. In the foreground, thick, light-colored ropes are visible, attached to the ship. The background shows a body of water and a distant shoreline under a blue sky with white clouds.

The Economic Outlook of the Finnish Economy

Finland in Numbers



Population 2023
5 603 851

Live births 2023
43 383



Deaths 2023
61 339



Population density 1 Jan 2024

18.4
inhabitants per km²



Size of household-dwelling units 2023

1 person
47%

2 persons
32%

3+ persons
21%

Enterprises having received business subsidies 2023

18 889



Industrial structure 2023
share of the employed

Services and administration
74%



Industry and construction
21%



Agriculture and forestry
4%



Total earnings of wage and salary earners 2022

Men
3 753

Women
3 136
euro per month median



GDP 2023 preliminary data

49 777

euro per inhabitant



Central government debt 2023

27 803

euro per inhabitant



Enterprises, 2022

Industry	Enterprises	%	Personnel ¹⁾ Thousand	Turnover € million
Agriculture, forestry and fishing	128 011	22.4	44	3 285
Manufacturing	28 434	5.0	308	176 687
Construction	56 140	9.8	162	45 872
Wholesale and retail trade ²⁾	55 051	9.6	226	139 835
Transportation and storage	23 695	4.1	108	25 119
Accommodation and food service activities	16 069	2.8	54	7 603
Information and communication	20 986	3.7	102	26 992
Financial and insurance activities	15 836	2.8	43	32 860
Real estate activities	42 862	7.5	20	13 455
Professional, scientific and technical activities	68 216	11.9	116	19 726
Administrative and support service activities	24 409	4.3	144	15 452
Human health and social work	26 377	4.6	99	10 617
Other service activities	32 047	5.6	21	2 064
Other industries	33 609	5.9	51	36 386
Total	571 742	100	1 498	555 953
Size category of personnel				
0-4	533 811	93.4	219	68 271
5-9	17 728	3.1	115	30 092
10-19	10 021	1.8	134	35 904
20-49	6 380	1.1	191	55 893
50-99	2 106	0.4	146	53 748
100-249	1 027	0.2	156	58 783
250-499	369	0.1	126	46 679
500-999	176	0.0	124	47 950
1 000-	124	0.0	286	158 633
Total	571 742	100	1 498	555 953

¹⁾ Staff-years

²⁾ Incl. repair of motor vehicles and motorcycles

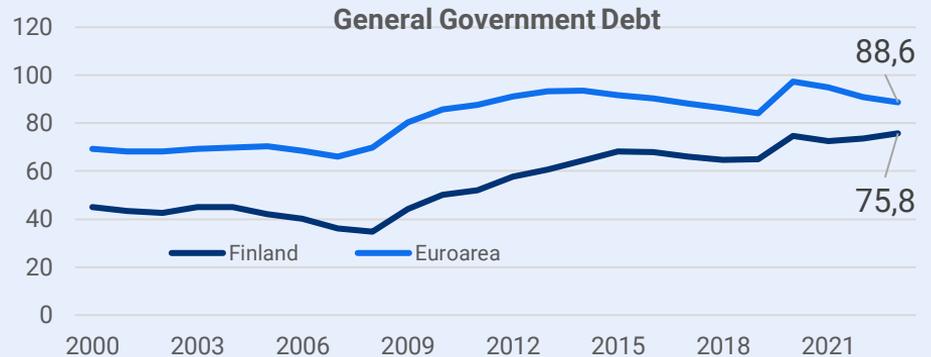
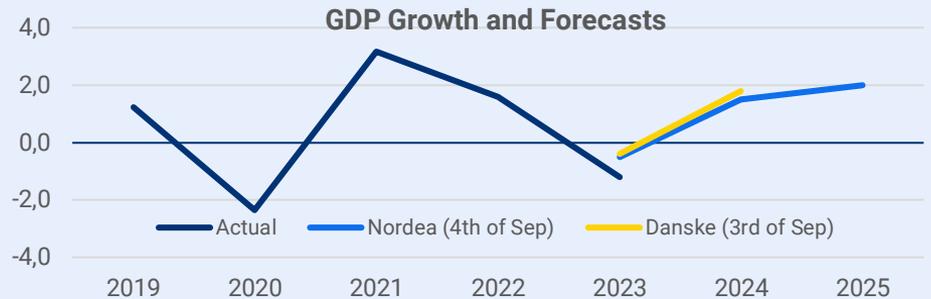
Source: [Statistics Finland](https://www.stat.fi)

Source: [Statistics Finland](https://www.stat.fi), [State Treasury](https://www.rahoituslaitos.fi)

Source: [Statistics Finland](https://www.stat.fi), [structural business and financial statement statistics](https://www.stat.fi)

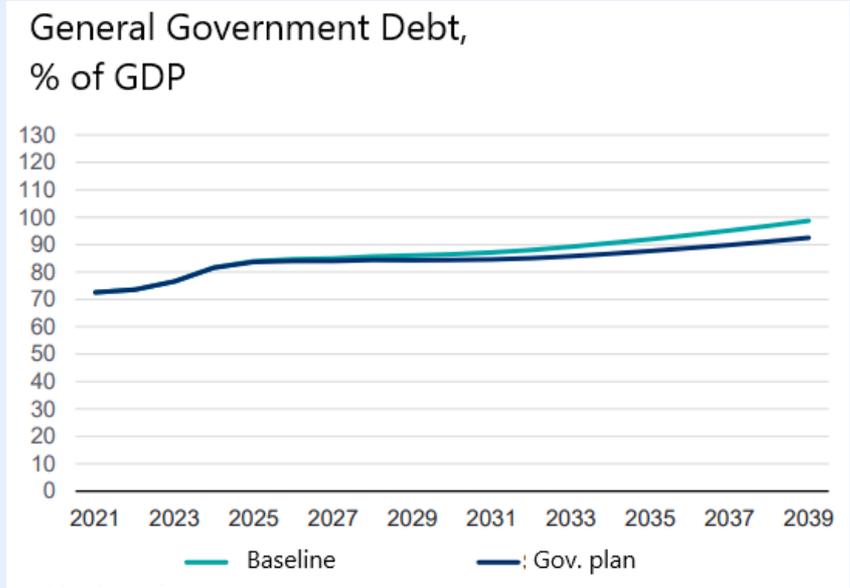
Economic Outlook of Finland (1st of Feb)

- Economic growth slowed in 2023 and was sluggish in H12024.
 - Q/Q GDP is already growing, and the worst is behind us
- Transmission of monetary policy is fast in Finland due to widely used variable interest rates (usually Euribor rates).
- Labor market is still ok, although unemployment has increased a bit
- Public debt is higher than in other Nordics, but lower than Euro area average.
- The direct negative effect on Russian exports/imports has been mitigated.



More on Public Finances

- Government goal is to stabilize the general government debt by 2027
- The government program outlined €4 billion in spending cuts and €2 billion in structural measures to strengthen public finances, particularly by increasing employment
- Additionally, in the spring of 2024, a set of measures was decided that will strengthen public finances by approximately €3 billion
- Thus, the government aims to strengthen public finances by a total of €9 billion



Finnish Exports and Economy

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

Biggest import and export countries, 2023*

Imports by country of origin, exports by country of destination

Import country	€ million	%	Export country	€ million	%
Germany	10 874	14.2	United States	8 469	11.1
Sweden	8 702	11.4	Sweden	8 132	10.7
China	6 917	9.0	Germany	8 010	10.5
Norway	5 934	7.8	Netherlands	6 263	8.2
United States	4 154	5.4	China	3 557	4.7
Netherlands	4 027	5.3	Estonia	2 801	3.7
Poland	2 819	3.7	Poland	2 622	3.4
Estonia	2 721	3.6	Great Britain	2 560	3.4
Italy	2 290	3.0	France	2 523	3.3
France	2 010	2.6	Belgium	2 497	3.3
Other countries	26 062	34.0	Other countries	28 811	37.7
Total	76 508	100	Total	76 245	100

Imports and exports by product category

	2022 € million	2023* € million	2023* %
Total imports	92 469	76 508	100
Chemical industry products	18 236	14 075	18.4
Electrical and electronics industry products	12 658	12 043	15.7
Products from mining and quarrying	13 130	9 961	13.0
Transport equipment	8 562	8 696	11.4
Metal and metal products	10 378	7 497	9.8
Other	29 506	24 235	31.7
Total exports	81 885	76 245	100
Chemical industry products	17 718	15 272	20.0
Metal and metal products	14 495	12 974	17.0
Forest industry products	14 546	11 913	15.6
Machinery and equipment	10 158	11 246	14.8
Electrical and electronics industry products	9 583	9 835	12.9
Other	15 384	15 006	19.7
Trade balance	-10 585	-263	

Source: [Finnish Customs](#)

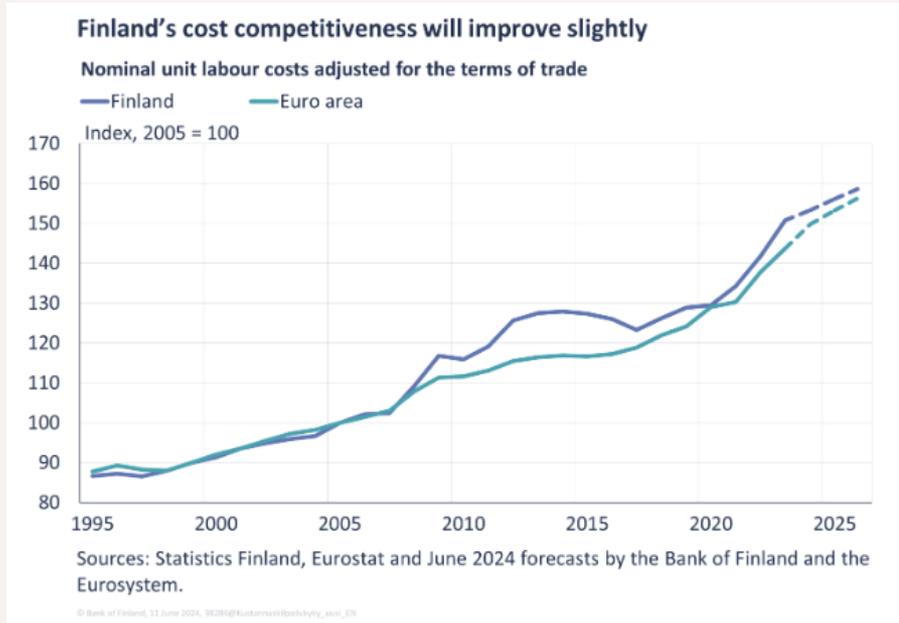
International comparison data

Country	Population Million	GNI per capita USD, purchasing power adjusted 2022	Inflation % 2023	Unemployment % 2023
Finland	5.6	63 360	6.2	7.2
Sweden	10.5	70 770	8.5	7.7
Norway	5.4	125 000	5.5	3.6
Denmark	5.9	80 530	7.7	5.1
Iceland	0.4	68 020	8.7	3.5
Austria	9.0	70 930	7.8	5.3
Belgium	11.6	69 310	4.0	5.5
China	1 411.8	21 250	0.2	5.0
Czech Republic	10.5	49 270	10.7	2.6
Estonia	1.3	46 760	9.2	6.4
France	65.6	58 610	4.9	7.3
Germany	83.2	69 210	5.9	3.1
Greece	10.5	38 520	3.5	11.1
Hungary	9.7	42 310	17.1	4.1
Ireland	5.1	96 100	7.8	4.3
Israel	9.6	51 690	4.2	3.4
Italy	59.0	55 940	5.6	7.7
Latvia	1.9	41 010	8.9	6.5
Lithuania	2.8	49 160	9.1	6.9
Luxembourg	0.7	98 650	3.7	5.2
Netherlands	17.6	73 850	3.8	3.6
Poland	37.7	44 770	11.6	2.8
Portugal	10.4	43 870	4.3	6.5
Spain	47.4	48 920	3.5	12.2
Switzerland	8.8	88 910	2.1	4.1
Türkiye	85.0	37 990	53.9	9.4
Ukraine	41.0	13 350	20.1	¹⁾ 9.8
United Kingdom	67.6	57 750	6.8	4.4
United States	333.3	77 950	4.1	3.6

¹⁾ 2021

Sources: [UN Demographic Yearbook](#); [ILO ILOSTAT Database](#); [IMF World Economic Outlook](#); [OECD Database](#); [World Bank Open Data](#)

Cost Competitiveness Remains Stable



Source: [Bank of Finland](#)

- Cost competitiveness has been decent after 2016.
 - The difference to Euroarea in cost competitiveness is diminishing → slightly improving cost competitiveness
- Slow growth of labor costs has contributed positively to competitiveness

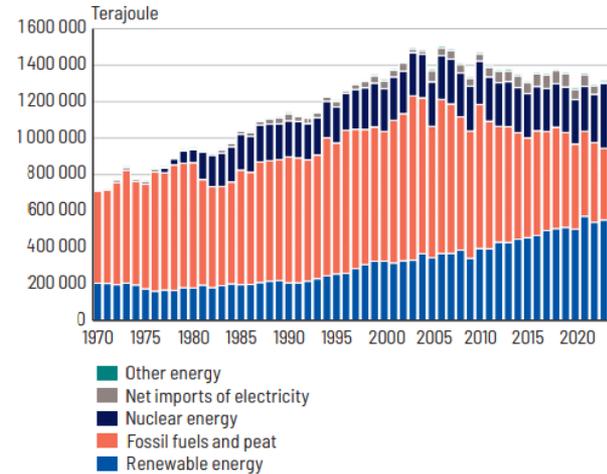
Energy Mix in Finland

- There is considerable amount of green energy, which is a competitive advantage.
- There is significant amount of green investments in the pipeline, although current financial environment may postpone some projects.

Supply and total consumption of electricity, 2023*

Supply	GWh	%	Total consumption	GWh	%
Nuclear power	32 737	41.0	Industry and construction	33 499	42.0
Hydro power	15 021	18.8	Households and agriculture	24 141	30.3
Wind power	14 470	18.1	Services and public consumption	19 313	24.2
Solar power	647	0.8	Transmission and distribution losses	2 817	3.5
Net imports	1 724	2.2			
Other heating power	15 171	19.0			
Total	79 770	100	Total	79 770	100

Total energy consumption, 1970–2023*



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



Thank you!

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