

Finnvera
Online Annual Report 2012



Contents

1	Finnvera in brief	4
2	Role and impact of operations	6
3	Vision, values and strategy	12
4	Financial services	16
4.1	Loans	18
4.2	Domestic guarantees	19
4.3	Export credit guarantees and export credits	20
4.4	Venture capital investments	21
4.5	Service network	22
5	Clients	23
6	Risk-taking	26
6.1	Project assesment	31
6.2	Turnaround	33
7	Acquisition of funds	35
8	Stakeholders	
8.1	Cooperation with stakeholders in Finland	36
8.2	International cooperation with stakeholders	38
9	CEO's review	41
10	Operating environment	44
11	Key Figures	46
12	Business in 2012	47
12.1	Financing for SMEs	51
12.2	Export financing	58
12.3	Venture capital investments	64
13	Corporate responsibility	68
13.1	Review of corporate responsibility	70

13.2	Materiality analysis	71
13.3	Financial responsibility	75
13.4	Social responsibility	79
13.5	Environmental responsibility	82
13.6	GRI-index	86
14	Introduction	87
15	Operating principles	90
16	Risk management	94
17	Supervisory Board	96
18	Board of Directors	97
19	Management Group and Corporate Management Team	102
20	Regional organisation	105

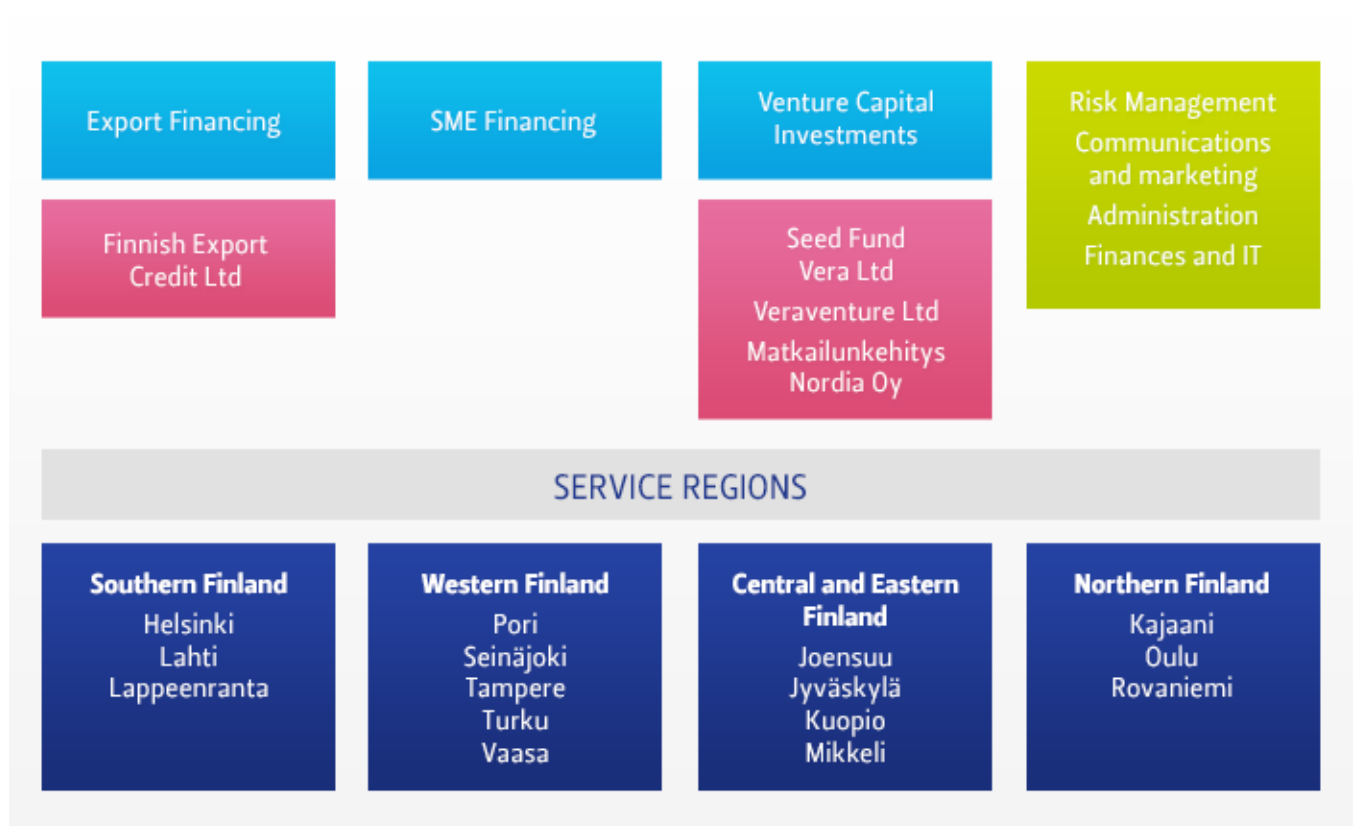
Finnvera in brief

Finnvera plc is a specialised financing company, owned by the State of Finland, which supplements the financial services offered by the private sector. Finnvera provides financing for various stages in the life of an enterprise: for its start, growth and internationalisation, and for exports. Finnvera has official Export Credit Agency (ECA) status.

The Finnvera Group reinforces the capacity and competitiveness of Finnish enterprises by offering loans, domestic guarantees, venture capital investments, export credit guarantees, as well as interest equalisation and funding for export credits.

The company does not issue grants or direct business subsidies; financing is granted for a consideration, and the fees payable by clients correspond to the risk involved. In certain assisted areas and for certain financing products, interest subsidies reduce the price of financing for clients. The risks involved in financing are shared between Finnvera and other providers of funding. Finnvera obtains the funds needed for credits from the financial market.

The Finnvera group



Finnvera's operations are steered by the relevant legislation, the obligations laid down in international treaties, and the industrial and ownership policy goals determined by the State.

Role and impact of operations

Role

By providing financing, Finnvera strives to promote:

- the internationalisation and exports of enterprises;
- the operations of small and medium-sized enterprises, especially in situations of change; and
- realisation of the government's regional policy goals.

Finnvera supplements the financial market. The Ministry of Employment and the Economy monitors and supervises Finnvera and sets annual goals for its operations. When determining these goals, attention is paid to the Finnish Government Programme, the Ministry's corporate strategy, the policy objectives concerning the Ministry's branch of administration, and the goals of EU programmes.

Attainment of the goals is measured, for instance, by the number of starting and growing enterprises and new jobs that Finnvera's financing has helped to make possible. In addition, the evolution of the ratio between exports covered by export credit guarantees and Finland's total exports are followed over time. The goals set for 2012 emphasised aspects such as improving the operating potential of growth enterprises, promoting the internationalisation of SMEs, and creating new enterprise in growing and developing industries.

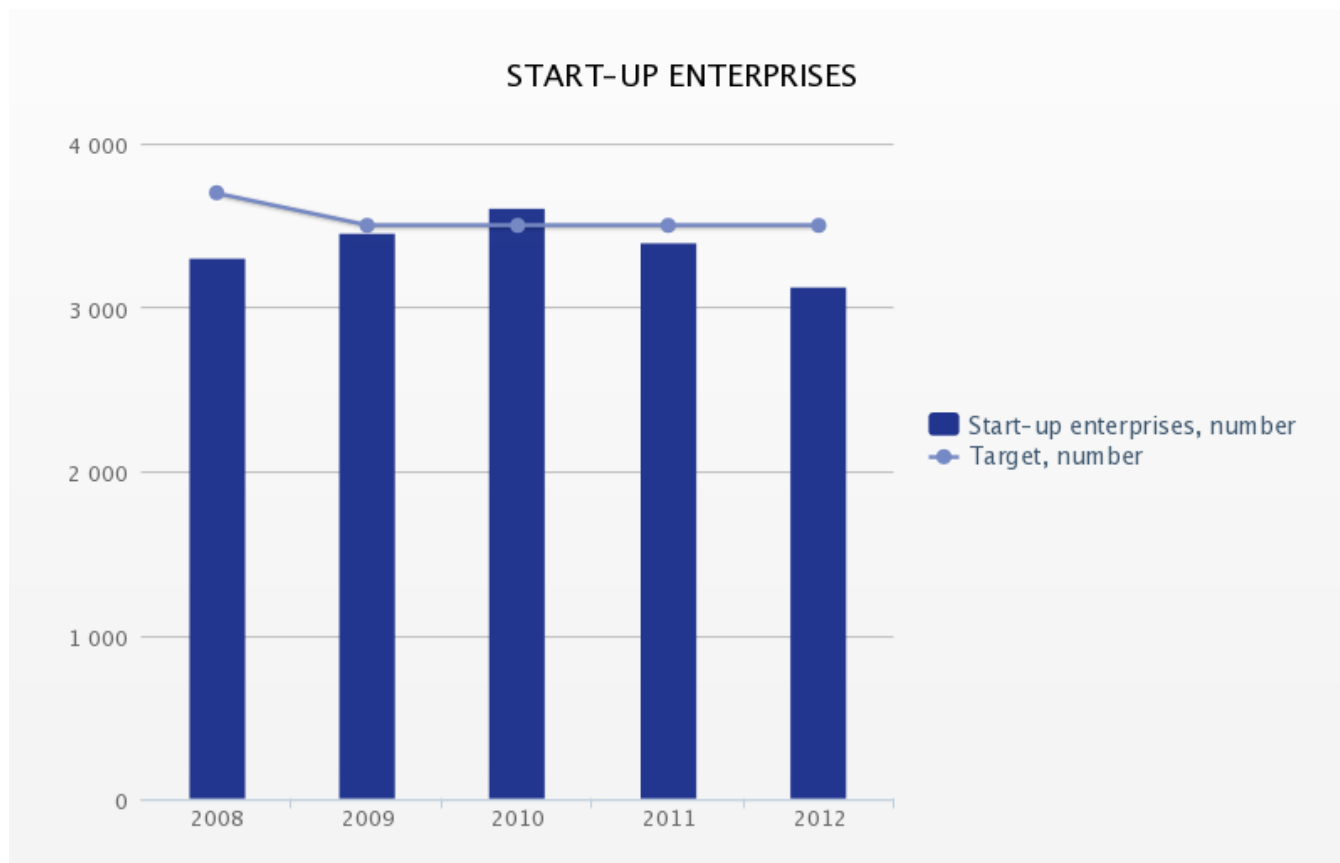
Impact of operations

At the beginning of 2012, Finnvera formed a new unit: Financing for SMEs and Internationalisation. Its clientele is divided into three groups:

- local small businesses;
- enterprises focused on the domestic market;
- enterprises seeking growth through internationalisation.

In an uncertain economic climate, it may be more difficult for starting enterprises to obtain financing from the private financial market. Finnvera can take more risks than private financial institutions, thereby promoting new enterprise. If Finnvera did not contribute to the financing of start-up enterprises, the consequence could be that fewer enterprises would be established or their growth and development would be considerably slower.

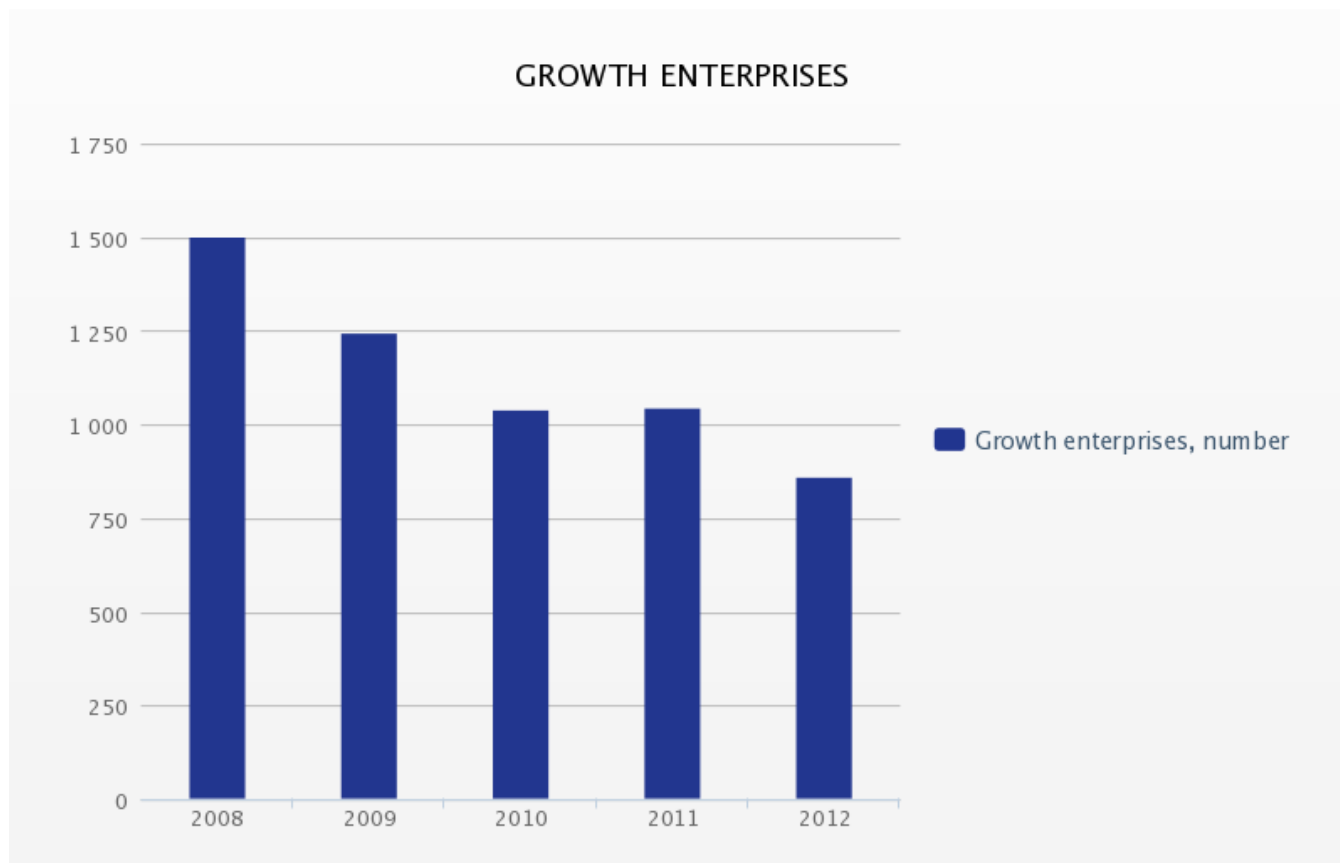
Every year, Finnvera participates in the financing of about 3,500 start-up enterprises. This corresponds to an average of about ten per cent per of companies established annually in Finland.



In 2012, Finnvera's target was to provide financing for about 3,500 starting enterprises. In the end, financing was granted to a total of 3,123 start-ups.

In venture capital investments, the goal is to create financing solutions that help early-stage enterprises, within a period of two to five years, to develop into companies that would also attract private investors and financiers. In the medium term, the aim is to make start-ups grow into medium-sized enterprises that contribute to the Finnish economy, for instance, as employers and future export companies.

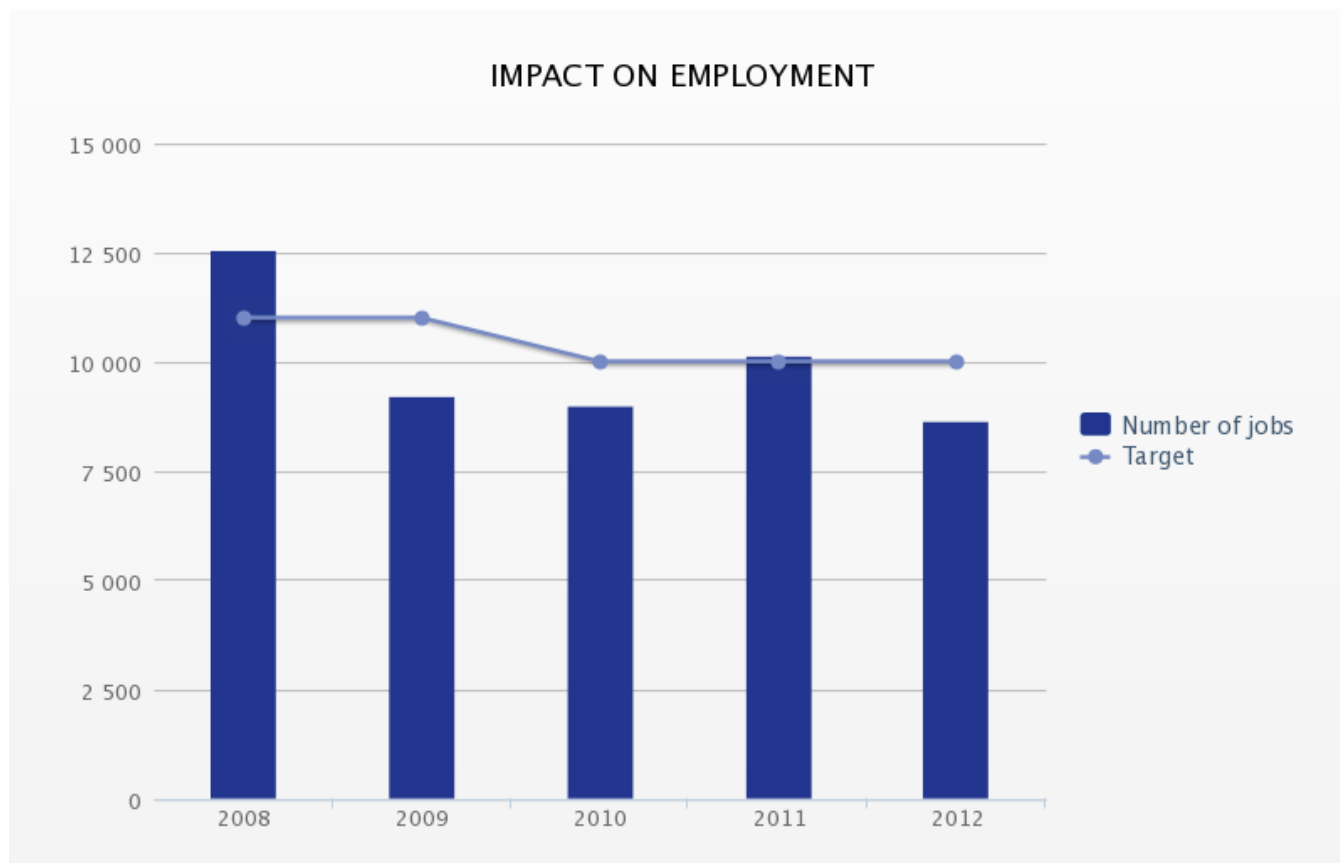
For SMEs seeking growth through internationalisation, Finnvera provides financing options for international trade and enables the financing of growth; this helps companies to expand their business. In 2012, Finnvera launched the SME Export Finance Programme, which is targeted, above all, at SMEs, improving their know-how in issues relating to the financing of exports. The programme has a very practical approach, and companies can utilise the tools obtained during the programme for drawing up offers for their customers abroad.



In 2012, Finnvera's goal was to actively target financing at growth enterprises. Financing was granted to 861 enterprises.

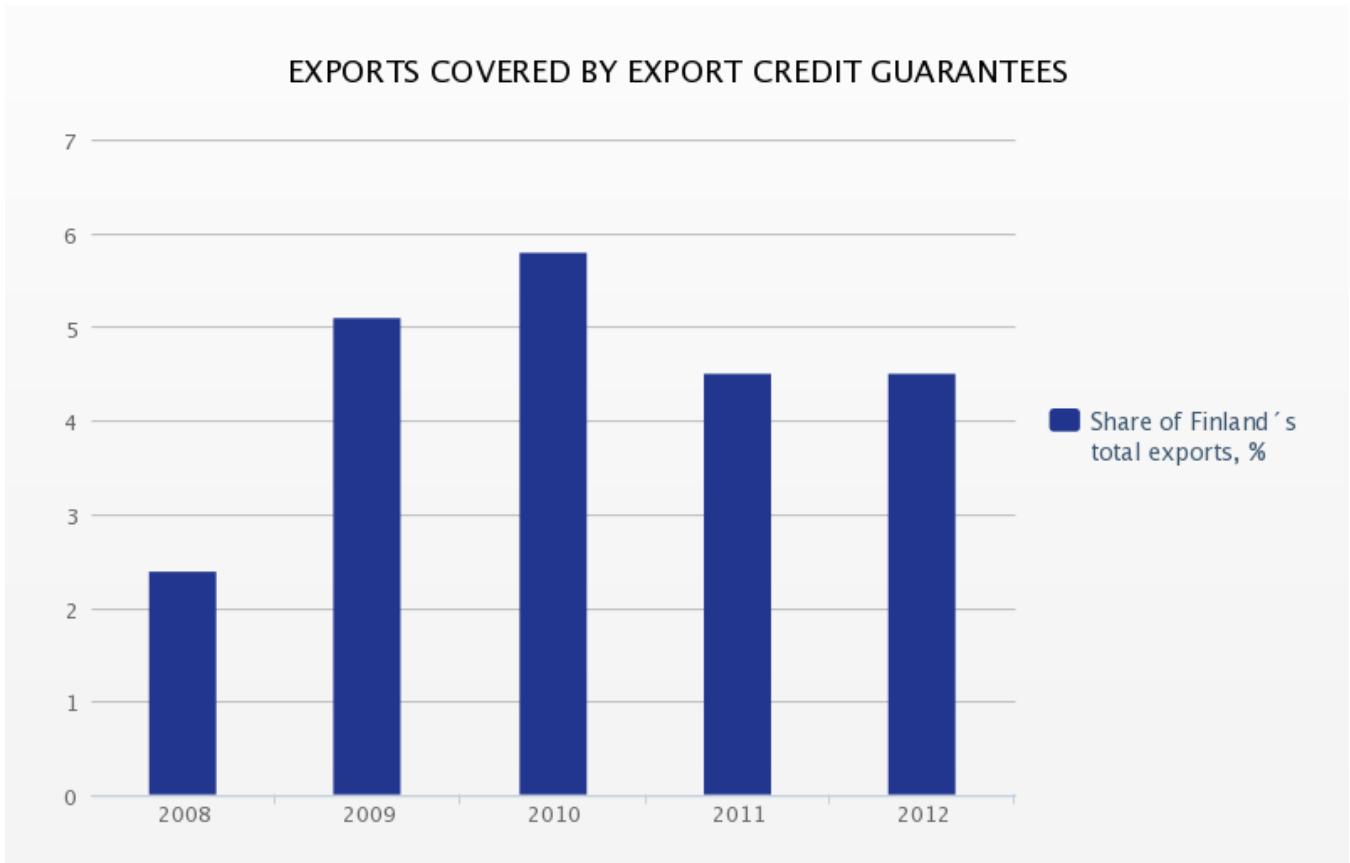
For Finnish SMEs concentrating on the domestic market, Finnvera provides opportunities to arrange financing especially in various situations of change, such as changes of ownership. Although these companies do not aim at international growth, they play an important role in the Finnish economy, for instance, as employers. By means of financing, Finnvera also strives to alleviate the negative effects of regional restructuring and to keep regions viable.

Moreover, in cooperation with other actors, Finnvera participates in the planning and implementation of measures in areas of abrupt structural change when, for instance, a major employer in the region winds up its operations. In 2012, there were 13 areas of abrupt structural change, and the financing granted by Finnvera to enterprises in these areas totalled EUR 97 million.



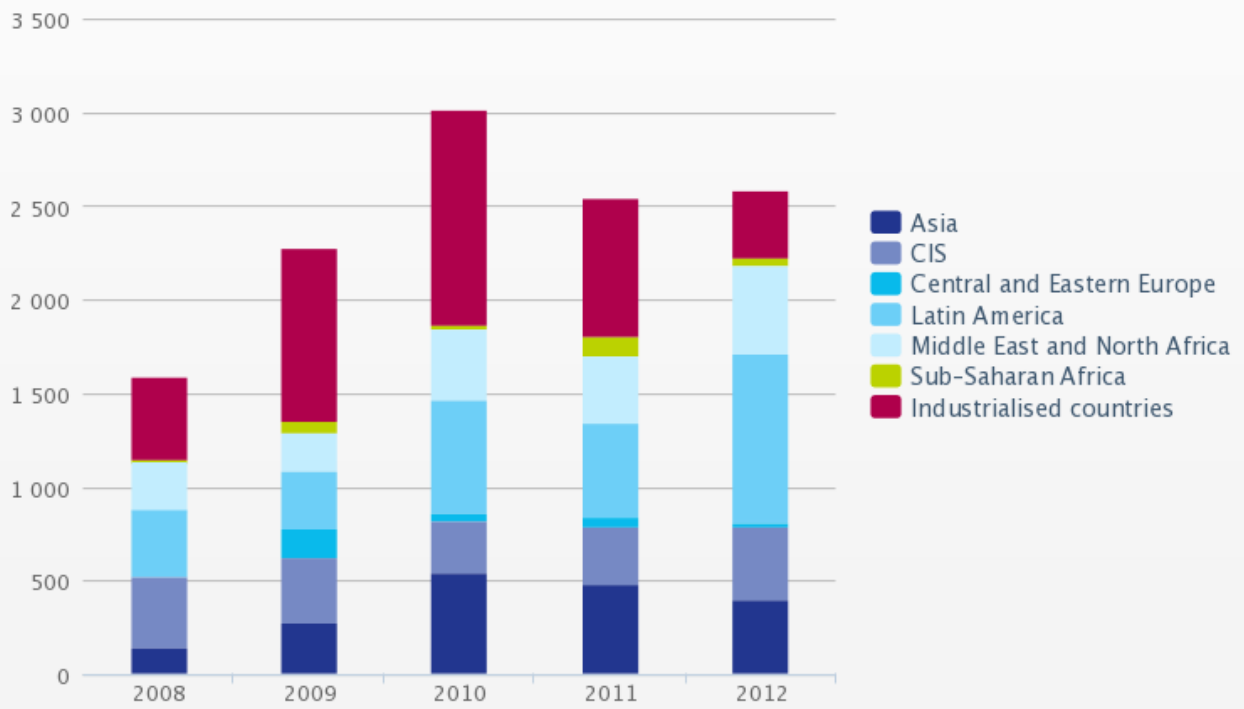
In 2012, Finnvera's aim was to contribute, through its financing, to the creation of about 10,000 new jobs in Finland. Co-financing by Finnvera helped to create altogether 8,660 new jobs.

To be eligible for export credit guarantees, exports must meet the requirement of Finnish interest. This means that the export project is viewed from the perspective of the Finnish economy. The arrangement of financing may be a factor affecting the conclusion of an export transaction. Within a couple of years, the share of exports covered by Finnvera's guarantees has risen from about two per cent to about five per cent of Finland's total exports. Indirectly, export financing is very important for the Finnish economy and thereby for Finns' well-being.



The value of exports covered by Finnvera's export credit guarantees totalled EUR 2,581 million. This accounted for 4.5 per cent of Finland's total exports.

FOREIGN RISK TAKING: EXPORTS COVERED BY GUARANTEES BY REGION, 31 DEC, MEUR



Vision, values and strategy

Mission

By supplementing the financial market and by providing financing, Finnvera promotes the business of SMEs, the exports and internationalisation of enterprises, and the realisation of the State's regional policy goals.

Vision

Together with its partners, Finnvera contributes actively to the success of its clients by providing internationally competitive solutions for risk financing.

Values

Finnvera's value statement, An Expert Esteemed by Clients, characterises the company's mode of operations. The company's value base is grounded in:

- trust
- partnership
- focus on solutions.

Strategy

The Acts on Finnvera define the tasks whereby Finnvera influences the development of enterprise and employment in Finland. The industrial and ownership policy goals, confirmed by the Ministry of Employment and the Economy, apply to issues such as the focus and impact of operations, cost-effectiveness, and capital adequacy.

Financing is grounded in the Acts and Decrees on Finnvera, the Government's commitment to compensate for some guarantee and credit losses, and in the credit and guarantee policy confirmed by Finnvera's Board of Directors.

Finnvera's values, vision and strategy are derived from clients' needs for financing. They are also the basis for the operating system. Finnvera carries out its operations in accordance with the service practices defined for client segments and an ISO 9001 certified operating system. The operating system and its effectiveness are evaluated on a regular basis using both internal and external audits. The observations made during the audits help Finnvera to develop the operating system continuously and to address any anomalies.

In 2012, Finnvera's strategy was adjusted so that the company is increasingly able to respond to new challenges in corporate financing. The focus of operations is shifted more on speeding up the growth and internationalisation of companies and on improving the financing options available for start-up enterprises.

Finnvera 2017: Provider of financing for growth and internationalisation

DESIRED STATE:

Together with our partners, we are part of a business network yielding the world's best impacts.

Users of our services succeed in competition over growth, exports and internationalisation.

Our know-how, services and team play provide the best customer experience in our reference group.

Strategic goals

We identify market failures correctly and take account of various economic cycles.

Our operations increase Finland's appeal as an operating environment.

Our operations are transparent, solution-oriented and proactive.

Our customer service is the best in the reference group.



Finnish enterprises move onward, grow, go global and gain markets.

Restructuring gives rise to new features faster than old structures fade.

Enterprises have access to an internationally competitive selection of instruments to finance exports.

The impacts on the economy and employment are substantial.

A common goal, a single strategy.

We take the initiative and play for the team.

We improve productivity and customer satisfaction through efficient practices and online management.

We ensure internationally competitive services by constantly developing our organisation and personnel.

Finnvera's strategy process

Finnvera's strategy is updated annually. The process starts early in the year when the company's Board of Directors reviews the attainment of the goals set for the previous year and holds a preliminary discussion of new goals. The background information needed for the work is obtained from environmental analyses, monitoring of competitors' activities and, in 2012, from [the external evaluation](#) conducted on Finnvera.

The corporate strategy of the Ministry of Employment and the Economy is completed annually at the end of February and constitutes the basis for Finnvera's strategy work. Thereafter the business and support units prepare their own preliminary goals derived from Finnvera's strategy.

A summary of preliminary strategic goals is formulated at the turn of May–June. Thereafter the divisions and units derive their own annual goals from the company's goals. These are specified in autumn, during annual planning and budgeting, taking into account the industrial and ownership policy goals set by the Ministry of Employment and the Economy for Finnvera. Finnvera's Board of Directors confirms the strategy and annual goals in December.

Financial services

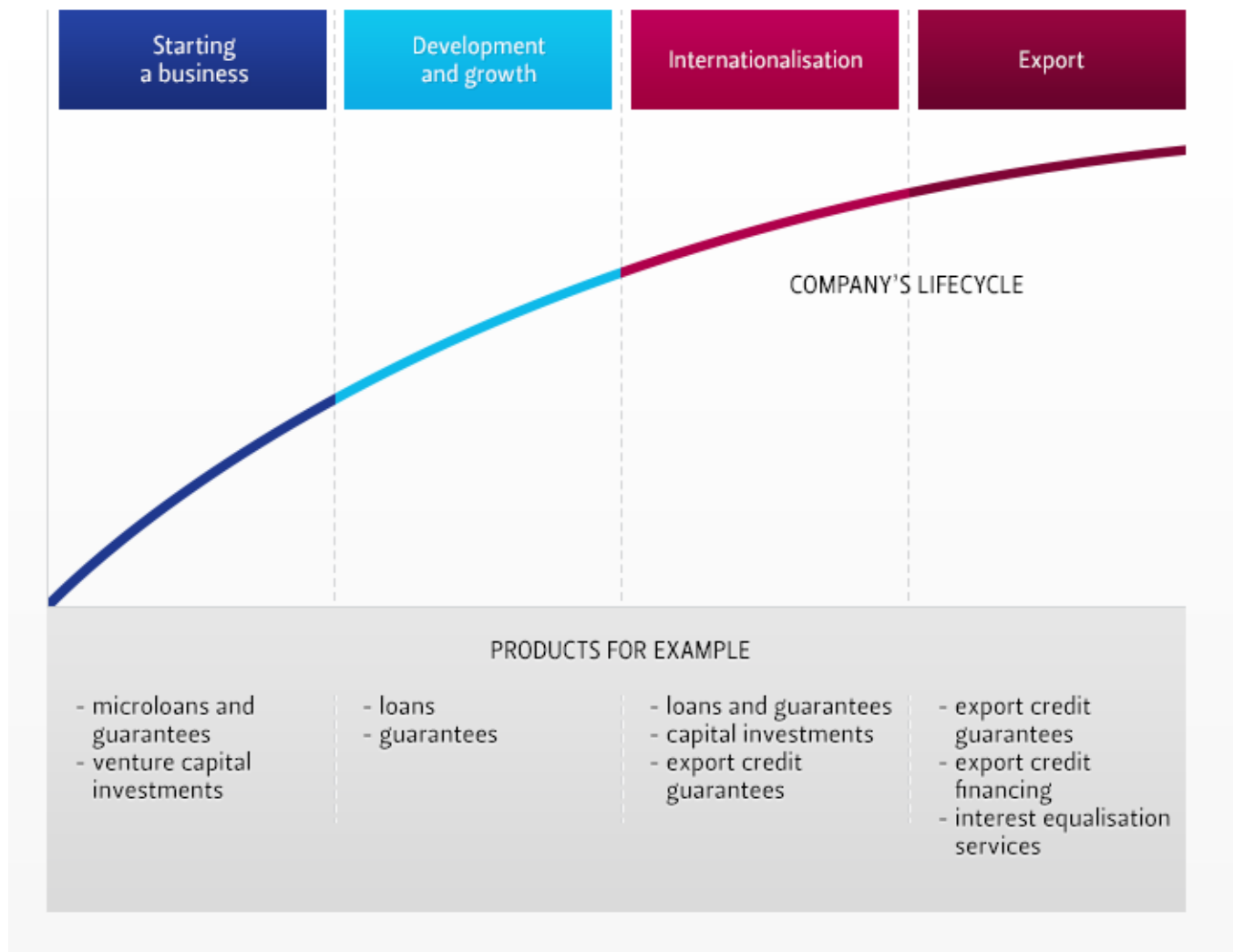
Finnvera enables financing solutions consisting of financial services offered by both the Finnvera Group and other public and private actors.

Finnvera's loans and guarantees are available for enterprises in a situation of change when they have a good business idea and the potential for success. Situations of change include the starting of a business, a change of generation and other company reorganisations. Financing is based on the assessment of the company's creditworthiness and on risk-sharing with other providers of financing.

By means of export financing services, Finnvera offers companies the opportunity to protect themselves against risks associated with export trade. In addition, Finnish Export Credit Ltd, a subsidiary of Finnvera, provides funding for export credits and administers the interest equalisation system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement.

Finnvera makes venture capital investments through its subsidiaries Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy.

A company's life cycle and Finnvera's financial services

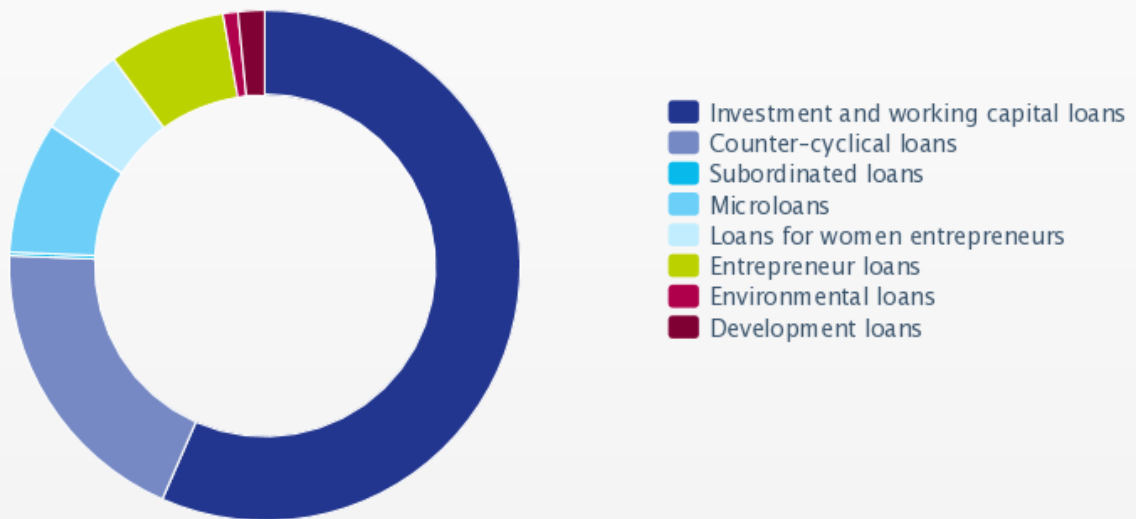


Finnvera's financing is a viable solution for various stages in a company's life cycle.

Loans

Finnvera provides loans for various purposes: the establishment of a company, investments, growth and other development of operations.

LOANS GRANTED IN 2012 BY PRODUCT, MEUR

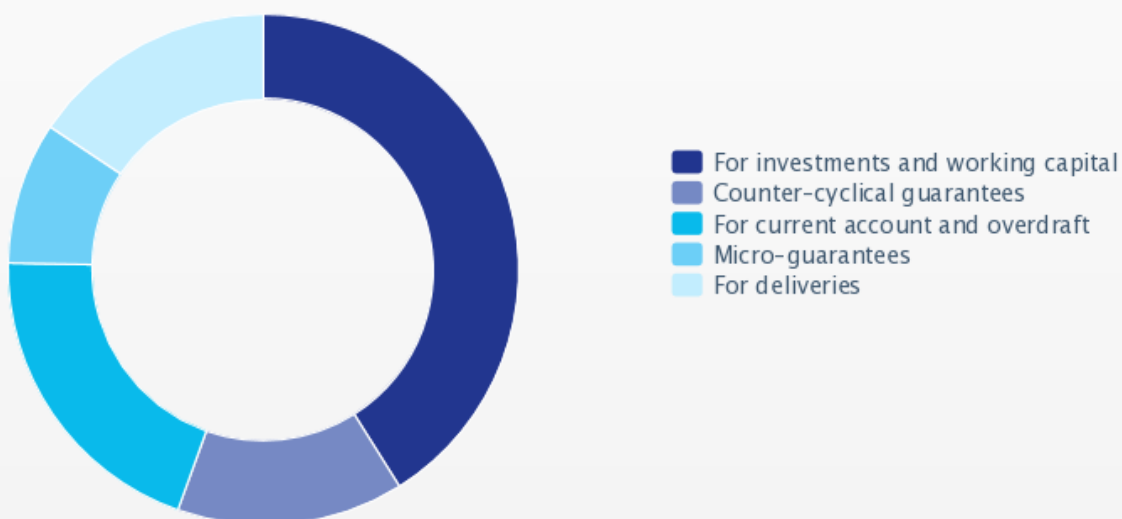


Domestic guarantees

Finnvera can provide guarantees for various situations in a company's life, such as the establishment, investments, growth or internationalisation.

An SME can use Finnvera's guarantees as security for credits granted by banks and financing or insurance companies and for other commitments.

GUARANTEES GRANTED IN 2012 BY PRODUCT, MEUR



Export credit guarantees and export credits

Finnvera's diverse selection of export credit guarantees provides exporters and financiers with solutions for covering payment risks in export trade and for easing financing problems.

Since 2009, Finnvera's subsidiary Finnish Export Credit Ltd has been able to fund export credits granted by banks. A model based on Finnvera's own acquisition of funds was launched in 2012. This replaced the previous, temporary model that had rested on the State's acquisition of funds. The model is intended for arranging financing for foreign buyers of Finnish capital goods. Finnish Export Credit Ltd also administers the interest equalisation system for officially supported credits.

Venture capital investments

Public early-stage venture capital investments are concentrated in the Finnvera Group. Finnvera makes direct investments in early-stage innovative companies and develops regional venture capital investment activities by investing in regional equity funds organised as limited companies and in Vigo accelerator funds.

Working together with Finnvera and Tekes, the Ministry of Employment and the Economy is streamlining the schemes for early-stage venture capital investments. For the present, Finnvera's venture capital investments will continue within the framework of the existing assets.

In venture capital investments, Finnvera's financing products are direct share capital investments and subordinated loans. The investments are made as minority investments. The fund's holdings range from 10 to 40 per cent. The maximum initial investment is EUR 500,000.

Service network

Finnvera's domestic operations are divided into four service regions: Southern Finland; Western Finland; Central and Eastern Finland; and Northern Finland. In these areas, the company has a network of 15 regional offices. The regional offices offer financing solutions in cooperation with other public and private providers of financing.

In micro-financing, Finnvera works in close cooperation with regional business advisory organisations, such as the Enterprise Agencies and municipal business companies. In 2012, these cooperation partners gave over 1,100 opinions on eligibility for financing; this sped up the processing of applications for financing submitted by start-up enterprises. Cooperation with banks in the financing of small enterprises was also active and increased during the year. In 2012, the volume of micro-guarantees granted by Finnvera to banks as security for their credits to small enterprises was 10 per cent greater than the year before.

The Export Financing Unit serves large export companies operating in Finland and is responsible for Finnvera's foreign risk-taking. Together with Finnish and international providers of financing, the unit's experts based in Helsinki offer exporters and their foreign buyers services needed for export financing.

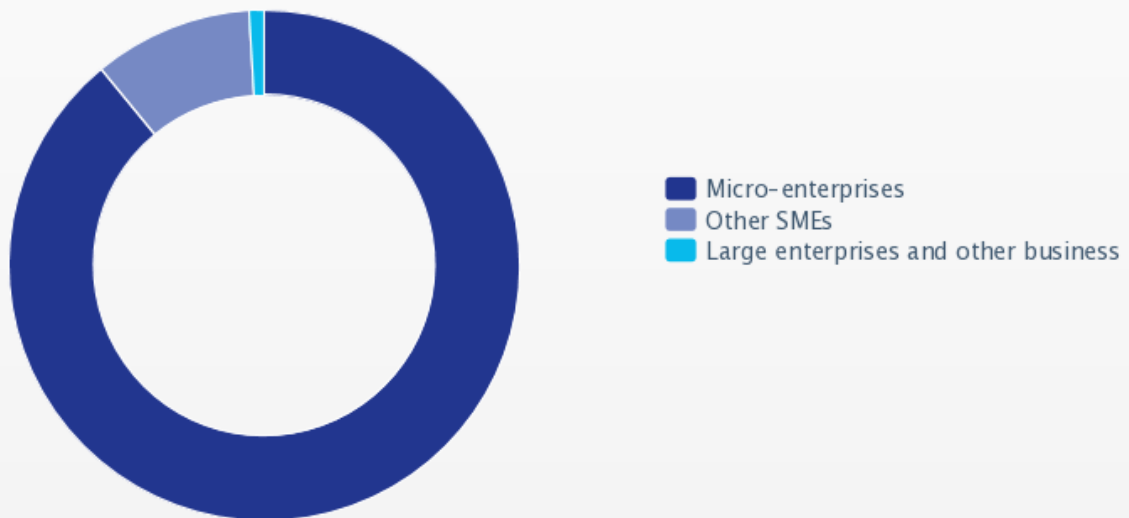
Clients

The number of Finnvera's clients continued to rise and exceeded 30,000. At year's end, Finnvera had approximately 30,050 clients. Of this number, 69 per cent were micro-enterprises, 11 per cent were other SMEs, less than one per cent were large enterprises, and 20 per cent were entrepreneurs who had been granted an Entrepreneur Loan for investment in share capital or for their contribution to a partnership. The most rapid increase in the number of clients was recorded in the regions of Oulu, Helsinki and Tampere.



The clients of the Unit of Financing for SMEs and Internationalisation and the Unit of Venture Capital Investments are Finnish SMEs that range from starting micro-enterprises to companies seeking growth through internationalisation. The clients of the Export Financing Unit are large Finnish enterprises engaged in export trade, their foreign buyers, and domestic and foreign banks providing financing for exports.

CLIENTS BY ENTERPRISE SIZE 31 DEC 2012, %



As the client enterprise continues to grow, more financing is often needed for new investments, internationalisation or exports. Finnvera may participate in the company's financial arrangements, for instance, in case of insufficient collateral. The company must also have the prerequisites for profitable business. Export financing services enable export transactions and provide protection against the associated risks.

CASE: Finnvera's 30,000th client forges ahead with vigour

Finnvera's 30,000th client, Kratos Oy from Kuopio, started off with the help of Finnvera's Entrepreneur Loan.

In Greek mythology, Kratos is the personification of strength and power. The company's key invention, a hydraulic pressure transducer, adds power and speed to the customer's processes.

Simo Roponen and Mikko Junttila established the company around Junttila's invention in spring 2012. Both had studied at Savonia University of Applied Sciences in Kuopio and also knew what an entrepreneur's life is like.

"A hydraulic pressure transducer can increase oil flow or pressure. This enables greater power and force, thereby reducing the manufacturing costs of many products. There are many potential applications in places where hydraulics are used," Simo Roponen explains.

The men wanted to finish the development of their innovation first; now it's time for marketing. They aim at growth and international markets, although the first experiences will be gained in Finland. Potential customers include industry, contractors and farmers; in other words, owners of machinery and equipment. The pressure transducer was patented in 2009, but the product has been developed since then.

"I contacted Finnvera, we talked and we got an Entrepreneur Loan. That allowed us to start our business," says Simo Roponen.



Tarja Tikkanen, Director of Finnvera's Regional Office in Kuopio, and Simo Roponen of Kratos Oy.
Photo: Mikko Mäntyniemi

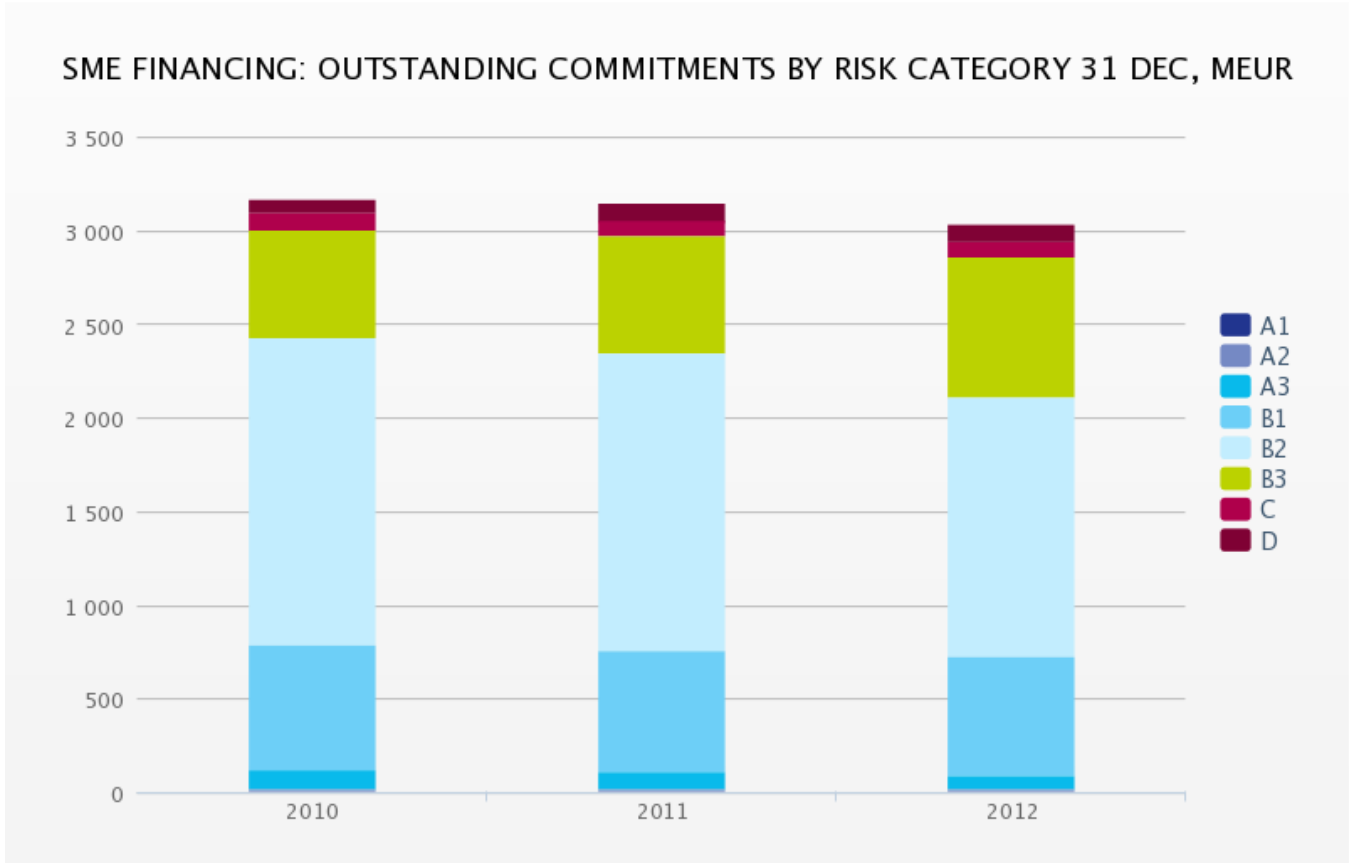
Risk-taking

Controlled risk-taking is an integral part of Finnvera's operations. According to the goal of self-sustainability set for Finnvera's operations, income received from commercial operations must, in the long run, cover both the company's own operating expenses and the credit, guarantee and export credit guarantee losses for which it bears responsibility.

The ultimate responsibility for Finnvera's operations rests with the State. In consequence, Finnvera can take greater risks than private financial institutions. The State compensates Finnvera for about half of the credit losses arisen in domestic operations. Any losses resulting from these operations, and remaining after the State's compensation for credit losses, are covered from the fund for domestic operations on the balance sheet. Any losses resulting from export credit guarantees are first covered from the fund for export credit guarantees and special guarantees and thereafter, if necessary, from the State Guarantee Fund.

In December 2012, the Finnish Parliament decided on amendments to the Act on the State's Export Credit Guarantees and the Government decided that, when credit losses arise from financing granted to start-up and growth enterprises, the compensation paid by the State would be raised to 75 per cent. These measures enable the taking of greater risks in export credit guarantees and in the financing of both newly established and growing and internationalising enterprises.

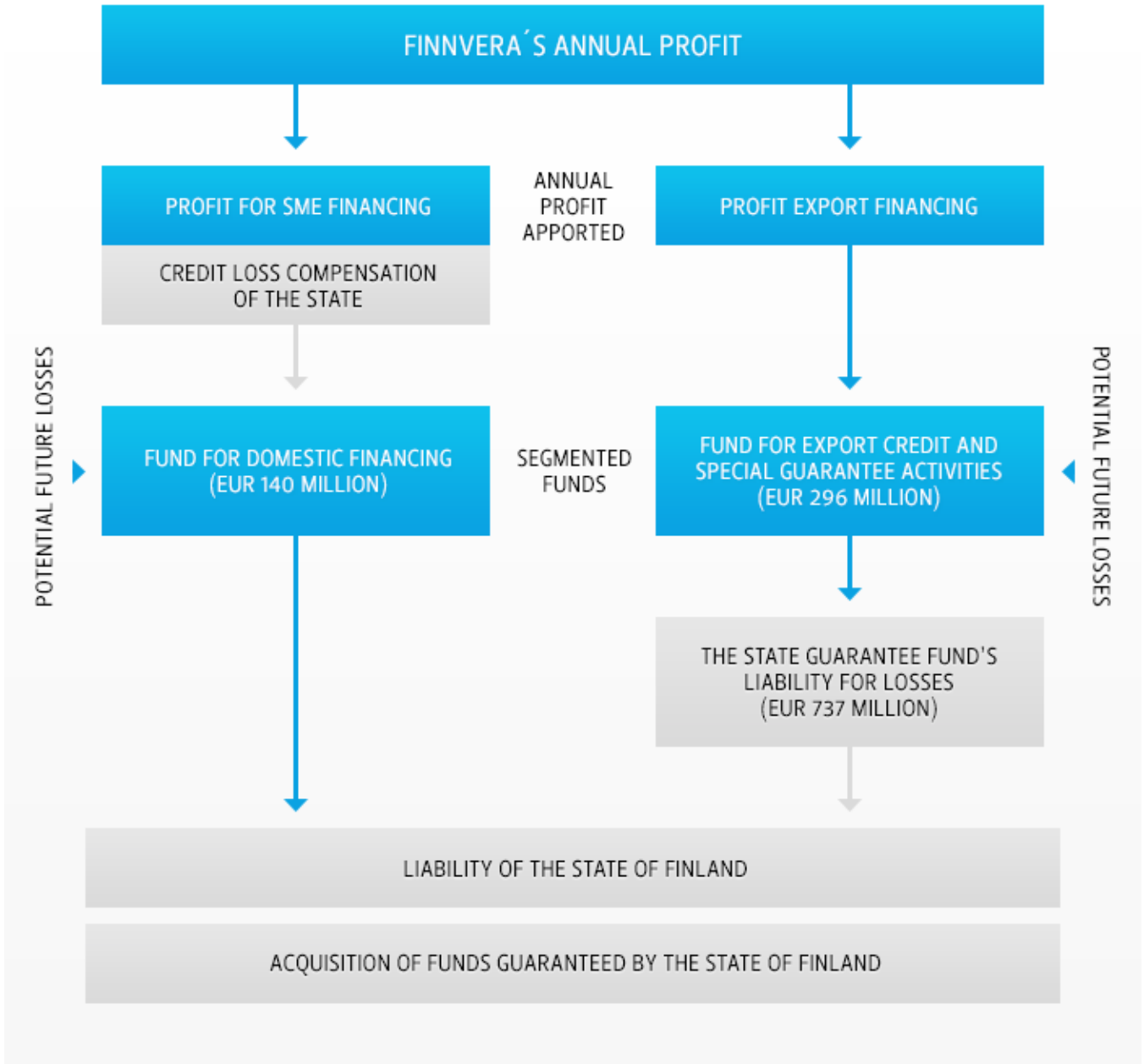
The risks involved in financing are shared between Finnvera and other providers of funding. Finnvera grants loans and guarantees almost always without securing collateral and bases its financing on the assessment of risks and the enterprise's potential for success.



The financing offered by Finnvera is priced on the basis of the assessment of the borrower’s business risks and the collateral available. In recent years, Finnvera has increased its risk-taking both in the financing of companies’ domestic operations and in the financing of exports. The uncertain economy has somewhat weakened the client companies’ financial situation, which is shown by an increase in the relative share of both non-performing receivables and arrears. Finnvera’s materialised credit losses have been about 2 to 3.5 per cent of the outstanding commitments annually. In 2012, the credit and guarantee losses in SME financing and impairment losses on receivables totalled EUR 113 million (83 million) before the State’s credit loss compensation.

Any losses from export financing are covered primarily from profits arisen in previous years that have been transferred to the fund for export financing on Finnvera’s balance sheet.

Financial liability of the State of Finland for Finnvera's operations



By the law, the State Guarantee Fund and the State of Finland are responsible for Finnvera's losses only if the losses cannot be covered by assets in the fund for domestic financing or the fund for export financing.

In recent years, exports covered by Finnvera's export financing have accounted for an increasing share of all exports. Export credit guarantees are used to cover both political and commercial risks.

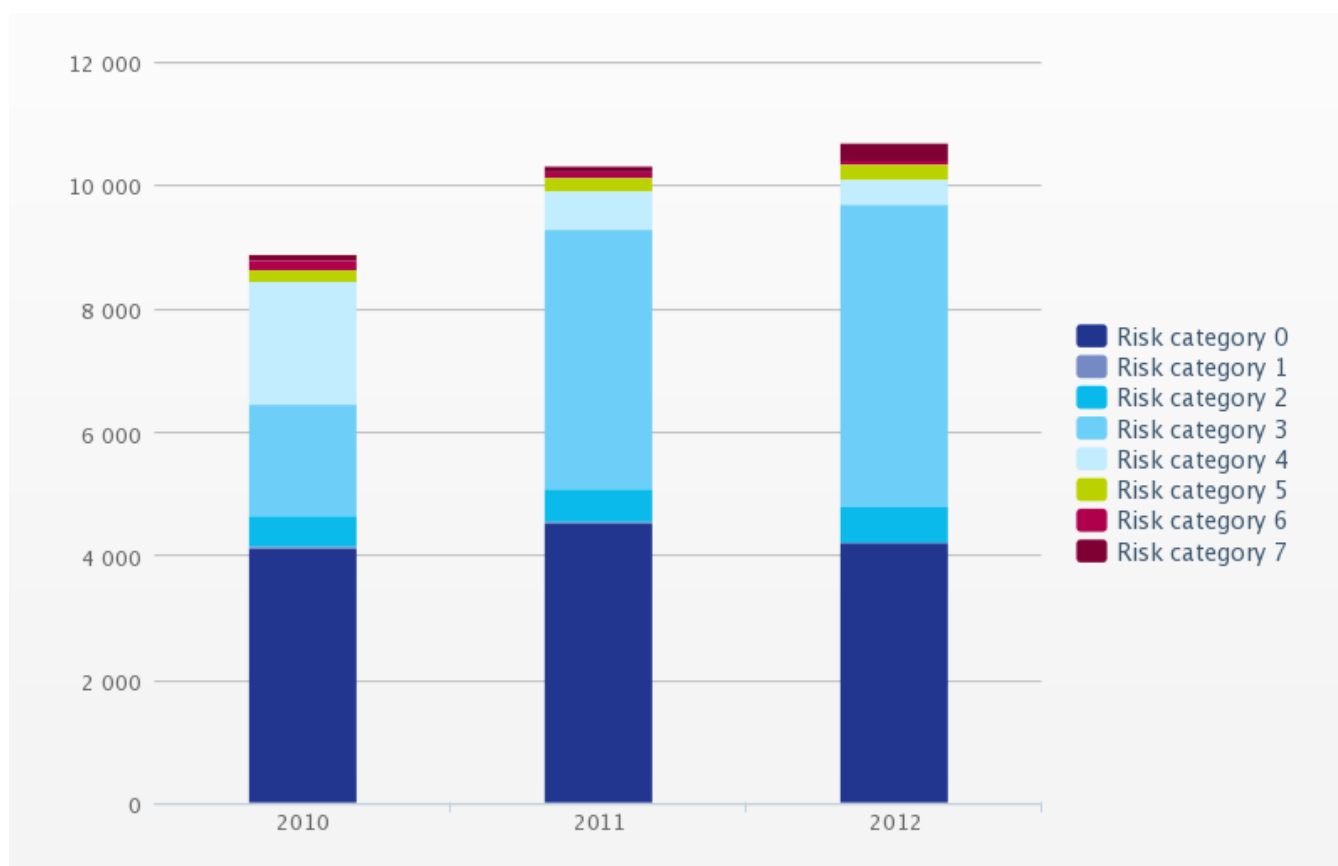
The pricing of export credit guarantees is based on the risk category reflecting the relevant credit risk. Exports covered by guarantees accounted for 4.5 per cent of total exports and for 9.7 per cent of exports to countries with political risk. Losses and provisions for losses in export credit guarantee and special guarantee operations came to EUR 10 million (4 million).

Owing to the continued unrest in the Middle East and North Africa, State economies had greater needs for financing as well. In February, the country category of Egypt was lowered from 4/7 to 5/7. The country's political and economic situation remained uncertain throughout the year.

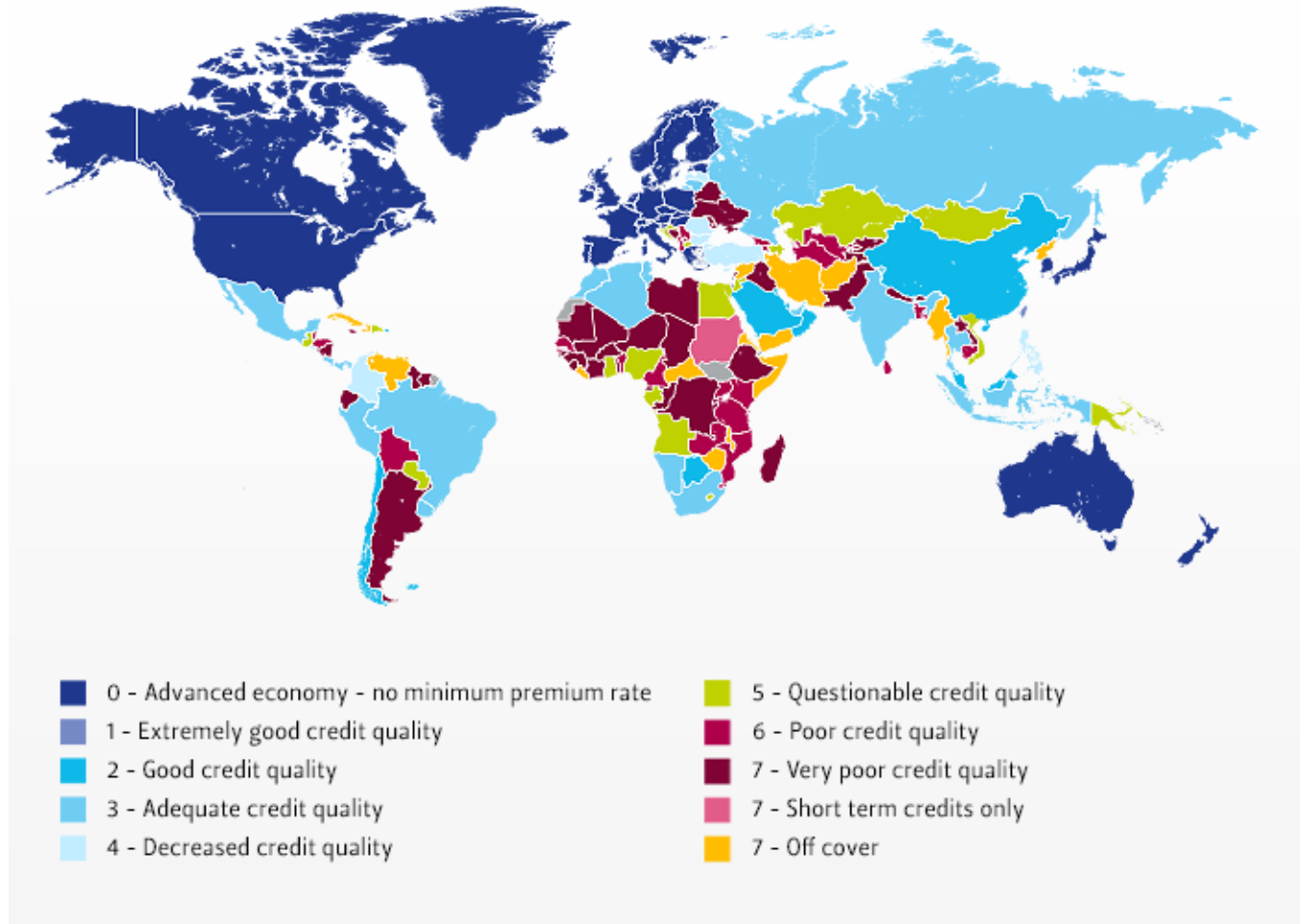
The most significant change in country categories concerned Indonesia, whose category was raised from 4/7 to 3/7. Finnvera's Board of Directors approved the change in April. Indonesia's growing market offers export opportunities for Finnish companies, too.

In 2012, the financial difficulties of the euro-zone countries increased, and this was also reflected in Finnvera's guarantee policies with respect to individual countries. The preconditions for granting guarantees for exports to Greece, Spain, Italy, Ireland, Cyprus and Portugal were tightened in June.

Foreign risk-taking: Outstanding commitments by country category 31 DEC, MEUR



Finnvera's country classification on 31 DEC 2012



Finnvera classifies countries into eight categories. The classification is based on methods used by export credit agencies and on country risk assessment.

Project assesment

SME financing

In connection with each decision for financing, Finnvera assesses the applicant's prerequisites for profitable business. Opinions given by Finnvera's regional cooperation partners and the micro-guarantee applications of banks are used as help when assessing the business of small start-up enterprises.

Enterprise analysis entails a comprehensive investigation and understanding of the enterprise's business: confidential discussions between the entrepreneur and Finnvera on the enterprise's plans, current status, future expectations and financing needs.

This meeting, any other material available, and Finnvera's own knowledge of financing and the sector concerned help formulate an idea of both the preconditions for granting financing and the risks involved. Whenever necessary, Finnvera negotiates with other financiers in order to find the best possible overall solution for financing.

Enterprise analysis is one of the cornerstones of Finnvera's credit risk management. For large part of its financing, Finnvera requires a personal guarantee from the entrepreneur and collateral from the enterprise. However, Finnvera does not base its financing decision on the collateral available from the enterprise. More important is the assessment of the enterprise's business potential.

Finnvera uses an operating system certified according to ISO 9001. Finnvera's enterprise analysis and assessment methods are developed in the same way as the company's other processes in keeping with the operating system. The associated professional skills are maintained and improved, for instance, through internal and external training.

Export financing

Finnvera makes an overall assessment of the risks included in the export transaction for which the guarantee is applied. Finnvera's country policy and the eight country risk categories form the basis for project assessment. For the country policy, Finnvera analyses the business environment and financing sector in the buyer's country, the government's solvency and the associated risks.

For each project, the following factors are analysed: the financing structure; the creditworthiness of the borrower and/or buyer; and the factors arising from the host country and the operating environment.

The separately conducted environmental review focuses on the level of environmental protection measures associated with the project carried out in the host country and any risks that may be involved. The review is based on environmental studies conducted on the project. The project is benchmarked against the host country's national environmental norms and international standards.

Turnaround

Cooperation also in difficult times

The monitoring of client companies' financial and operational situation is part of Finnvera's risk management. If financial problems are observed, these are discussed together with the client and other financiers. This activity is referred to as 'turnaround'.

Finnvera's aim is to respond to any weakening in the client enterprise's situation as early as possible for securing its own claims. If the enterprise's normal development measures do not produce the desired results, there is cause to consult outside professionals. Finnvera's experts also participate in the turnaround.

In the best of cases, turnaround means that the enterprise solves its financial difficulties and continues its operations profitably and competitively. For Finnvera, successful turnaround means smaller credit losses. Rapid and expert turnaround is also good for society: it can help the company to avoid bankruptcy and loss of jobs.

It must be accepted, however, that not all enterprises can benefit from turnaround, especially if the problems have not been addressed early enough. In a difficult economic situation, it is particularly important to ensure that the company's own reporting is up to date, that it is reliable and that operations are predictable.

After financially challenging years, turnaround was even more important in 2012. It is not uncommon that the situation is challenging for enterprises encountering difficulties even after a downturn, and problems may often persist for as long as two to three years. Together with other financiers, Finnvera seeks financing solutions for enterprises forging ahead if the enterprise has secured its equity and the turnaround plan is realistic.

Enterprises are also expected to show their own initiative: the enterprise and its stakeholders must be committed to the measures agreed. Turnaround is often done with the advice of competent, experienced consultants, experts in financial administration, and lawyers. Technically, turnaround can be implemented in three different ways:

- voluntary turnaround,
- official restructuring as referred to in the Restructuring of Enterprises Act, and
- controlled bankruptcy.

Of these three, voluntary turnaround and restructuring are the most commonly used methods.

CASE: Turnaround measures helped an export company seeking growth

The example company's turnover plummeted for the first time in 2008 and fell by about ten per cent every year after that. The company did little to change the situation; instead, the management assumed this to be part of normal business cycles in the sector and thought that the company's competitors also suffered from the same symptoms.

Financiers watched the weakening of the company's balance sheet for a long time, as trust in the company's management continued to be good. When the owners' diverging views became known, the financiers required that a Chief Restructuring Officer be appointed from outside the company and the Board of Directors consisting of the owners be reconstituted.

Fairly soon, the owners' areas of responsibility were clarified and quick restructuring measures helped the company onto a growth track. Financing was rearranged to correspond to the revised budget and the reconstructed operating plans so that the repayment programmes were extended and adjusted seasonally.

Acquisition of funds

Finnvera's long-term acquisition of funds takes place by issuing bonds and other debt instruments on capital markets. The aim is to diversify the acquisition of funds between various currencies and investor sources.

In October 2012, Finnvera signed a Euro Medium Term Note (EMTN) programme guaranteed by the State of Finland, which enables the company to issue bonds. A credit rating for the loan programme was obtained from both Moody's and Standard & Poor's. Both rating agencies assigned the highest possible rating to the programme. The ratings correspond to the rating assigned to the State of Finland for its long-term funding.

In early October 2012, we signed an EMTN programme with five banks operating on the international market. We issued the first bond under this new programme in late October. It was a five-year fixed-rate loan of USD 300 million, or about EUR 230 million.

– Ulla Hagman, Chief Financial Officer

The loan programme enables a rapid response to Finnvera's funding needs and to changes on the market. In addition, the loan programme conforming to international capital market practices strengthens Finnvera's position among investors.

Finnvera uses the funds acquired both for SME financing and for financing export credits. By means of currency and interest rate swaps, Finnvera converts the funds acquired into euros or US dollars, depending on the final use of the funds. No exchange rate or interest risks are taken in the acquisition of funds. Finnvera trades in currency, interest and derivative products only for hedging purposes.

Stakeholders

Cooperation with stakeholders in Finland

Finnvera engages in close cooperation with other public organisations providing enterprise services, for instance, within the Enterprise Finland and Kasvuväylä service concepts. In addition to Finnvera, the service concepts include the Centres for Economic Development, Transport and the Environment (ELY Centres), Tekes, Finpro, Finnish Industry Investment and a few other actors. Cooperation is particularly close with private providers of financing, such as banks, non-life and pension insurance companies, and venture capital investors.

Finnvera has cooperation agreements with several organisations promoting enterprise, such as the Federation of Finnish Enterprises, the Finnish Family Firms Association, and Women's Enterprise Agency. The goal of cooperation is to increase awareness of Finnvera and to promote the acquisition of clients and demand for financing.

Finnvera's Regional Offices have their own regional committees consisting of business managers and representatives of organisations in the region. In addition, the Head Office and Export Financing have their own committees. Committee work has the goal of increasing interaction between clients and Finnvera.

Finnvera also maintains open and active relations with the media and arranges meetings with representatives of the media both regionally and nationally.

Finnvera's domestic stakeholders



Close cooperation in 2012

As part of Enterprise Finland, Finnvera participated in the Oma Yritys 2012 event. Finnvera also contributed to a conference for experts in enterprise and ownership arrangements, Omistajanvaihdos 2012, organised in autumn.

Finnvera, Finpro and Tekes will move to shared premises, estimated to be completed in 2016, in Otaniemi, Espoo. For the customers of the sister organisations, shared premises offers the simplest solution for contacts. Cooperation between the organisations will also be easier.

As a cooperation partner, Finnvera participated in the Kasvajajat 2012 tour, organised by Kauppalehti business journal. In April–May, Finnvera's experts contributed to five events targeted at growth-oriented enterprises that were organised in various localities in Finland. These events attracted a total of about 300 participants.

For several years, Finnvera has cooperated with the Federation of Finnish Enterprises and its regional and local organisations. The main event is the annual entrepreneur conference Valtakunnalliset Yrittäjäpäivät, in which Finnvera also participates as a cooperation partner. In 2012, the event was held in Oulu. Nearly 2,000 entrepreneurs attended the event.

Finnvera, the Federation of Finnish Enterprises and the Ministry of Employment and the Economy determine the economic outlook of SMEs by conducting an SME Barometer Survey twice a year. The survey results published in 2012 measured SMEs' views of changes in economic factors impacting on their own business. The autumn survey results showed, among other things, that SMEs engaged in exports know little about financing options for export trade.

A survey on financing was carried out together with the Confederation of Finnish Industries, the Federation of Finnish Enterprises, the Bank of Finland, the Federation of Finnish Financial Services, and the Ministry of Employment and the Economy. It charted companies' experiences concerning the availability of funding and problems associated with funding.

Finnvera administers the InvestorExtra service targeted at business angels. The service offers the opportunity to invest in early-stage innovative Finnish companies. During 2012, eight investor events were held for the business angels registered in the investor service. One of these was arranged together with Tekes and FiBAN.

An event intended for Finnish and foreign investors, Enterprise Finland Venture Forum, was organised in January. The main organiser was Technopolis Plc. Tekes and Finnish Industry Investment participated in the arrangements alongside Finnvera.

International cooperation with stakeholders

Finnvera participates in international cooperation in its own sector, for instance, within the OECD and the EU, the Paris Club of public creditors, the Network of European Financial Institutions for SMEs (NEFI), and within the Berne Union, the international cooperation organisation for providers of insurance against political and credit risks.

On 12 November 2012, Pekka Karkovirta, Vice President, International Relations, of Finnvera, was elected Chairman of two working parties handling export credit issues within the OECD. The working parties discuss financing terms and handle topics such as environmental requirements for projects financed using export credits, anti-bribery measures, and conditions for sustainable lending.

Cooperation between States

WTO – World Trade Organisation

OECD – The OECD Export Credit Group and the Participants to the Export Credit Arrangement

EU – The European Council Working Group on Export Credits: the Union's stands concerning work within the OECD

Paris Club – a cooperation forum for public creditors

Cooperation between financial institutions

Berne Union – International Union of Credit and Investment Insurers

Bilateral cooperation with other insurance institutions – reinsurance and cooperation agreements

NEFI – Network of European Financial Institutions for SMEs

ISLTC – Institutions of the European Union Specialising in Long-Term Credit

EMN – European Microfinance Network

EIF – European Investment Fund

EIB – European Investment Bank

The OECD agreed on common approaches on the environment

The OECD brought to conclusion the revision of the Recommendation on the environment (Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence) and completed the Sector Understanding on renewable energy generation, which was expanded to encompass projects mitigating climate change. In the future, it will also be possible for Finnish buyers of energy technology to have increasingly flexible repayment terms for export credits in such projects.

New, increasingly prominent aspects in the Recommendation on the environment include the consideration of social impacts in the review and assessment of projects and the reporting of greenhouse gas emissions from projects among the OECD Members. Social issues pertain, among others, to the use of child labour, forced labour and hazardous situations related to health and occupational safety. To be consistent with the OECD Recommendation, Finnvera has revised its own policy on the review of the environmental and social impacts of projects.

Few changes in EU rules on short-term credit insurance for industrialised countries

The EU revised its rules concerning short-term export credit insurance by public export-credit insurers in areas where private credit insurance companies provide cover. The Commission's new Communication entered into force on 1 January 2013. The basic principle remained the same: Public export-credit insurers are not allowed to provide insurance for risks of under two years in the EU Member States and in certain other Western industrialised countries.

However, the Commission identifies a few exceptional situations:

- If so required by market failure*, the European Commission may remove certain countries from the list of countries for which there is private provision of credit insurance.
- A Member State may demonstrate a market failure and may be granted exemption in the following cases:
 - The exporter is an SME with an export turnover of less than 2 million euros.
 - The insurance applies to a single risk of over 180 days.
 - The Member State has no private provision of credit insurance.

Before the turn of the year, the European Commission concluded that the private credit insurance capacity for Greece is insufficient. In consequence, Finnvera and other public export-credit insurers may cover short-term credit risks pertaining to Greek buyers until the end of 2013.

Finland has applied for temporary permission for Finnvera to cover single risks of over 180 days and transactions by SMEs whose export turnover is under 2 million euros. The permission would open the opportunity to operate in a highly restricted area but would contribute to the growth and internationalisation of enterprises.

* In this context, market failure refers to a situation where private insurance companies are not prepared to provide credit insurance.

NEFI promotes European SME financing

During 2012, the Network of European Financial Institutions for SMEs (NEFI) focused on the development and maintenance of cooperation between the 17 member organisations and on consolidating relations with the European Commission, the European Investment Bank and the European Investment Fund. NEFI gave statements to the Commission concerning the Commission's current and future funding programmes and participated in meetings organised by the Commission Directorates-General. Thanks to the network's active efforts, the member organisations, such as Finnvera, have gained deeper understanding of the European Commission's SME financing policies. Maintenance of contacts with the EU institutions has also become easier.

Venture Capital Investments deepened international cooperation; investments in enterprises from venture capitalists abroad

Finnvera is one of the founding members of the International Venture Club. The network comprises about 50 venture capitalist organisations across Europe and a number of large companies that sponsor the network's operations. Finnvera is also a member of the Nordic Seed Capital project, which works for closer cooperation between Nordic public investors. The project is supported by Nordic Innovation.

During the past year, Finnvera participated in more than ten venture capital investment events across Europe. Many of the events also featured Finnvera's portfolio companies. Bitbar Technologies (ICT) and Abacus Diagnostica (medtech) gained the most visibility at the events; in the European Venture Contest, both were ranked among the ten most promising start-up enterprises in Europe.

During the year, Finnvera's portfolio companies received investments or investment commitments from France, Sweden, Switzerland, Estonia and the United States. Foreign investments totalled about 20 million euros.

Finnvera is also a member of the Finnish Venture Capital Association (FVCA), the European Private Equity and Venture Capital Association (EVCA), and the European Business Angel Network (EBAN).

CEO's review

The roller coaster effect coloured 2012

As in the previous year, the euro crisis and uncertainty in the world economy characterised 2012. It was also difficult to foresee the future. The roller coaster effect is an apt description for the twofold year: during the first six months, the situation looked better than it had the year before in some sectors, but signs of uncertainty increased again in the second half of the year and made it problematic both for companies to plan their own business and for the public economy.

In most cases, the Finnish banking market still functioned well, but owing to the regulation of banks, stricter requirements for issuing new credits could be discerned both at home and internationally.

Focus on working capital and major export transactions

Fluctuations in the operating environment were reflected in companies' business and in their financing needs. There was still much caution, especially when starting investments. Among SMEs, Finnvera's financing for working capital and the delivery security required for trading was in greater demand than financing for investments. Both the demand for SME financing and the volume of financing granted fell slightly on the year before. Venture capital investments in innovative start-ups remained at the same level as in the previous years. In accordance with the policy outline of the Ministry of Employment and the Economy, these operations will be transferred to Tekes within the next few years.

Demand for export financing, especially export credits, was brisk. It became more difficult to organise international financing arrangements between several financiers. This clearly increased the number of applications for export credit guarantees. In connection with export transactions concerning large capital goods, Finnvera is often contacted at an early stage of negotiations. Only some of the projects that we process are implemented as export transactions financed during the same year.

We acquire the funds needed for our credits from the market. Owing to the new system for funding export credits, our acquisition and management of funds will increase markedly. During the year under review, we received a State guarantee and the best credit ratings. The first notes under our Euro Medium Term Note programme were issued to the international capital market.

Changes in priorities

The international evaluation of Finnvera, commissioned by the Ministry of Employment and the Economy, deemed our operations to be pertinent, efficiently organised and competitive when compared to corresponding actors in other countries. However, the report concluded that, through our financing, we should concentrate more on promoting the growth and internationalisation of Finnish enterprises and that the actors constituting the MEE Group should strengthen their mutual cooperation even further.

The increase in the risk-taking capacity of SME financing, laid down in the Government Programme already in June 2011, will be implemented as of the beginning of 2013. The new commitment for credit and guarantee losses given by the State of Finland to Finnvera enables us to take higher risks in the financing of both start-up enterprises and enterprises aiming at growth and internationalisation. We are also involved in the financing of enterprises during various situations of change in their lives and we continue our close cooperation with banks and other public players.

In order to succeed in our task as well as possible, we work to develop our own products and our own competence so that we are able to serve our clients in the best possible way.

Challenges will continue

It is gratifying that, despite the fluctuating economy, many of our SME clients are doing reasonably well. Some have even discovered new paths for growth. However, for various reasons, some SMEs have run into difficulties. In consequence, Finnvera's uncertain receivables in SME financing remained fairly high throughout the year. It is likely that the unstable economic situation, particularly in the euro area, will continue, delaying investment decisions and also making it more difficult for Finnish export companies to carry on their business.

We work for our clients, and we share risks with other providers of financing. I warmly thank our clients and all our stakeholders for good cooperation in 2012. Sincere thanks go also to our personnel, who are strongly committed to their tasks and constantly develop their competence in our training programmes. Finnvera's new tasks and the processing of major projects made the year exceptionally eventful. We proceed ahead from this point together!

Pauli Heikkilä



Operating environment

The year 2012 was characterised by continued volatility in the world economy, which is why the uncertain economic trend persisted throughout the year. The turns in the economy and in the related prognoses ranged from slight optimism at the start of the year to the conclusion at the end of the year that Finland, too, was experiencing a mild recession.

Efforts were made to resolve the debt crises of some European countries during the year, but the measures taken did not pacify the markets. The debt crisis in the euro area and the uncertainty associated with the world economy led to a cautious approach to investments, especially among SMEs. According to the SME barometer survey, only 14 per cent of companies planning to apply for financing said that they needed financing primarily for expansion investments. The number of SMEs that had difficulties in attaining the goals for turnover and profitability required by debt management increased to some extent.

Revival of exports was clearly slower than anticipated. According to the statistics compiled by the Finnish Customs, exports, e.g. in September, fell by eight per cent on the previous year but rose again by 12 per cent in October, thanks to exports of oil products. Such monthly variations are highly unusual and are a good indication of the quick turns taking place during the year. The fact that investment decisions already taken were either postponed or cancelled altogether impeded the operations of export companies. Sluggish demand, especially in the euro area, also affected exports.

Operation of the financial markets

The difficulties of Southern European banks and the subsequent discussions on measures to regulate the banking sector in the euro area coloured the financial markets. In spring, the Commission proposed measures to deepen the Economic and Monetary Union. An essential element of this would be the establishment of a banking union. In September, the Commission issued a proposal for a single supervisory mechanism, which the EU Member States approved in December.

According to Bank of Finland statistics and the studies conducted by the Confederation of Finnish Industries EK and the Federation of Finnish Enterprises, SMEs filed fewer applications for loans in autumn, and the volume of loans granted to enterprises after the summer was clearly smaller than the year before. However, in a survey conducted by the EK in October, only five per cent of the respondents reported financing problems. In contrast, a major change occurred in syndicated business loans arranged by banks. Within one year, their value fell by 45 per cent, to the lowest level in ten years.

In Finnvera's view, the situation on the corporate finance market in Finland, as in the other Nordic countries, is better and more stable than in Southern and Central Europe. However, the measures already decided for regulating the operations of banks, and the issues still under discussion, had an impact on the availability of financing. Banks have the need to manage their balance sheets, which is why the arrangement of credits, especially new, large and long-term ones, became more cumbersome. For SMEs, in many cases this meant more expensive debt financing and more stringent requirements for collateral.

For reasons partly due to enterprises and partly due to banks, the uncertain economic situation increased pressures on Finnvera's financing.

Key Figures

	2012	2011	2010	2009	2008
Finnvera Group					
Net interest income and net fee and commission income, MEUR	174.6	157.9	154.2	136.1	121.2
Administrative expenses, MEUR	42.7	42.0	41.4	42.7	41.1
Write-down on receivables and guarantee losses, MEUR	125.0	87.3	74.6	96.4	86.3
Credit loss compensation from the State, MEUR	49.7	31.9	25.4	32.2	28.4
Operating profit or loss, MEUR	54.1	62.3	62.0	18.3	9.2
Profit for the year, MEUR	53.4	59.7	62.9	17.7	8.1
Return on equity, %	7.3	9.3	10.5	3.2	1.5
Return on assets, %	1.6	2.4	2.4	0.8	0.5
Equity ratio, %	20.3	24.7	23.8	22.4	30.6
Capital adequacy ratio, %	15.9	15.5	14.6	15.0	15.7
Expense-income ratio, %	27.6	29.2	30.4	32.3	34.5
Balance sheet total, MEUR	3 807.8	2 890.2	2 664.1	2 539.4	1 803.6
Shareholders' equity, MEUR	771.8	714.8	633.5	569.0	552.2
- of which unrestricted funds, MEUR	513.3	455.8	374.6	310.4	292.5
Personnel at year-end	411	413	418	432	415
Finnvera plc, SME Financing					
Financing granted, MEUR	853.4	977.0	913.7	1 194.7	1 028.0
Outstanding commitments as per the balance sheet at year's end					
- Outstanding credits, MEUR	1 555.2	1 660.2	1 731.1	1 663.9	1 382.3
- Outstanding guarantees, MEUR	1 068.1	1 092.8	1 065.3	1 007.0	882.8
Start-up enterprises	3 123	3 397	3 611	3 457	3 307
New jobs	8 660	10 159	8 994	9 214	12 541
Finnvera plc, Export Financing					
Export credit guarantees and special guarantees offered, MEUR	5 351.0	3 795.6	2 379.6	4 449.7	6 300.8
Guarantees that came into effect, MEUR	2 414.2	3 158.7	2 642.4	3 759.8	3 844.9
Total outstanding commitments, MEUR	11 203.4	10 365.2	8 930.2	9 665.0	8 292.5
Finnvera plc, clients and personnel					
Number of clients, SME Financing and Export Financing together	30 000	29 900	29 300	28 400	27 500
Personnel at year's end	393	391	397	411	395

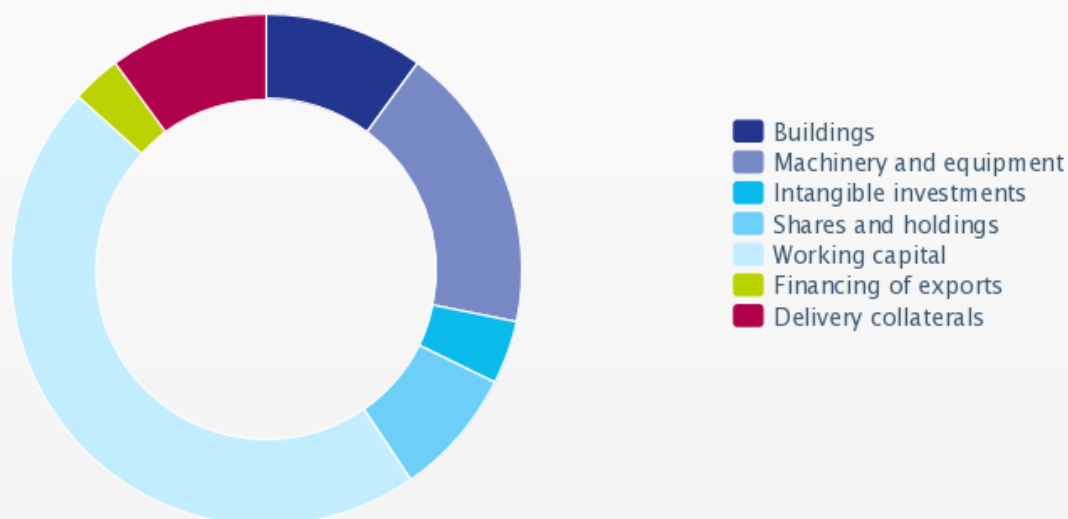
Business in 2012

Despite the European bank and debt crisis, the bank financing of small and medium-sized enterprises functioned fairly well in Finland in 2012. However, there were growing concerns for reduced availability of financing and higher costs.

Economic uncertainty weakened the possibilities of Finnvera's client enterprises to attain the necessary turnover level and to fulfil all their obligations. Thus, it became more common to defer repayments and reschedule financing. There were also more credit losses than before. Overall, the situation decreased the quality of outstanding commitments for SME financing and increased losses.

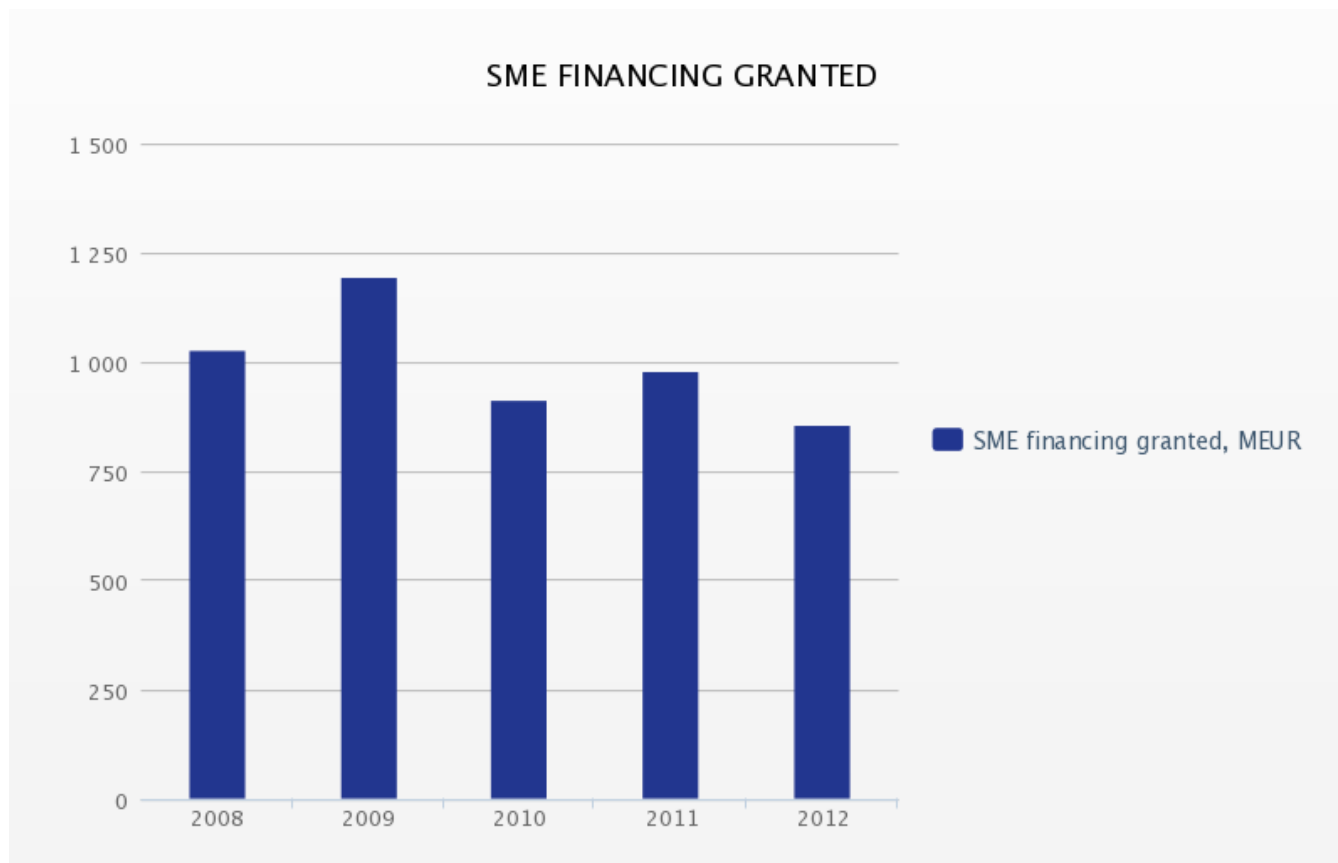
Demand for Finnvera's **SME financing** was moderate and roughly at the same level as in 2011. The total value of the projects for which financing was sought came to EUR 2.1 billion. The greatest demand was for working capital. Volume of financing sought for investments was lower than the year before. On the whole, the investment level was still rather low in 2012.

SME FINANCING: STRUCTURE OF FINANCING PROJECTS 2012, %



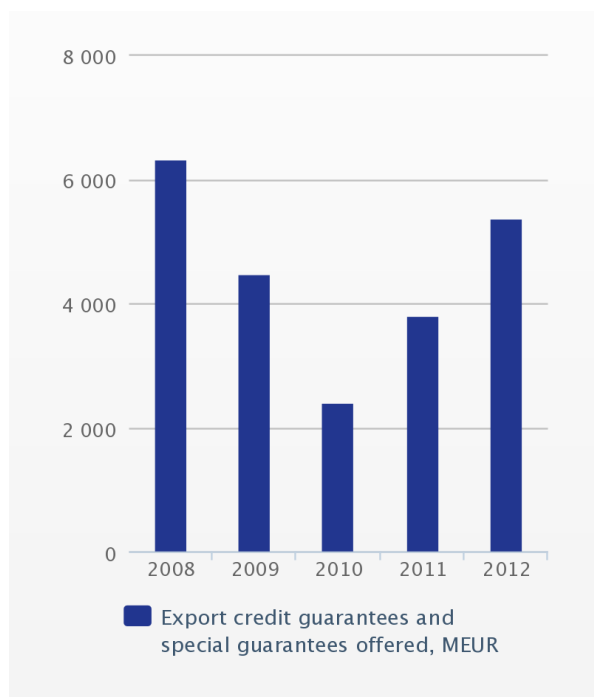
The domestic loans and guarantees granted by Finnvera to SMEs amounted to EUR 853 million, or 13 per cent less than in 2011. Of this financing, around 14 per cent consisted of counter-cyclical financing. Counter-cyclical financing was a temporary arrangement; the granting of it drew to a close at the end of 2012.

During the year, Finnvera was involved in the financing of 944 ownership arrangements (1,052); the total sum was EUR 118 million (135 million)

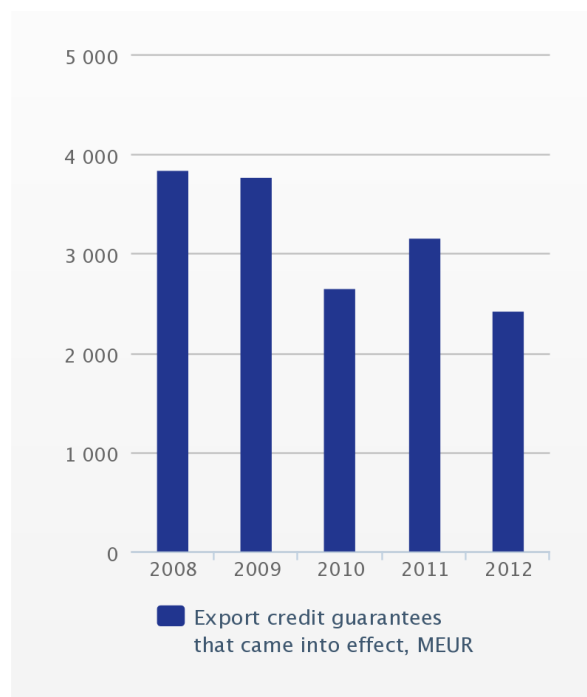


Demand for guarantees for export financing increased on the previous year to EUR 6,961 million, or 43 per cent higher than the year before (4,862 million). Apart from seasonal variation in competitive bidding for individual capital goods transactions, another reason underlying the increase in demand was the uncertain situation on the international financing market as banks were preparing for new regulation by reducing their risk-weighted receivables and balance sheets. In particular, it has become more difficult to obtain large export credits; this increased demand for both export credit guarantees and export credits.

Export credit guarantees and special guarantees offered



Export credit guarantees that came into effect



The amount of export credit guarantees and special guarantees offered rose by 41 per cent on the previous year, in total to EUR 5,351 million (3,796 million). Foreign risks accounted for 70 per cent of the export credit guarantees and special guarantees offered, or EUR 3,747 million, of which 30 per cent was used for exports to industrialised countries, 20 per cent to Russia, and 18 per cent to Latin America.

The value of guarantees that came into effect declined from the previous year by 24 per cent, to EUR 2,414 million (3,159 million). Guarantees come into effect when the export transactions have been concluded. Outstanding commitments were distributed among more than 80 countries. Among individual countries, the biggest commitments pertained to exports to the United States, Russia and Brazil.

Finnvera had 30,049 SME financing and export financing clients at the end of 2012. This was half a per cent more than the year before.

Direct venture capital investments totalled EUR 17 million (15 million), and they were offered to a total of 67 enterprises (71). Altogether 23 initial investments were made during the year (17), totalling EUR 7 million (6 million). Follow-on investments numbered 53 (56), totalling EUR 10 million (9 million).

Summary by business area

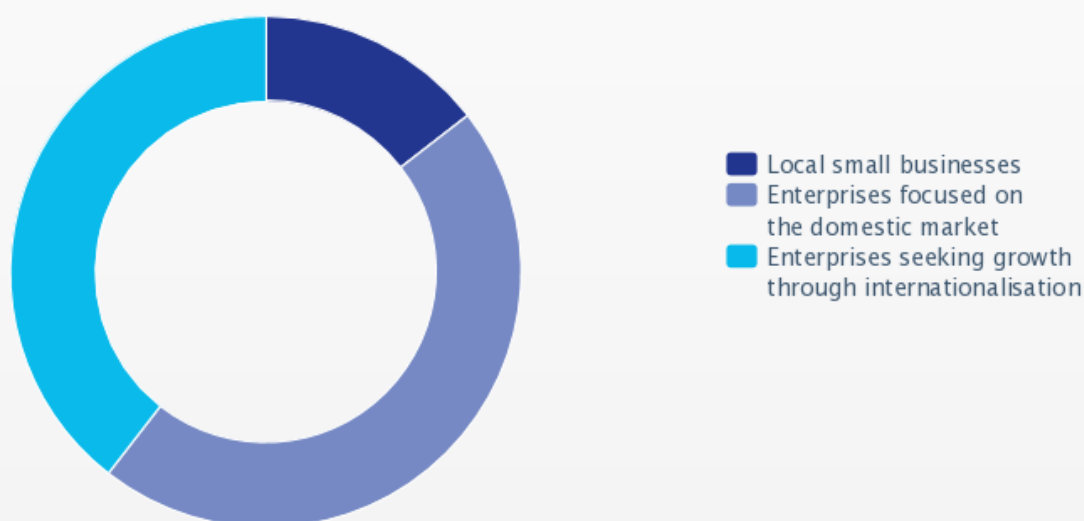
	Loans, domestic guarantees and export guarantees offered	Export credit guarantees offered	Total 1 JAN–31 DEC 2012	Outstanding commitments 31.12.2012	Clients 31 DEC 2012
	MEUR	MEUR	MEUR	MEUR	Nb
Local small businesses	123.6	0.3	123.9	366.0	19 215
Enterprises on the domestic market	392.9	8.5	401.4	1 916.4	9 405
International growth enterprises	337.0	70.9	407.9	961.1	1 315
Export financing	–	5 271.2	5 271.2	10 891.3	114
Total	853.4	5 351.0	6 204.4	14 134.8	30 049

Financing for SMEs

At the beginning of 2012, Finnvera formed a new unit: Financing for SMEs and Internationalisation. Its clientele is divided into three groups:

- local small businesses;
- enterprises focused on the domestic market;
- enterprises seeking growth through internationalisation.

SME FINANCING GRANTED BY BUSINESS AREA 2012, MEUR



Of the total SME financing granted in 2012, local small businesses accounted for 14 per cent, enterprises focused on the domestic market for 46 per cent, and enterprises seeking growth through internationalisation for 39 per cent.

In SME financing, the financing needs are mainly associated with either investments or working capital. However, the need for financing varies and depends on the size of the enterprise and the project and the stage of the enterprise's life cycle.

A starting enterprise applies for financing for initial investments and for launching its operations, such as for the acquisition of the initial inventory or investments in furnishings. The average financing or guarantee for a bank loan granted by Finnvera to a starting enterprise is about EUR 20,000.

Enterprises operating on the domestic market also seek financing often for growth and investments or for various situations of change, such as changes of generation or other ownership arrangements.

A growth enterprise may need financing, for instance, for:

- the acquisition of a machine or equipment;
- working capital, owing to factors such as seasonal variations and maintenance of a merchandise inventory;
- the development of a product or service;
- aiming at the export market.

An internationalising enterprise needs to finance expansion outside Finland, for instance, through a company acquisition, or by establishing a subsidiary, a joint venture or an office abroad. Aside from working capital, Finnvera provides financing for both pre- and post-delivery security associated with the export transactions of internationalising enterprises.

The financing or guarantee offered by Finnvera for growth and internationalisation is EUR 800,000–900,000, but the needs vary from case to case. The largest commitments for clients may be several millions of euros.

We believe that new enterprise and, above all, growth enterprise will generate new business in Finland. This will help us to cope with the coming restructuring.

– Annamarja Paloheimo, Senior Vice President, SME Financing



Finnvera shares risks with other providers of financing, and banks play an important role in financial arrangements. Finnvera usually accounts for less than 50 per cent of a client enterprise's total need for funding. In exceptional cases, Finnvera can be the only outside financier for small projects; in such situations, Finnvera's share of financing is higher.

Before the financing decision, Finnvera conducts an enterprise analysis assessing the enterprise's potential for success, business, competitiveness and the ability to manage its financial obligations. The financing decision and the decision on Finnvera's contribution is made on the basis of this analysis.

At the end of 2012, the outstanding commitments for SME financing stood at EUR 3,034 million (3,149 million).

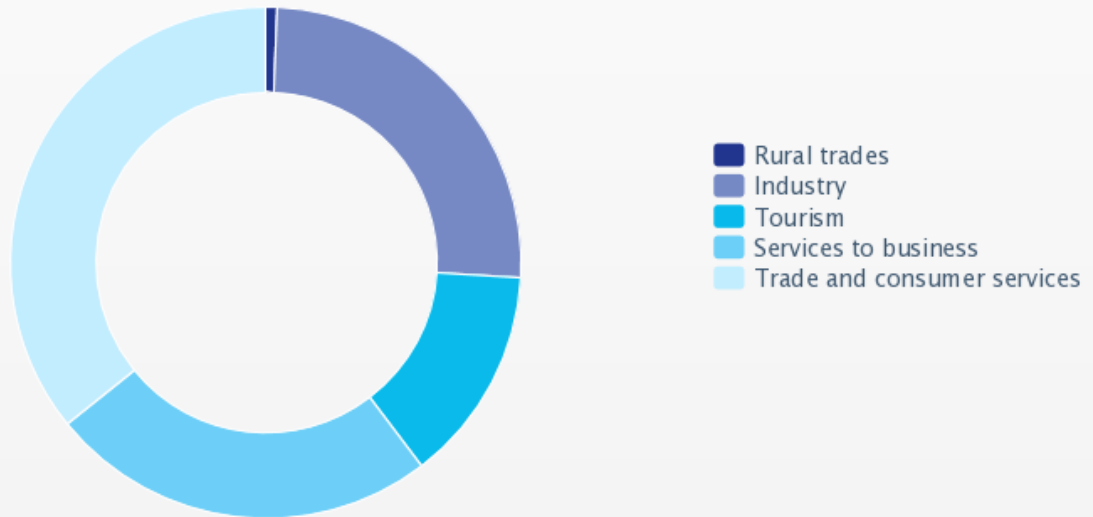
The year 2012 in brief

Despite the challenging economic situation, demand for SME financing was reasonably good in 2012, even though there was a decline from the previous year. Most of the financing granted was used for working capital and for payment time arrangements. The volume of financing sought for investments and company reorganisations was less than in 2011.

The value of financing granted to local small businesses in 2012 totalled EUR 124 million. The financing granted fell by 9 per cent from the previous year. The decrease stemmed primarily from lower demand for financing among start-ups, because the continued economic uncertainty and weaker consumer demand reduced the number of new enterprises established.

In 2012, Finnvera provided financing for a total of 3,123 starting enterprises, whereas the corresponding figure in 2011 was 3,397.

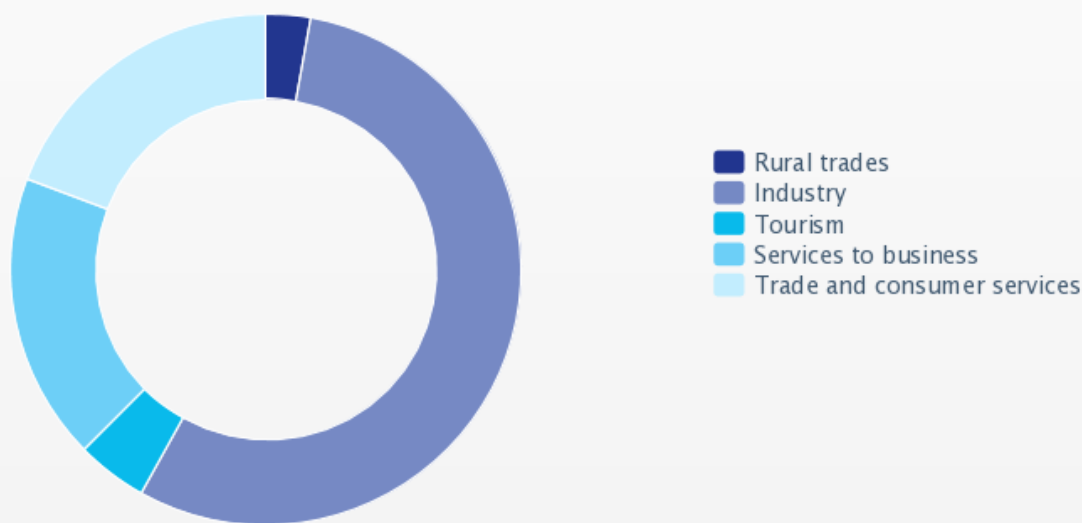
FINANCING GRANTED TO LOCAL SMALL BUSINESSES IN 2012, BY SECTOR, MEUR



In 2012, 75 per cent of microfinancing was granted to the service sector.

Financing granted to enterprises operating on the domestic market in 2012 amounted to EUR 393 million, or one some fifth less than in 2011. During 2012, Finland had a total of 13 areas of abrupt structural change. Together with other public and private actors, Finnvera provided a total of EUR 97 million for these areas.

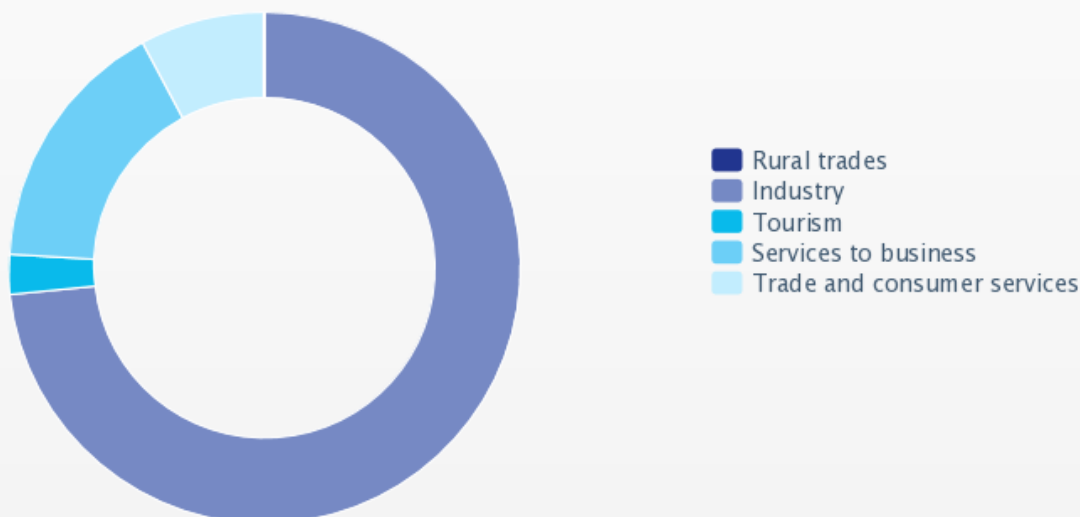
FINANCING GRANTED TO ENTERPRISES OPERATING ON THE DOMESTIC MARKET IN 2012, BY SECTOR, MEUR



Of financing granted to enterprises operating on the domestic market, 55 per cent went to industrial enterprises.

Financing for growth and internationalisation granted in 2012 came to EUR 337 million. This was some one per cent more than in 2011.

FINANCING GRANTED FOR GROWTH AND INTERNATIONALISATION IN 2012,
BY SECTOR, MEUR



Of financing granted to enterprises seeking growth through internationalisation, 73 per cent went to industrial enterprises.

Finvera's counter-cyclical financing was taken into use on 6 March 2009, at the height of the economic crisis. The Government extended the availability of counter-cyclical financing until the end of 2012. The counter-cyclical financing granted in 2012 totalled about EUR 123 million, whereas the figure for 2011 had been about EUR 173 million. The total volume of counter-cyclical financing granted since 2009 was EUR 589 million, divided among 1,355 enterprises.

The consequences of the financial crisis that began in 2008 were still felt among the clientele of Finvera's SME financing. Altogether 438 client companies (470) went into liquidation or wound up operations during 2012.

Development of operations

Early in 2012, Finnvera introduced the SME Export Finance Programme, which proved to be very popular. Over 50 Finnish enterprises participated in the programme during the year. The aim is to improve enterprises' know-how in issues related to the financing of exports. The programme, implemented in close cooperation with banks operating in Finland, has its focus on concrete export projects and their financing solutions. The programme will continue and new companies will be selected for it in 2013.

Case: Aquamec received an overview of financing options available for export trade

Located in Säkylä and Tampere, Aquamec designs, develops and sells Watermaster dredgers intended for shallow-water applications. These specialised machines are only made in Finland. Aquamec employs 11 people and has customers the world over. The company has been growing at a moderate pace for ten years and has so far exported its products to over 50 countries. Thus, knowledge of the financing options available for export trade is important.

“We applied to join Finnvera’s SME Export Finance Programme because of practical needs. Since exports account for about 95 percent of our turnover, we wanted to know more about the financing options we could offer to our customers,” says Managing Director Lauri Kalliola.

According to Kalliola, the programme was useful and answered the need for information.

“Although the issues may have been familiar from earlier occasions, the programme gave a good overview of various financing options. The tripartite approach between the enterprise, the bank and Finnvera was also good. This put all competence to efficient use.”

Kalliola sees this type of programme as an important opportunity for businesses.

“It is certainly useful for all companies engaged in export trade to increase and deepen their knowledge of financing. Sometimes, the arrangement of financing may even be a crucial factor in an individual transaction,” Kalliola underlines.

Export financing

The purpose of Finnvera's export financing is to promote Finnish companies' opportunities to engage in export trade. Finnvera offers export companies and export financiers internationally competitive export credit guarantees and credit insurance to cover export and project risks. Guarantees can be used to minimise political and commercial risks associated with exports, thereby improving the financing options available for export transactions.

Export credits and export credit guarantees are subject to international regulations. The OECD Arrangement sets guidelines for officially supported export credits that have a repayment term of two years or longer. The guidelines concern, for instance, the share of cash payment and the repayment period. Separate regulations have been set for certain sectors and projects, such as ship credits. Finnvera can only grant export credit guarantees for creditworthy projects. The creditworthiness of the buyers, guarantors and the buyers' country is determined in each case. Another precondition is that the transaction to be financed benefits the Finnish economy.

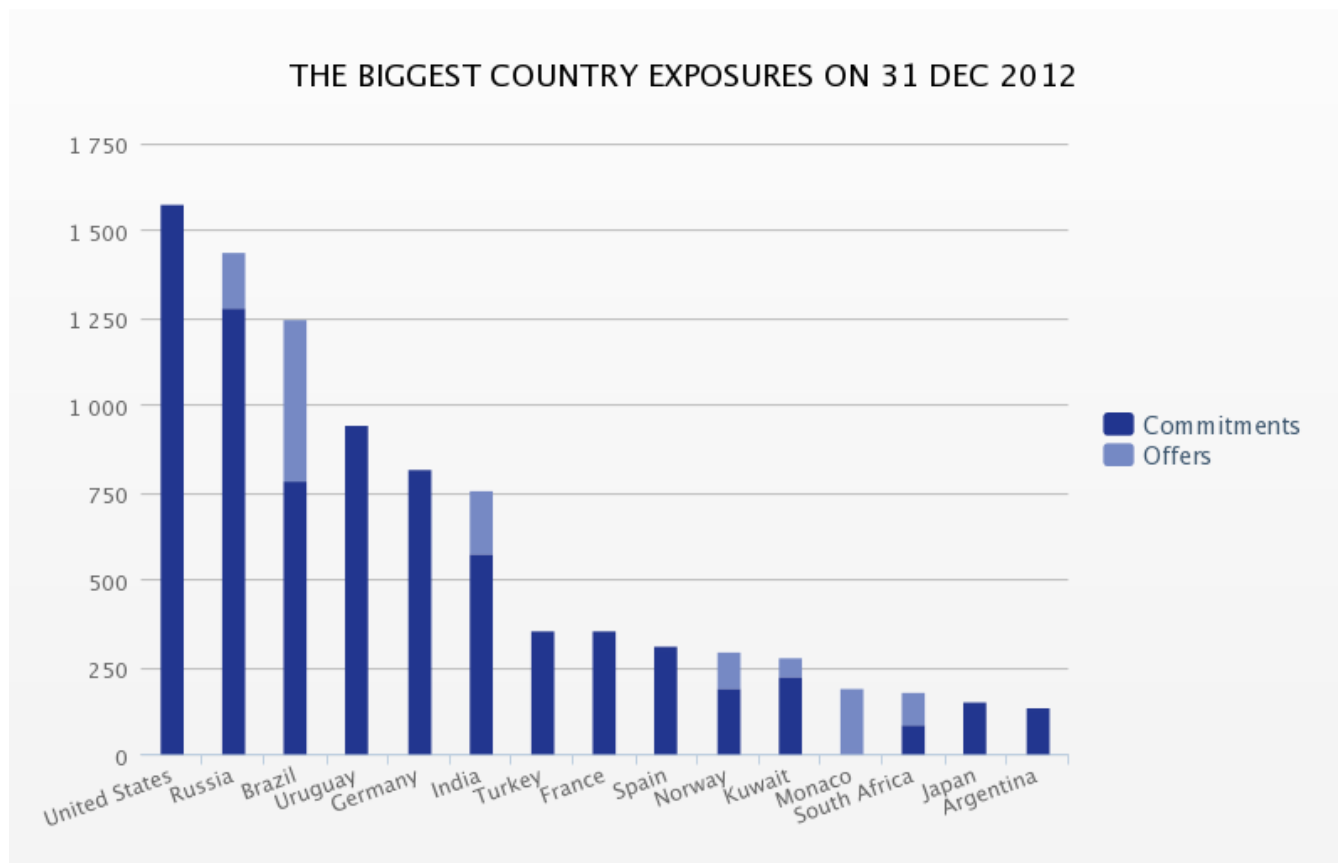
The export credit guarantees granted by Finnvera do not include financial support. Clients pay a premium that is based on the creditworthiness of the project and on the risk period.

As of the beginning of 2012, Finnvera and its subsidiary, Finnish Export Credit Ltd, have been able to offer export credit financing for credits arranged by banks in accordance with a new model based on their own acquisition of funds.

In addition, Finnish Export Credit manages the interest equalisation system for officially supported export credits, which improves the opportunities of financial institutions to arrange long-term and fixed-rate financing for exports. Then the interest on the export credit and the financing costs are known already at an early stage of the transaction. The bank serving as the arranger of the export credit finances the credit and acquires the funds and signs an interest equalisation agreement with Finnish Export Credit.

The clients of export financing operate in many business sectors. They include all major Finnish exporters of capital goods and a large number of smaller companies. At the end of 2012, outstanding commitments for Finnvera's export financing and special guarantees totalled EUR 11.1 billion, or 8 per cent more than the year before.

Finnvera and Finnish Export Credit Ltd are Finland's official export credit agencies (ECA).



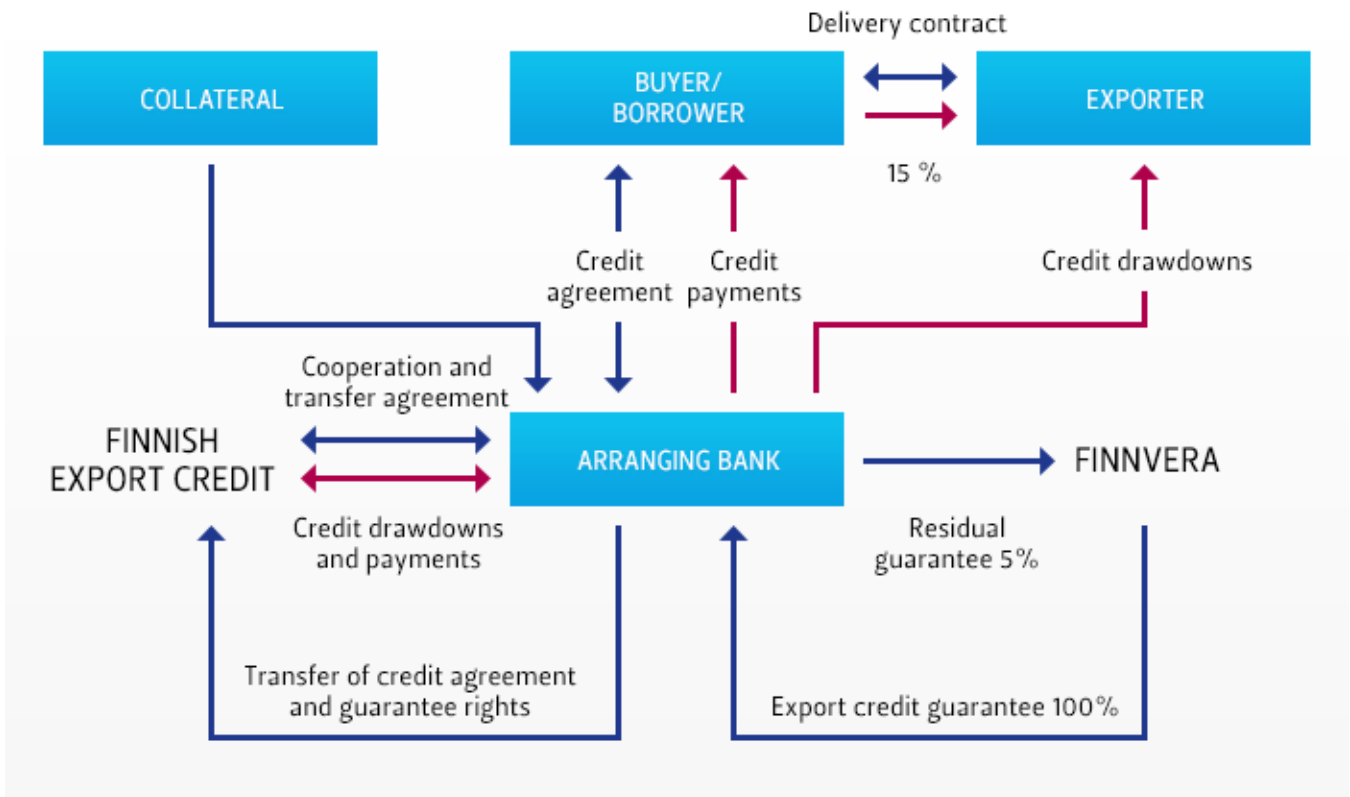
Financing of export credits helps in financial arrangements

Through Finnish Export Credit, Finnvera helps to arrange financing for foreign customers who purchase Finnish capital goods. This is done by financing export credits that the bank has granted to a foreign buyer. Long-term export credits enable the acquisition of capital goods. The financing requires that the transaction benefits the Finnish economy.

Banks play a key role in the arrangement of financing for export transactions because the bank negotiates the terms of the buyer credit and manages the credit. The bank selected by the buyer arranges a long-term export credit on OECD terms, which it may transfer to Finnish Export Credit for financing. Finnvera's Buyer Credit Guarantee is a prerequisite for the financing.

The application for financing an export credit must be submitted before the delivery contract is signed.

Financing of export credits



- The exporter signs a delivery contract with a foreign buyer.
- In the buyer credit guarantee arrangement, the buyer is a borrower. The buyer selects the bank that arranges the credit and they sign a credit agreement. The bank negotiates the terms of the buyer credit and manages the credit.
- The bank and Finnish Export Credit make a cooperation agreement, and the bank transfers the credit to Finnish Export Credit for funding.
- Finnvera grants a Buyer Credit Guarantee to the bank that arranged the credit. Finnvera makes the guarantee decision according to its normal risk-taking criteria. The maximum guarantee is 95 per cent of the total credit, while the bank bears 5 per cent of the risk (“residual”).
- The bank that arranged the credit gives Finnvera a guarantee corresponding to its share of the risk. The bank transfers its right to an indemnity under the Buyer Credit Guarantee to Finnish Export Credit, which has Finnvera’s guarantee for the credit.
- Drawdowns and repayments of the credit go through the arranging bank between the borrower and Finnish Export Credit.

Case: Finnvera a co-financier of multipurpose vessels

Finnvera guarantees a buyer credit for two vessels ordered by OAO Sovcomflot JSC of Russia from Arctech Helsinki Shipyard Inc. OAO Sovcomflot JSC is a shipping company owned 100% by the Russian Federation. Measured by capacity (DWT), it is among the world's five largest shipping companies transporting energy.

The credit totals USD 160 million, of which Finnvera guarantees 80 per cent. The loan period is 12 years from the delivery of the vessel. The holder of Finnvera's guarantee is ING Bank N.V. Finnvera's subsidiary, Finnish Export Credit Ltd, finances the credit arranged by the bank to the buyer.

It is estimated that each ice-breaking multipurpose vessel has an impact of 500 person-years on employment. Each vessel is 94 metres long and has a DWT of 3,950 tonnes. The first vessel was delivered in December 2012.

The year 2012 in brief

In export financing, international problems associated with the availability of financing clearly increased the number of applications for export financing received in 2012. Demand for export credits was great, both in Finnvera and internationally. The greatest demand was recorded for export projects where the repayment period is over seven years. However, only some of the planned export transactions actually materialise in the end.

In October, Finnvera's Board of Directors decided to give a guarantee offer to Royal Caribbean Cruises Ltd for a buyer credit of about EUR 845 million. The guarantee offer applied to the building of an Oasis-class cruise vessel at the Turku shipyard of STX Finland Oy. According to the offer, Finnvera would guarantee 95 per cent of the credit and the repayment period would be 12 years.

Pertaining to the same project, Finnvera also made a conditional decision concerning a guarantee for a pre-delivery credit of EUR 600 million to STX Finland Oy. A precondition for the offers was that sufficient equity and working capital are acquired from other providers of financing, independent of Finnvera's guarantees. The other funding required by the project could not be arranged, and STX Finland did not win the contract.

Between the years 2000 and 2012, Finnvera offered guarantees of over EUR 14 billion to STX Finland Oy, its predecessors and to the company's shipowner customers.

Offers given for export credit guarantees and special guarantees in 2012 totalled EUR 5.3 billion (3.9 billion); this was 36 per cent more than in 2011. The figure does not include the above-mentioned conditional offers.

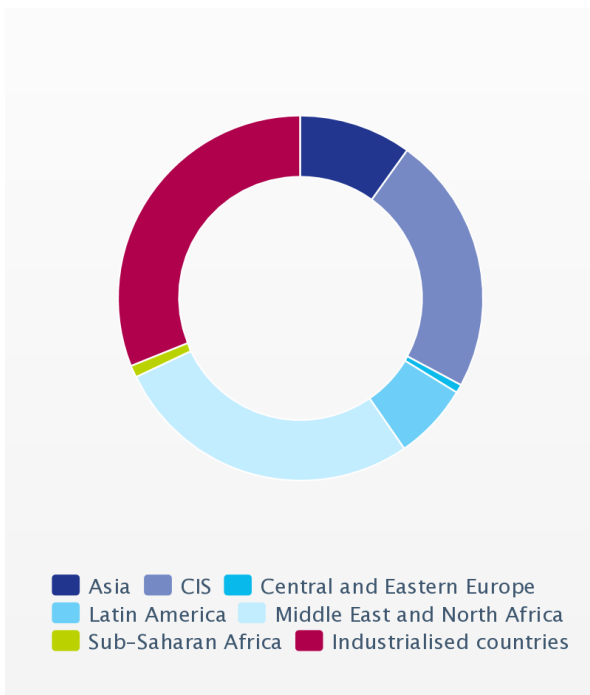
In total, 83 per cent of the guarantees offered concerned the traditional sectors of Finnish capital goods exports, such as telecommunications and the energy, forest and shipbuilding industries. Among geographical regions, the share for the CIS* increased the most, to 15 per cent of the offers given. Besides Finland, the most guarantees were offered for exports to the United States and Russia.

* Twelve independent countries that used to be included in the Soviet Union.

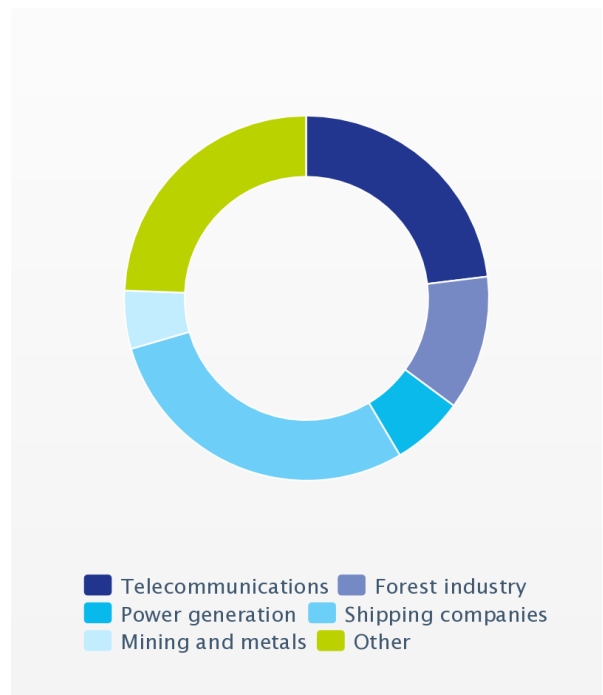
The value of guarantees that came into effect in 2012 totalled EUR 2.4 billion (3.2 billion). Most of them i.e. 88 per cent, pertained to foreign risk-taking. No significant changes in the number or size of projects or in the clientele took place during the year.

Finnvera's temporary permission to insure risks of under two years in the EU Member States and in certain other Western industrialised countries expired on 31 December 2011. During the second half of 2012, Finnvera had restricted permission to insure these short-term credit risks if the transaction was conducted by an SME whose annual export turnover was at most two million euros or if the risk involved was a single one. In April 2012, the European Commission removed Greece from the list of marketable risk countries for the rest of 2012.

Export credit guarantees that came into effect in 2012, by region



Export credit guarantees that came into effect in 2012, by sector



Development in 2012

The development of export financing in 2012 focused on tasks associated with the adoption of the system of financing export credits and on merging the operation of Finnish Export Credit and Finnvera.



During 2013, we will solidify the new system for financing export credits, which was taken into use at the start of 2012. We will also provide more guarantees for the export projects of growth enterprises.

– Topi Vesteri, Executive Vice President

The permanent system for financing export credits was made possible by a legislative amendment that entered into force at the start of the year. During 2009–2011, Finnvera financed export credits on the basis of a temporary funding system. Then the funds needed for the credits were acquired by the State of Finland, whereas in the permanent system, Finnvera manages the acquisition of funds itself. In export financing, this meant the allocation of resources, in particular, to the funding of export credits and creation of a treasury function for acquisition of funds.

Venture capital investments

Public early-stage venture capital investments are concentrated in the Finnvera Group. Finnvera makes direct investments in early-stage innovative companies and develops regional venture capital investment activities by investing in regional equity funds organised as limited companies and in Vigo accelerator funds.

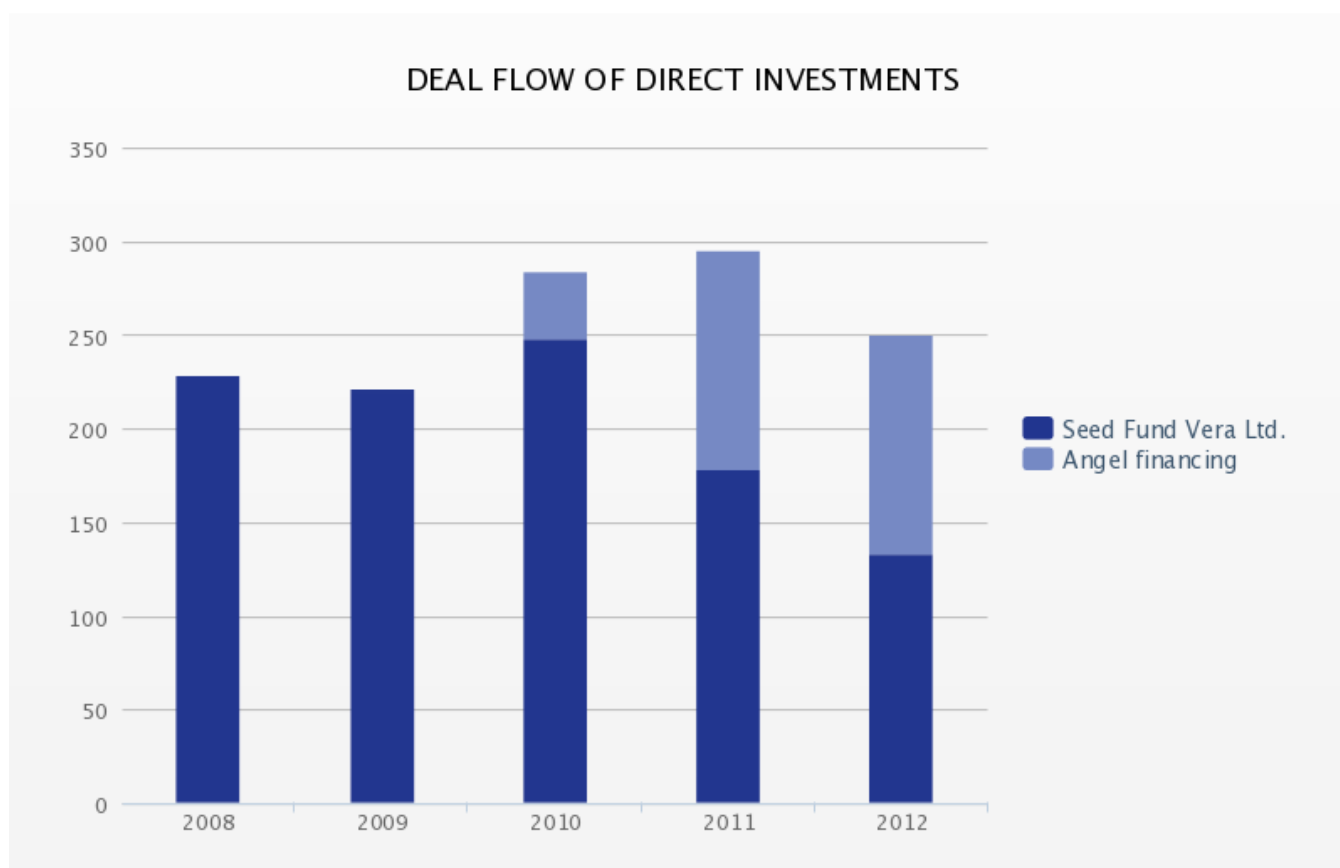
Working together with Finnvera and Tekes, the Ministry of Employment and the Economy is streamlining the schemes for early-stage venture capital investments. For the present, Finnvera's venture capital investments will continue within the framework of the existing assets.

In venture capital investments, Finnvera's financing products are direct share capital investments and subordinated loans. The investments are made as minority investments. The fund's holdings range from 10 to 40 per cent. The maximum initial investment is EUR 500,000.

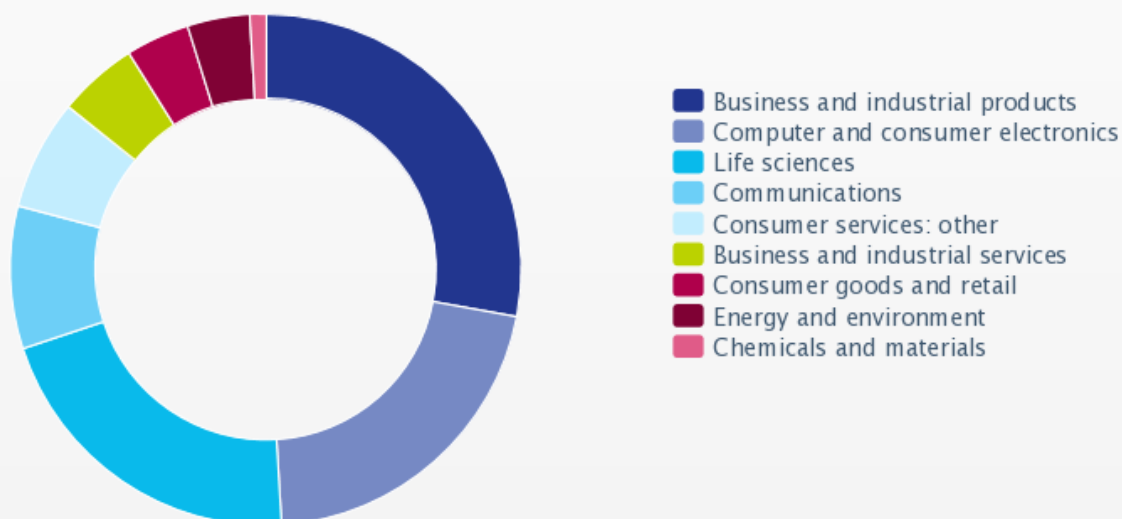
The year 2012 in brief

The demand for venture capital investment financing has remained steadily high since these activities began in 2005. In 2012, a total of 250 enterprises sought investments (284). During the year, 117 projects were channelled directly to the business angel network.

The number of investments made was somewhat greater than the year before: direct venture capital investments numbered 76 (73). The value of the investments rose slightly from the previous year to 17 million (15 million). Of the projects financed, 23 were initial investments (17). Their total sum was EUR 7 million (6 million). Follow-on investments numbered 53 (56), totalling EUR 10 million (9 million).



EARLY-STAGE PORTFOLIO COMPANIES BY SECTOR, 31 DEC 2012, %



Since decision-making in an uncertain market situation is often slower than during times of rapid growth, investments and purchase decisions are easily postponed until a later date. This also slows down the growth and internationalisation of the portfolio companies and may protract exiting from the companies. In 2012, there were a total of five exits, in full or in part, where the portfolio company was sold either to an industrial buyer or to another venture capitalist. Thirteen portfolio companies went into liquidation.

Development in 2012

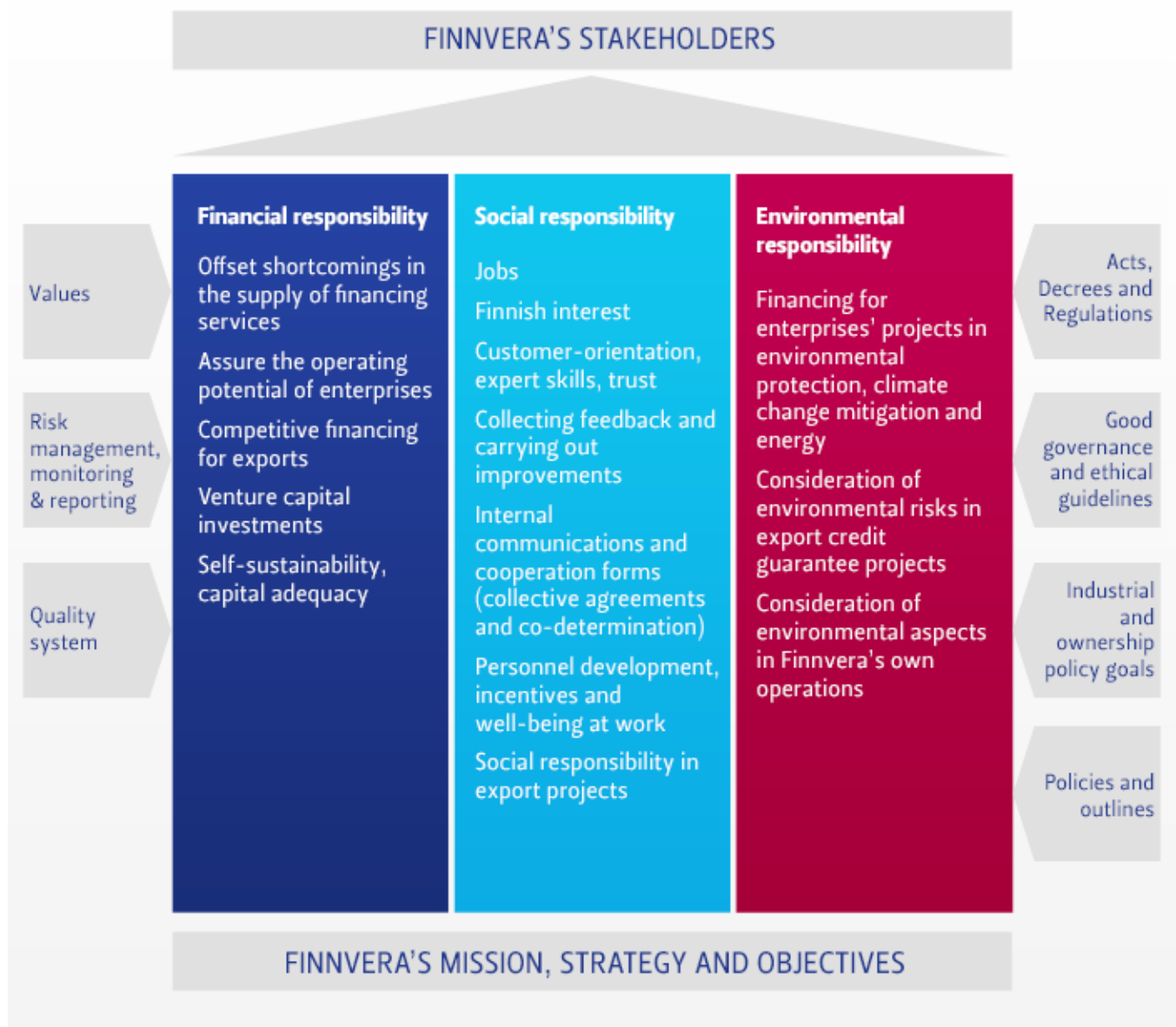
In accordance with the policy decision made by Minister of Economic Affairs Jyri Häkämies in autumn 2012, Tekes is making preparations to launch early-stage venture capital investments. For the present, Finnvera will continue direct investments and will make initial and follow-on investments in portfolio companies within its resources. At the start of 2013, the business angel operations administered by Finnvera will be transferred to the Finnish Business Angels Network (FiBAN) founded in 2011. To ensure the continuity of operations, Finnvera will support FiBAN in the development of business angel activities.

In 2012, Finnvera continued the internationalisation of venture capital investments by maintaining active contacts with other funds and business angel networks. Finnvera is a member of the European Business Angel Network (EBAN) and the European Private Equity and Venture Capital Association (EVCA). Moreover, Finnvera has contributed actively to cooperation within organisations such as the Network of European Financial Institutions for SMEs (NEFI), one goal of which is to facilitate the access of SMEs to financial markets in Europe.

Corporate responsibility

Finnvera's Board of Directors discussed and approved the company's principles of corporate responsibility on 12 January 2012.

- For Finnvera, corporate responsibility means adherence to responsible modes of operation in its contacts with all stakeholders.
- Finnvera carries out its mission and strategy in accordance with the laws, regulations and industrial and ownership policy goals guiding the company's operations.
- Finnvera's corporate responsibility rests on the foundation of the company's values and good governance. In practice, it is manifested as financial, social and environmental responsibility.
- The daily tools for acting responsibly at Finnvera include theme-specific policies and guidelines and an operating system that is kept up to date.



Review of corporate responsibility

The difficult economic situation in Europe and globally in 2012 continued to cause uncertainty in the financing sector. Finnvera's role as a responsible Finnish actor was emphasised, and Finnvera was needed both by SMEs operating on the domestic market and by export companies.

The past year was also challenging for Finnvera, and losses from SME financing exceeded the sum for 2011. Losses were covered by profits retained from the previous years and partly by the credit loss compensations paid by the State. The separate result for export financing remained positive.

Early in the year, together with our cooperation partners, we launched the SME Export Finance Programme targeted at Finnish SMEs. The programme was very well received. The aim is to improve enterprises' know-how in issues related to the financing of exports. In this way, we also contribute to the promotion of know-how. Encouraged by the feedback, we will continue the programme in the coming year.

Responsible risk-taking

For Finnvera, corporate responsibility means adherence to laws, international agreements and responsible modes of operation in its contacts with all clients and stakeholders. Through our operations, we have an impact on the establishment, growth and internationalisation of enterprises and on exports. By means of financing and in cooperation with other financiers, we contribute to the creation of opportunities for enterprises to succeed. On the other hand, as a public player we must take care to ensure that our financing does not distort competition between companies. Finnvera's operations as a whole have a broad impact on Finnish enterprise and employment, and thereby on all aspects of society.

Responsible project assessment and controlled risk-taking are the cornerstones of our financial activities. In our financing, we can take greater risks than private providers of financing. We mend situations where a company cannot get financing from a bank without Finnvera's participation, for instance, for lack of collateral.

We hope that Finnvera's financing also helps our clients to make responsible choices.

In 2012, we defined the most important corporate responsibility issues for Finnvera's operations. In the coming year, we will continue their development and integration into our business.

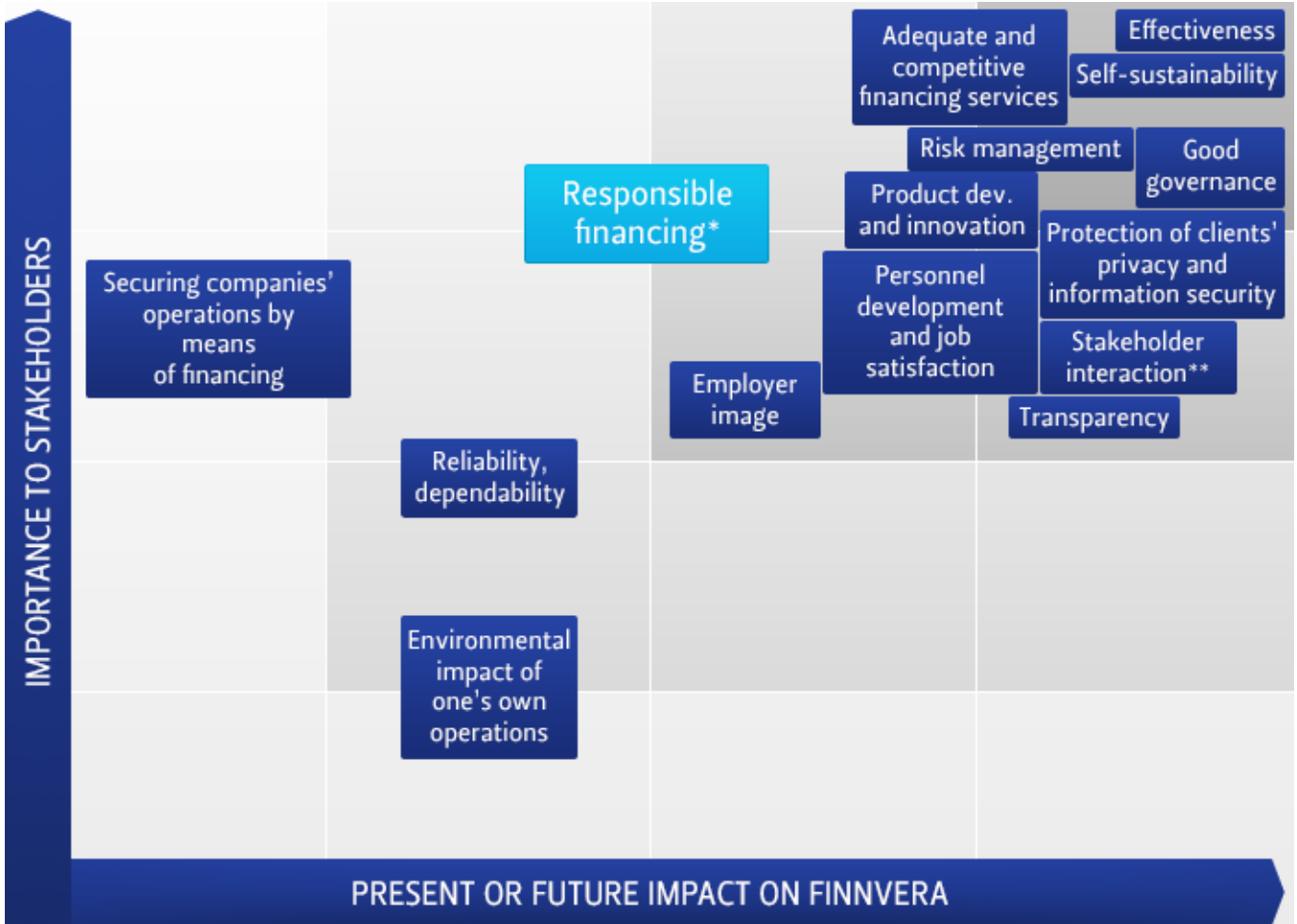
– **Pauli Heikkilä**, Chief Executive Officer

Materiality analysis

In 2012, Finnvera defined the key corporate responsibility issues associated with stakeholders' expectations and their impact on Finnvera's business. An evaluation was conducted in order to identify these aspects. The evaluation was based on feedback from client and stakeholder surveys, interviews of the Chairman of the Board of Directors and the senior management, and on the findings of a workshop that brought together experts from various units in Finnvera. PwC's experts specialised in corporate responsibility assisted in the evaluation.

On the basis of this evaluation, the most important issues for stakeholders and the company's development are grouped in Finnvera's materiality matrix.

The materiality matrix of Finnvera's corporate responsibility



* Ethical and moral operating principles, careful project assessment, specification of Finnvera's ESG criteria, OECD rules, fair business practices, and anti-bribery principles.

** Communication to stakeholders, transparency, cooperation.

A Master's thesis on impacts

How would a company have fared without Finnvera's financing? How recurrent is Finnvera's financing and what are the reasons for this? Answers to these questions were sought in the Master's thesis. The factors considered were the company's turnover, number of personnel and operating profit, which were compared to the corresponding development of companies that were not Finnvera's clients. Recurrence was assessed as probabilities. The reasons for this were analysed on the basis of information received from Finnvera's experts.

Only a small percentage of Finnvera's clients could be included in the study. For instance, enterprises at the start of their operations were excluded from the material.

Case: Erkka Saarinen, M.Soc.Sc.: Assessment of Finnvera's impacts

"The findings of my study indicate that Finnvera's SME financing has a positive effect, in particular, on employment. For example, in the case of an investment, the financing enabled the investment, but it was also common to employ more staff to implement it. Having a positive impact on employment is important for society: tax revenues increase and social problems stemming from unemployment decrease.

Companies that had received financing from Finnvera seemed to be able to boost their turnover. The impact on employment and the increase in turnover were the best in companies that had become Finnvera's clients in 2008. As Finnvera's financing had the most positive impact on companies that had become clients during the financial market crisis, Finnvera's financing mended a real market failure.

In contrast, profitability measured using the operating profit did not seem to improve. Part of the reason for this may be that the study was limited to companies that had received financing within the past five years. In my opinion, the longer-term goal should be to improve the profitability of the financed companies as well. Otherwise, Finnvera's financing may mostly disturb the operation of the markets, thereby slowing down the renewal of economy essential for economic growth.

I also studied the recurrence of Finnvera's financing and the reasons for this. It appeared that recurrence was greater among companies that had received guarantees than among those that had been granted loans. Recurrence was also greater for industrial enterprises than for others. The biggest single reason for this was the frequent renewal of limit-type agreements. On the other hand, the financial market crisis may also have had an effect here. A central finding was that companies that had become Finnvera's clients before 2005 received financing more often than companies that had become clients later.

Writing my thesis for Finnvera was a great opportunity and a highly positive experience. I think it is a pity that so few Master's theses are commissioned by businesses. I am grateful that CEO Pauli Heikkilä

was interested in my study and also had time to supervise it. Warmest thanks to him and to all Finnvera employees who helped me.”



Erkka Saarinen's Master's thesis was recognised by the Faculty of Social Sciences of the University of Helsinki as the Master's Thesis of the Year in Economics in 2012.

Financial responsibility

Finnvera bases its operations on the principle of financial responsibility. With its services, the Finnvera Group offsets shortcomings in the supply of financial services and strengthens the operating potential and competitiveness of Finnish enterprises by providing loans, domestic guarantees, venture capital investments, export credit guarantees and export credits.

Through the Ministry of Employment and the Economy, Finnvera's owner – the State of Finland – sets goals for the company. Finnvera's success in promoting new enterprise, the growth and internationalisation of companies, and exports is measured and evaluated annually.

By implementing its basic mission and by managing its own business responsibly, Finnvera has an impact on the development of the entire Finnish economy.

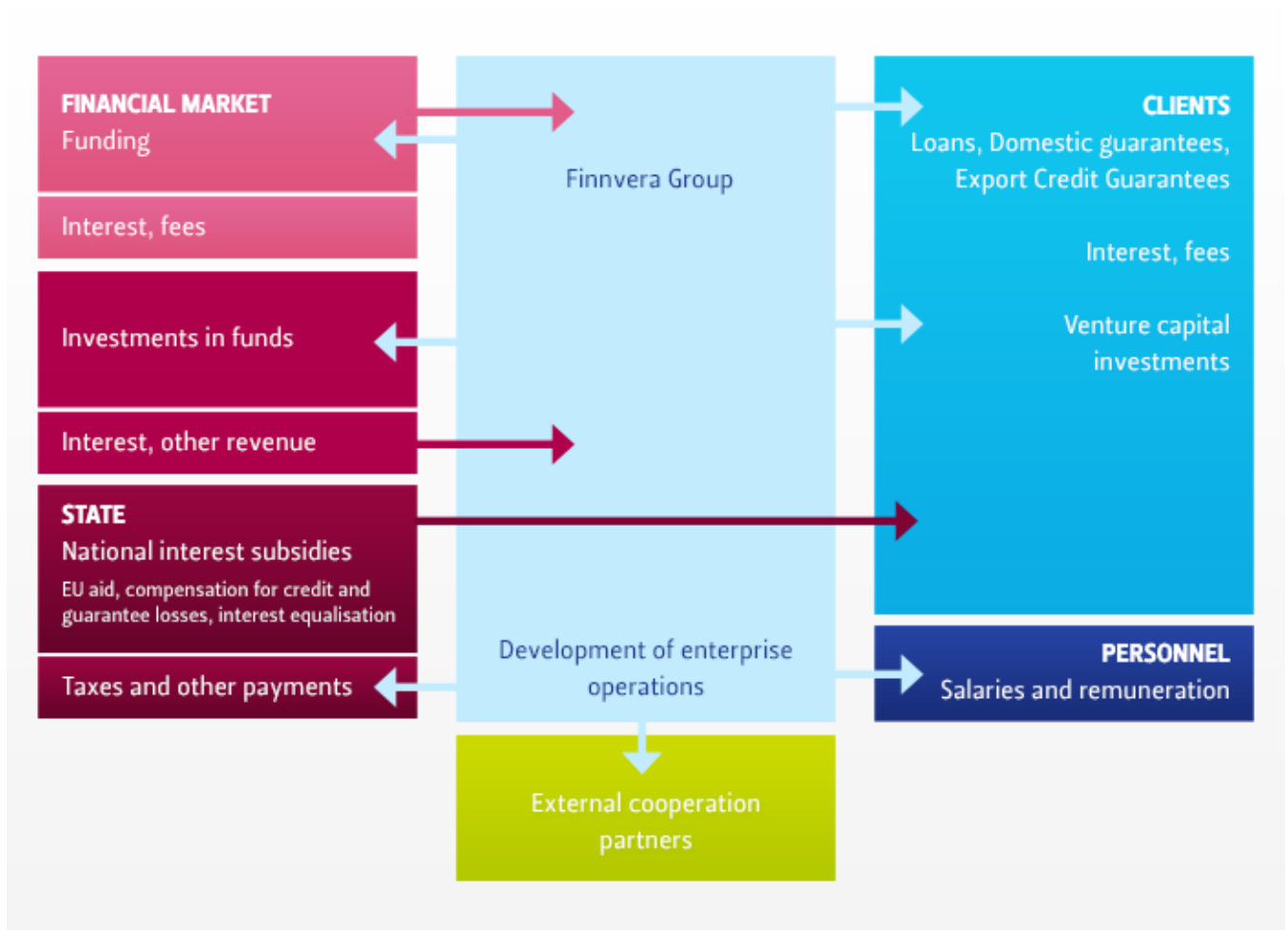
- Each year, Finnvera co-finances about 3,500 start-up enterprises, which corresponds on average to about ten per cent of the enterprises established in Finland annually.
- Each year, Finnvera finances on average 20–30 domestic SMEs that are expanding their operations abroad. The active targeting of financing at enterprises seeking growth through internationalisation contributes to the growth of the Finnish economy.
- Finnvera's services improve the financing options available for Finnish SMEs operating on the domestic market and undergoing situations of change. These enterprises are important for the Finnish economy, for instance, as employers.
- Finnvera uses SME financing to slow down and alleviate the negative effects of regional restructuring and to create new enterprise activities faster than old businesses vanish.
- The exports covered by Finnvera's guarantees account for approximately five per cent of Finland's total exports. Companies have access to an internationally competitive selection of financial instruments. Indirectly, too, export financing plays an important role for the Finnish economy and thereby for Finns' well-being.
- The goal of venture capital investments is, over the medium term, to turn innovative start-ups into companies that help support the Finnish economy, for instance, as employers and future export companies.

Impacts of Finnvera's activities

	2012	2011	2010	2009	2008
Domestic financing					
Loans, domestic guarantees and export guarantees granted, MEUR	853.4	977.0	913.7	1 194.7	1 027.8
- Financing for assisted areas	337.4	407.5	403.8	476.2	437.6
Number of starting enterprises	3 123	3 397	3 611	3 457	3 307
Number of new jobs	8 660	10 159	8 994	9 214	12 541
Financing / new job, EUR 1,000	99	96	102	130	82
Financing of exports					
Export credit guarantees and special guarantees offered, MEUR					
- SMEs	60.4	79.1	100.3	79.6	76.8
- Major companies	5 290.5	3 716.6	2 279.3	4 370.2	6 224.0
Total	5 351.0	3 795.7	2 379.6	4 449.7	6 300.8
- of which foreign risk	3 746.8	3 705.7	1 899.6	4 127.8	4 248.4
Guarantees that came into effect, MEUR					
- SMEs	31.9	42.8	79.7	73.8	43.0
- Major companies	2 382.4	3 115.9	2 562.8	3 686.0	3 801.9
Total	2 414.2	3 158.7	2 642.4	3 759.8	3 844.9
- of which foreign risk	2 127.2	2 883.7	2 642.4	2 446.6	2 719.8
Exports covered by export credit guarantees, %					
- Share of Finland's total exports	4.5	4.5	5.8	5.1	2.4
- Share of exports to countries with political risk	9.7	8.2	9.5	8.0	4.4
Number of clients	30 000	29 900	29 300	28 400	27 500

Financial impacts and indicators

Aside from its proper operations, Finnvera also has indirect economic impacts on the society around it.



The table below shows the key indicators for financial responsibility in 2012 and 2011:

Key indicators for financial responsibility, MEUR

	2012	2011
Revenue		
- Net interest income, and fee and comission income and expenses	170.0	153.4
Subsidies and compensation for losses		
- Interest subsidies passed on to clients and other interest subsidies	12.2	14.2
- Compensation for credit and guarantee losses	49.7	31.9
Impairment losses on receivables, guarantee losses	123.4	86.6
Operating expenses		
- Personnel expenses	28.0	27.4
- Other administrative expenses	11.8	11.5
Other business expenses	6.5	6.4

Economic self-sustainability and capital adequacy

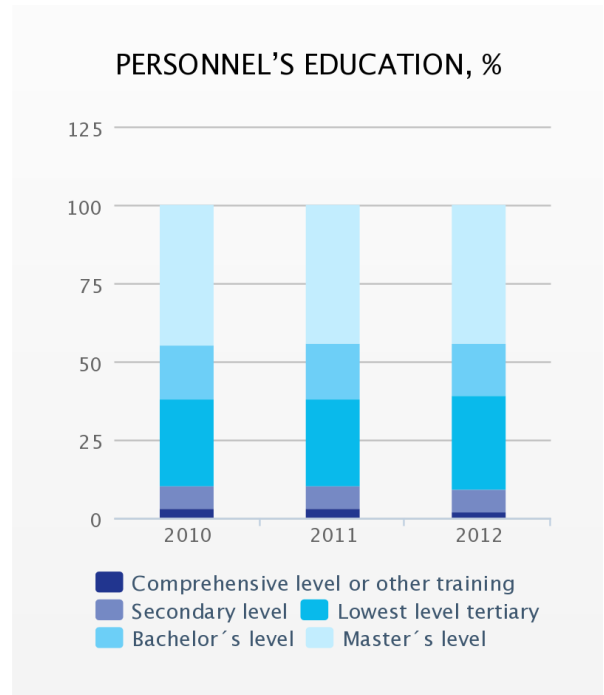
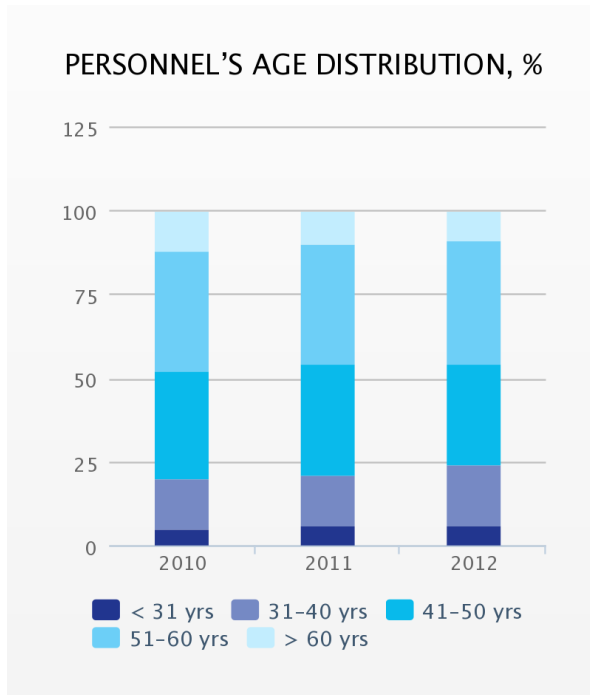
According to the goal of self-sustainability set for Finnvera, the company's income from operations must be sufficient in the long term to cover its operating expenses and its share of any credit and guarantee losses incurred.

Finnvera's capital adequacy must be sufficient in order to ensure the company's ability to bear risks and to keep the costs of funding as reasonable as possible. The company must plan its operations so that it can maintain a capital adequacy ratio of at least 12 per cent. At the end of 2012, the capital adequacy of the Finnvera Group was 15.9 per cent. The year before, the corresponding figure was 15.5 per cent.

Social responsibility

Personnel

The points of departure for personnel management at Finnvera are mutual trust, commitment to joint goals, cooperation, and ensuring high-level expertise.



Cooperation and personnel involvement

Finnvera's approach is characterised by genuine interaction, consulting the personnel and involvement of the personnel in decision-making. The atmosphere of the work organisation, managers' work and the personnel's well-being are measured annually by conducting surveys among the personnel. The results of the survey are utilised when developing the activities of units, when planning training and when developing the organisation.

In 2012, the results of Finnvera's personnel survey were compared for the first time against the results of other expert organisations by using the Finnish standard for expert organisations as the reference standard. The standard contains results for various types of personnel groups, such as supervisors, experts and office employees in the same proportion as in Finnish expert organisations on average. Finnvera's results exceeded the standard significantly for all question categories, especially clearly in the assessment of one's own work and in the management and operating culture.

In 2012, Finnvera participated in the campaign “Responsible Summer Job” organised by the Finnish Children and Youth Foundation. The objective of the campaign was to promote the development of a responsible Finnish summer job culture and the access of young people to good working life.

Finnvera’s terms of employment are laid down in a company-specific labour agreement signed by the employers’ association and three employees’ associations. The agreement is based on what is known as a continuous negotiation process.

The personnel have one representative on Finnvera’s Supervisory Board and three representatives in the Corporate Management Team. The Corporate Management Team discusses all issues having broad ramifications for the personnel; the elected representatives of personnel groups also participate in the preparation of these issues. The Co-determination Committee handles issues falling within the scope of the more complex negotiation procedure defined in legislation.

Rewards and motivation

Each person’s salary is based on job requirements and on personal work performance. Job requirements are assessed in cooperation with personnel representatives. Personal work performance is evaluated during performance discussions held yearly between the employee and the supervisor. A matrix developed specifically for the evaluation of performance and skills and adopted in 2011 is used as help in the evaluation process. The pay brackets for the job requirement categories and the ways in which earnings trends are monitored both internally and in relation to the external pay markets are agreed through the pay system. The goal of the pay policy is to keep salaries close to the median for the financial sector.

One-off bonuses are used to reward exceptionally good work performance, participation in various projects, training or otherwise exemplary conduct. About one per cent of the total amount of wages and salaries is budgeted for bonuses. The maximum bonus that can be paid to an individual employee in a calendar year corresponds to the person’s four-week salary.

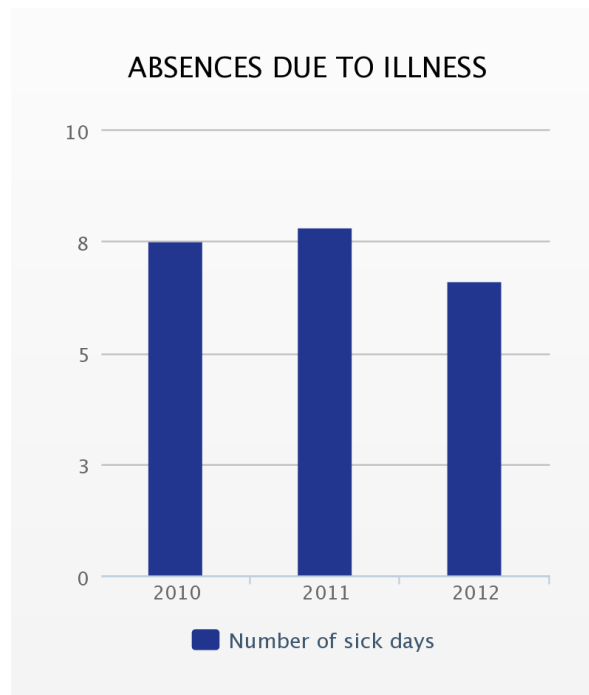
Personnel development and job rotation

Development and training at the Group level strive to strengthen Finnvera’s core competences as defined by the Management Group and the Board of Directors. Internal, examination-type training programmes have been created for the largest professional groups. About 60 per cent of Finnvera employees come under the scope of these programmes. In addition to in-house training, the personnel have the opportunity to participate in professional training arranged by outside operators.

The programmes tailored for various professional groups enhance competence and the management of common practices. They also provide Finnvera’s experts with the opportunity to develop as in-house

trainers. The number of person-days spent for in-house training totalled about 670 in 2012.

Thanks to the expert exchange programme agreed with Finpro and Tekes, experts employed by one organisation can work in the other organisations for a fixed period.



Personnel well-being

Working methods are constantly under development. Effort is made to strengthen motivation by applying a delegating and open approach to management and by encouraging personnel participation. Constant development of professional skills and opportunities for learning and renewal improve coping at work. A balanced division between work and leisure and first-rate occupational health care services also support well-being at work.

In 2012, the focus of occupational health care was on the model of early caring and the training of supervisors in the use of this model. The personnel's state of health is evaluated by means of regular follow-up checks, by charting and monitoring individuals' health, health behaviour, working ability and functioning, and by means of information obtained through medical care. Preventive work includes, for instance, ergonomic checks of work stations.

Working hours are kept as flexible as possible, and the entire personnel is entitled to apply flexitime.

Environmental responsibility

Finnvera participates in the financing of environmental and energy projects, as well as projects slowing down climate change

Projects slowing down climate change and other environmental protection offer growth potential for Finnish SMEs that have solid know-how, for instance, in the sectors of renewable energy or waste processing. Aside from domestic demand, these sectors provide promising export opportunities.

Together with other financiers, Finnvera participates in the financing of environmental projects having the prerequisites for profitable business. In this way, Finnvera wants to use financing to promote the development, growth and internationalisation of the Finnish environmental industry. In addition to projects associated with renewable energy generation implemented in Finland, Finnvera has granted financing to a few projects where companies have exported environmental technology.

Besides loans intended for SMEs, Finnvera can grant Environmental Guarantees to large enterprises. These are suited not only for environmental investments but also for renewable energy investments and projects improving energy efficiency. An Environmental Guarantee generally covers 50 per cent of the credit to be guaranteed. Before the financing decision, Finnvera assesses the profitability of the applicant's business, the feasibility of the investment project, and its environmental impact.

In 2012, demand for financing for environmental protection and sustainable development remained lower than had been anticipated, especially as concerns renewable energy. However, it is believed that demand for these environmental projects will pick up within the next few years.

Finnvera wants to increase risk-taking in various projects pertaining to sustainable development. This means that Finnvera's share of the total funding for these projects can be greater than usually. Finnvera has also made venture capital investments in start-up enterprises developing or utilising new environmental technology.

Finnvera pledges to promote environmental business

Finnvera promises to co-finance environmental business that has potential for profitability and promotes enterprises' sustainable growth, internationalisation and exports. The pledge was issued in connection with a challenge campaign launched by the Ministry of Employment and the Economy and Tekes, where various organisations are invited to give concrete promises on how they undertake to promote Finland's pioneering work in environmental business, contributing to sustainable economic growth.

Promotion of environmental business is one of the ownership policy goals set by the Ministry for Finnvera. It was therefore a natural step for us to join the challenge campaign.

– Unto Väkeväinen, Vice President, Financing for SMEs and Internationalisation

The challenge campaign is associated with the Strategic Programme for Cleantech that defines strategic targets for Finnish cleantech business and coordinates the efforts of various actors. In the first phase of the pledge process, challenges were issued to the Ministries and to public-sector organisations. In the next phase, enterprises, municipalities and other actors will be invited to present their pledges

Export credit guarantees and the environment

In export financing, the environmental impact of projects to be guaranteed* is considered as part of the overall risk assessment. The assessment determines the location of the project, the level of the project's environmental impact, and whether the environmental issues involve financial risks or risks to reputation.

As tools, export financing uses environmental policy and the system for environmental impact assessment. In developing these tools, both the principles of the Act on the State's Export Credit Guarantees and the OECD recommendations on the environment and export credits have been taken into account. The principles applying to export credit agencies in OECD countries guarantee a level playing field for exporters irrespective of their country.

The environmental policy determines which guarantee applications fall within the scope of environmental review. The extent of the review is based on the importance of potential adverse environmental impacts. The environmental categories** A, B, C and "non-project" describe the intensity of impacts (A being the greatest).

* A project means realisation of a construction, plant or design, other interference with the natural environment or landscape, including the exploitation of natural resources in the ground. New plants and major expansions or modifications of existing plants are projects.

** Environmental categories of projects: A – potentially significant adverse environmental impacts; B – less adverse environmental impacts than those of Category A; C – no adverse environmental impacts or they are minimal; "Non-project"

– e.g. a supply of spare parts or a replacement investment that does not increase production capacity, emissions or the use of raw materials.

A wider scope of assessments for export projects

On 28 June 2012, the OECD Council adopted the updated Recommendation on the environment. Apart from environmental impacts, the review and assessment of projects supported by means of export credit guarantees and export credits pays increasing attention to the social impacts of projects, i.e. impacts on workers and local communities.

The review and assessment pay more attention to factors such as working conditions and working-life rights, the health and safety of workers and people living in the area affected by the project, acquisition of land and possibly caused forced migration, indigenous peoples, cultural heritage and whether the project involves forced labour or the use of child labour.

As an element of the new Recommendation, the OECD countries also start to exchange information on the greenhouse gas emissions of projects. The long-term goal is to develop a common and uniform method for calculating and reporting the carbon footprint of projects, a method that is suited to the export credit environment.

Finnvera has updated its own environmental policy on export financing to be compatible with the new Recommendation. The new policy is applied as of the beginning of 2013.

The environmental reviews of export financing are based on environmental studies conducted on the projects elsewhere. Applicants for guarantees supply this information to Finnvera. During the review, it is determined whether the projects meet the expectations set by the host country and by international environmental standards.

With the consent of the parties concerned, Finnvera publishes environmental information on the projects. Some data on projects in Category A are already disclosed before a guarantee is granted. Information is also given on some guarantees that have come into effect.

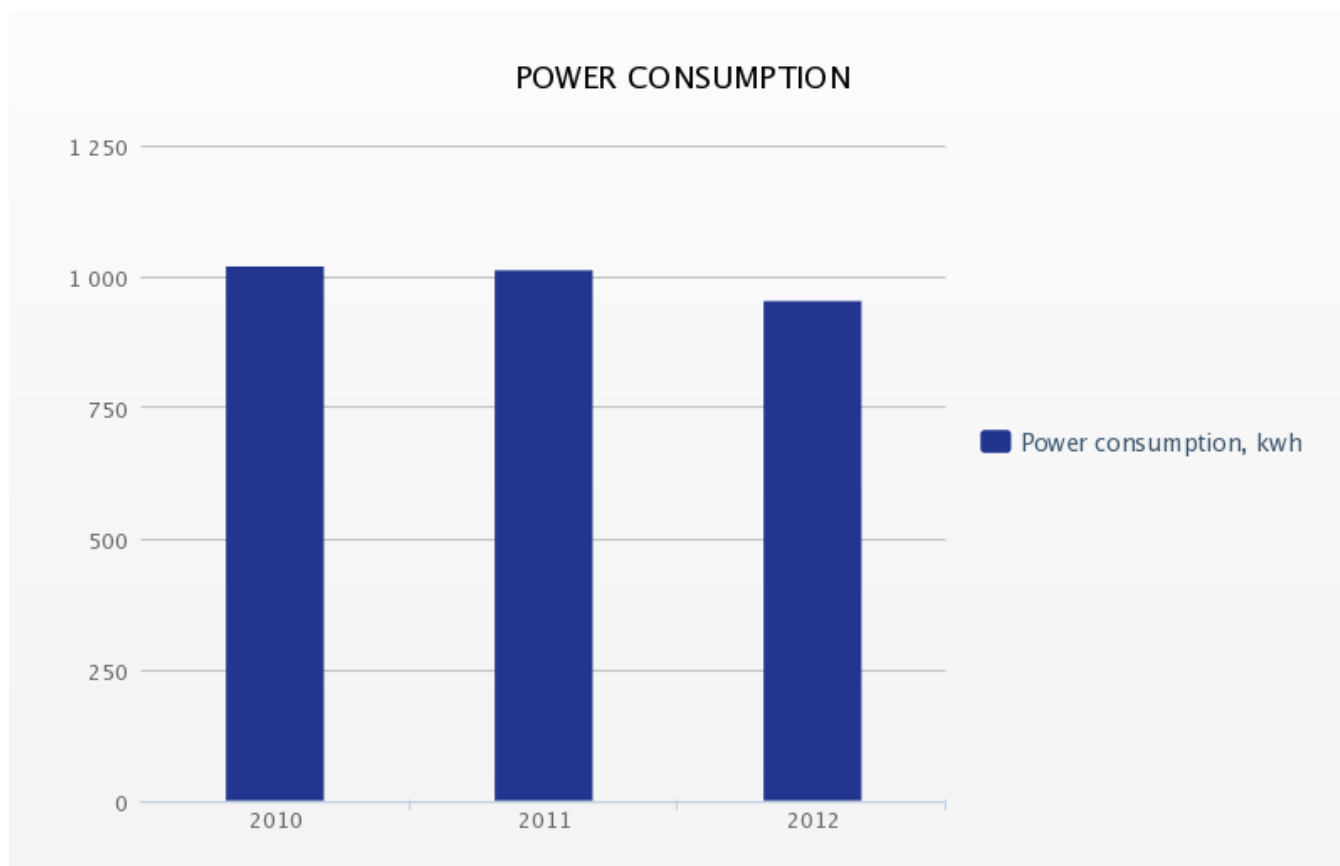
Finnvera monitors the environmental aspects of certain projects during their realisation and operation until the credit associated with the export credit guarantee has been repaid. The aspects monitored may include the following: emissions into the air and into water and their environmental impacts; the state of groundwater; noise; the environmental sustainability of raw material acquisitions for the project; the state of the management systems implemented; work related accidents; and public debate on the environmental aspects of the project.

Consideration of environmental issues at Finnvera

Environmental issues have also been taken into account in Finnvera's own operations. All 15 offices have video conferencing equipment. Video conferencing, used regularly as an alternative to travelling, cuts the

carbon dioxide emissions resulting from Finnvera's operations. Carbon dioxide emissions have also been reduced in leased cars by shifting to models with lower emissions.

The sorting of waste has been made more efficient and recycling has been increased; for instance, the ink cartridges of copy machines and folders are recycled. Paper consumption is reduced by using electronic documents, through document management and by automatically printing two-sided documents. Finnvera saves energy, for instance, by using energy-saving light bulbs and by using the power save mode in copy machines.



GRI-index

Finnvera has assessed that its reporting corresponds to the GRI application level C. PricewaterhouseCoopers Oy has checked the application level and has concluded that the reporting meets the requirements of level C.

Introduction

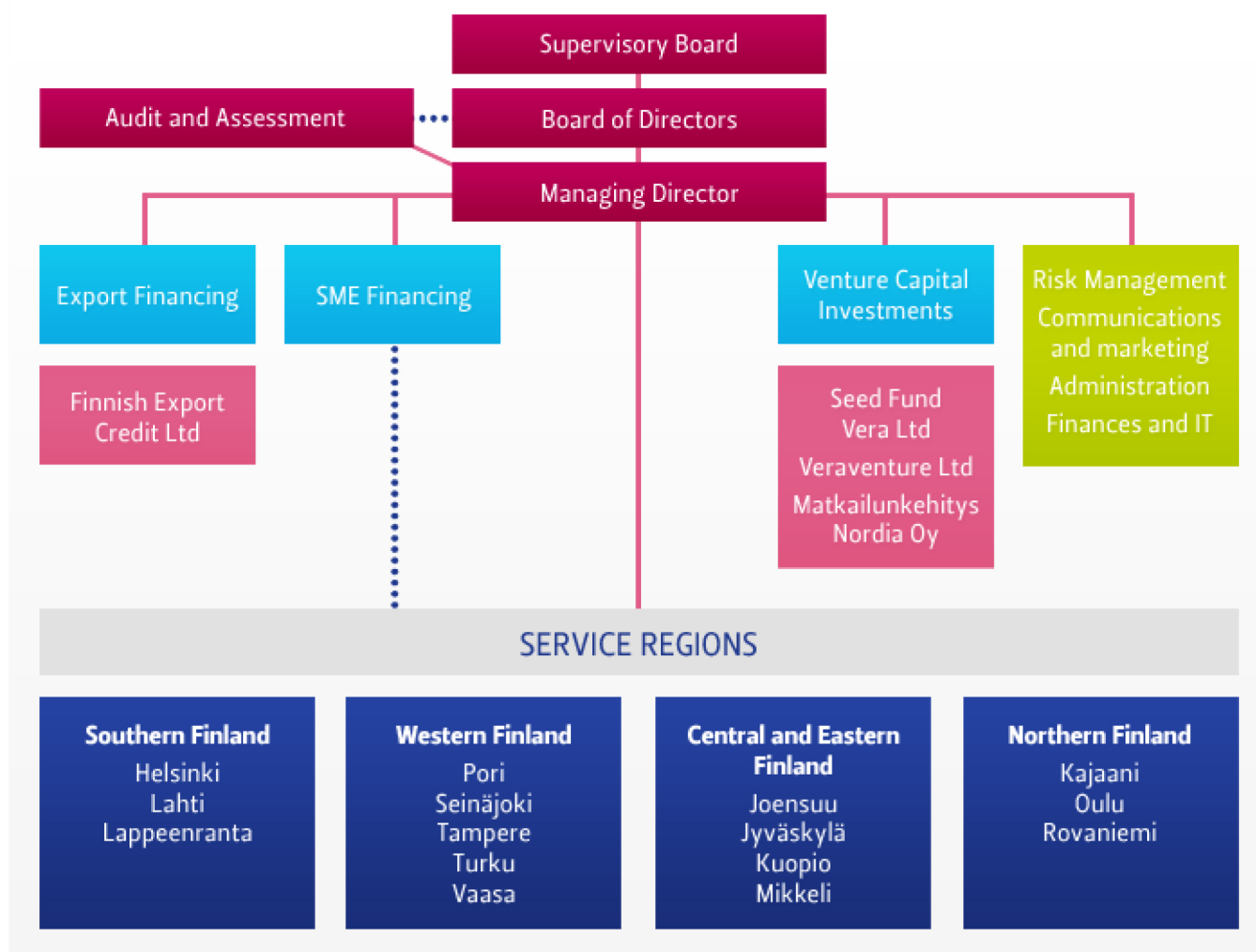
The State of Finland owns the entire stock of Finnvera. The Enterprise and Innovation Department of the Ministry of Employment and the Economy is responsible for the ownership and industrial policy steering of Finnvera.

The goal of good corporate governance, as practised by Finnvera, is to ensure transparency throughout the organisation. Finnvera's Board of Directors approves the main principles and guidelines steering the operations. The principles for good practices, confirmed by the Board of Directors, guide the personnel so that their actions help solidify Finnvera's role as a specialised financing company and as an expert esteemed by clients.

The principles of disqualification and the guidelines on insider information are part of Finnvera's ethical guidelines.

The corporate organs responsible for Finnvera's administration and operations are the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Chief Executive Officer.

The Finnvera Group



The General Meeting of Shareholders can decide on issues assigned to it by law and the Articles of Association. The General Meeting elects the members and deputy members of the Supervisory Board and the Board of Directors, and the Chairs and Vice Chairs of both bodies.

The Supervisory Board supervises the company's administration. It gives its opinion on the financial statements and the auditors' report, and counsels the Board of Directors on issues that concern considerable reduction or expansion of the company's operations and substantial reorganisation of the company. In addition, the Supervisory Board advises the Board of Directors on matters that have far-reaching consequences or are otherwise important as questions of principle.

The Board of Directors is responsible for the company's administration and for the proper organisation of activities. The Board approves the company's strategy and annual plans, the interim reports and the financial statements, as well as the risk management principles. The Board advances the company's

development and ensures that the operations conform to law and meet the goals set by the owner. The Board also decides important individual cases of financing. The Board supervises and monitors the company's executive management and appoints and dismisses the company's Chief Executive Officer and other members of the senior management.

The Chief Executive Officer is responsible for the company's operational administration in keeping with the guidelines and regulations issued by the Board of Directors. In management of the tasks specified in the Limited Liability Companies Act, the CEO is assisted by the Management Group and the Corporate Management Team.

Operating principles

Policies observed by Finnvera

The main guidelines, principles and policies observed by Finnvera in its activities are:

- ownership policy
- country and guarantee policy
- credit policy
- risk management principles
- environmental policy and publicity policy in export credit guarantee operations
- personnel policy outlines
- ethical guidelines
- IT policy outlines
- communications policy outlines
- principles for cooperation agreements
- guidelines and procedures for procurement.

Goals and how they are met in 2012

The Ministry of Employment and the Economy monitors and supervises Finnvera's operations. Each year the Ministry sets industrial and ownership policy goals for Finnvera. When determining these goals, attention has been paid to the Finnish Government Programme, the Ministry's corporate strategy, the policy objectives concerning the Ministry's branch of administration, and the goals of EU programmes.

On the basis of the industrial and ownership policy goals set, an assessment is made on how well Finnvera has succeeded in promoting, for instance, enterprise, employment, the growth and internationalisation of enterprises, and exports.

In 2012, Finnvera met most of its industrial and ownership policy goals.

Industrial policy goals

Target	Goal	Attained
Kasvuväylä service	Finnvera has contributed actively to the provision of the Kasvuväylä service for clients and has participated in the Enterprise Finland investor event.	The Enterprise Finland investor event was organised in January 2012. Finnvera has contributed actively to the provision of the Kasvuväylä service.
Allocation of financing to growth enterprises	Finnvera plc has been active in allocating financing to growth enterprises in 2012. Finnvera plc has adopted a new definition for 'growth enterprise' together with other actors in the MEE Group.	Finnvera has been active in allocating financing to growth enterprises. In 2012, Finnvera provided financing for 861 growth enterprises, in total EUR 227 million.
Venture capital investments	Finnvera plc has worked actively to develop equity funding for innovative start-up enterprises, the administration of regional funds, and the provision of capital for these funds, especially by offsetting shortcomings in the equity financing of innovative start-up enterprises.	By 31 December 2012, Seed Fund Vera Ltd has made initial investments in 196 enterprises, in total EUR 52 million. Follow-on investments have been made in 117 enterprises, in total EUR 42.5 million. Seed Fund Vera has exited completely or partly from 67 enterprises.
Seed Fund Vera Ltd	Development has continued for allocating funds co-financed by the ERDF to venture capital investments. The number of private investors making investments in the projects of Seed Fund Vera Ltd, either alone or together with the Seed Fund, has been 75.	The number of private investors making investments in the projects of Seed Fund Vera Ltd, either alone or together with the Seed Fund, was 115.
Veraventure Ltd	There are 170 private investors in the business angel network, and the investors included in the network have made more initial and follow-on investments than the year before. Veraventure Ltd has developed the operations of regional funds, and the share of private investors has been raised to the level required by the EU rules on State aid.	There are 243 private investors in the business angel network, and the investors included in the network made more initial and follow-on investments than the year before. Veraventure Ltd has developed the operations of regional funds, and private investors have gained the majority in three regional venture capital funds, as required by the EU rules on State aid.
We increase Finland's energy self-sufficiency	Financing has been targeted at projects that promote the use of renewable energy and/or simultaneously enhance Finland's energy self-sufficiency.	In 2012, the financing granted by Finnvera for projects promoting the use of renewable energy totalled EUR 10.1 million.
Allocation of financing to start-up enterprises	The number of start-up enterprises financed by Finnvera plc has increased; in 2012 financing is granted to about 3,500 start-ups.	3,123
Impact on employment (Domestic operations)	Financing granted by Finnvera plc has contributed to the creation of about 10,000 new jobs.	8,660

Abrupt structural changes	Finnvera has maintained its preparedness to respond to projects carried out in areas of abrupt structural change and has contributed to the creation of new projects in these areas in cooperation with other actors within the Group. All feasible projects have received financing in these areas.	Finnvera's financing in areas of abrupt structural change totalled EUR 97.1 million in 2012.
Attainment of the government's regional policy goals in Finnvera plc's domestic operations	In 2012, at least 40 per cent of the loans, domestic guarantees and export guarantees granted by Finnvera plc are targeted at areas assisted on regional policy grounds (I and II).	40 per cent
The impact of the operations of Finnvera plc (incl. Finnish Export Credit Ltd) on the internationalisation and exports of enterprises	Finnvera (incl. Finnish Export Credit Ltd) has continued to develop the export financing system in cooperation with the Ministry of Employment and the Economy so that Finnish exporters have access to an internationally competitive export financing system in all circumstances. In its operations, Finnvera pays close attention to the objective included in the Government Programme to increase risk-taking in export credit guarantees once the legislative amendment has entered into force. The export financing system based on lending has been taken into use and the process runs smoothly.	In October 2012, Finnvera started a system of financing export credits on the basis of its own acquisition of funds by launching the EMTN programme. The legislation on Finnvera was amended in 2012 so that Finnvera is able to offer internationally competitive financing and guarantee options to meet the needs of export trade.
Large enterprises (Domestic operations)	The financing granted to large enterprises outside national assisted areas, excluding the compensation for losses, can be at most 10 per cent of all financing granted by Finnvera plc.	0.7 per cent

Ownership policy goals

Target	Goal	Attained
Effectiveness of Finnvera's operations	The cost-effectiveness ratio of the Finnvera Group is at most 0.50 and that of the parent company's domestic operations at most 0.60.	Finnvera Group 0.31 and domestic operations 0.40
Finnvera's capital adequacy	The capital adequacy ratio of the Finnvera Group is 12–20 per cent.	15.9 per cent

Qualitative goals

Target	Goal	Attained
Corporate Client Strategy	Finnvera has implemented the Corporate Client Strategy of the MEE Group in cooperation with other actors in the MEE Group.	The goal was attained.
Quality programme	Finnvera has supplemented its operating system with a project management system.	Finnvera was granted ISO 9001 certification in December 2010 and the certificate was renewed in November 2011. The project management system was taken into production use in spring 2012.
Participation in the implementation of Finnvera's external evaluation	Finnvera has taken an active part in external strategic evaluation carried out under the Ministry's leadership.	The external evaluation was completed and the report was published in June 2012.
Special themes	In its operations, whenever applicable, Finnvera has paid attention to the special themes determined by the Ministry of Employment and the Economy for its administrative sector in 2012.	The goal was attained.

Risk management

Role and responsibilities

Risk management is of central importance for the maintenance of Finnvera's ability to take risks and for the attainment of economic objectives in the long run. Finnvera's Board of Directors and the top management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the outlines for risk-taking. For its part, the goal of risk management is to ensure prerequisites for implementing the company's strategy.

Working independently of Finnvera's business areas, the Risk Management Unit is responsible for the development of policy, methods and guidelines for risk management, and for the monitoring of the company's risk standing. The Risk Management Unit reports to the Chief Executive Officer. Internal auditing monitors and ensures that the guidelines approved by the Board of Directors are followed. The practical measures regarding risk management are part of the day-to-day management and are implemented by the entire Finnvera organisation and the Group companies.

The Risk Management Unit is also responsible for coordinating the development and maintenance of the risk classification systems and for monitoring the functionality of the classification systems.

The process and risk classification

Finnvera's Board of Directors confirms the principles of the Group's risk management, the strategy of risk-taking, the policies followed, the outlines of risk-taking, and the decision-making powers. The Risk Management Unit, which is independent of business operations, is responsible for risk management reporting and for maintaining the risk management system; it reports directly to the Chief Executive Officer. The principal components of risk management are the determination of strategies and policies, preparation of guidelines for operations, monitoring and controlling the risk position realised, and the related reporting. These components are emphasised in different ways depending on the type of risk.

Finnvera's risks can be grouped as follows:

1. Risks pertaining to credits, export credit guarantees and guarantees
2. Operational risks
3. Financing and market risks
4. Other risks.

Operational risks pertaining to financial reporting are identified, assessed and controlled as part of operational risk management. Utilisation of information technology and investing in the quality of operations play a central role in financial reporting systems.

The internal reporting system for risk management works at all levels of the Group. The parent company manages risks arisen in subsidiaries through ownership steering and by keeping all subsidiaries within the sphere of the risk management and internal auditing practised within the Group.

Supervisory Board

Finnvera's Supervisory Board consists of a minimum of eight and a maximum of eighteen members. The General Meeting elects the members, who have a term of office of one year.

The fees paid to the members of the Supervisory Board are in agreement with the recommendation issued by the Ministry of Employment and the Economy on fees paid to the administrative bodies of State-owned companies. The fees paid in 2012 totalled EUR 67,400.

Members on 31 December 2012

Chairman

Johannes Koskinen, Member of Parliament (Finnish Social Democratic Party)

Vice Chairman

Lauri Heikkilä, Member of Parliament (The Finns Party)

Paula Aikio-Tallgren, Entrepreneur, Virvatuli-Valaisimet Oy

Kaija Erjanti, Head of Financial Markets, Federation of Finnish Financial Services

Lasse Hautala, Member of Parliament (Centre Party)

Miapetra Kumpula-Natri, Member of Parliament (Finnish Social Democratic Party)

Leila Kurki, Senior Adviser, Finnish Confederation of Professionals STTK

Esko Kurvinen, Member of Parliament (National Coalition Party)

Kasper Launis, Chairman, Finnish Association of Business School Graduates – SEFE

Liisa Mariapori, Entrepreneur (The Finns Party)

Tapio Mäkeläinen, Labour Market Director, Federation of Finnish Commerce

Jari Myllykoski, Member of Parliament (Left Alliance)

Hannele Pohjola, Director, Innovation and Growth Policy, Confederation of Finnish Industries EK

Antti Rantakangas, Member of Parliament (Centre Party)

Olli Rantanen, Legal Counsel, Documentation, Finnvera plc

Osmo Soininvaara, Member of Parliament (The Greens)

Timo Vallittu, Chairman, Industrial Union TEAM

Sofia Vikman, Member of Parliament (National Coalition Party)

Board of Directors

Finnvera's Board of Directors is comprised of a minimum of six members and a maximum of nine members plus two deputy members. The General Meeting elects the members for a term of one year at a time.

The Inspection Committee of the Board of Directors assists the Board in its supervisory tasks. The Board of Directors selects the Inspection Committee's members and chairman from among the Board members, for a term of one year at a time. The Inspection Committee elected after the Annual General Meeting of 2012 comprises Chairman Markku Pohjola, Vice Chairman Risto Paaermaa and Board Member Timo Kekkonen.

The Remuneration Committee assists Finnvera's Board of Directors in managing issues pertaining to the appointment, terms of employment and salaries of senior executives, and the rewards and incentive systems applied to the company management and personnel. The Board of Directors selects the Remuneration Committee's members and chairman from among the Board members, for a term of one year at a time. The Remuneration Committee elected after the Annual General Meeting of 2012 comprises Chairman Markku Pohjola, Vice Chairman Kristina Sarjo and Board Member Timo Lindholm.

The fees paid to the members of the Board of Directors are in agreement with the recommendation issued by the Ministry of Employment and the Economy on fees paid to the administrative bodies of State-owned companies. The fees paid in 2012 totalled EUR 166,200.

Members on 31 December 2012



MARKKU POHJOLA
B.Sc. (Econ.)
Chairman

Markku Pohjola has been a Board member and Chairman since 30 March 2012. He is also the Chairman of the Board of Tieto Corporation and a member of the Board of Onvest Oy. Between 1972 and 2008, Pohjola held executive posts in Nordea and its predecessor banks, most recently as Deputy Group CEO and Country Senior Executive of Nordea in Finland.



RISTO PAAERMAA
LL.Lic.
First Vice Chairman

Risto Paaermaa has been the First Vice Chairman of the Board of Directors since 30 March 2012. He served as Director in the Enterprise and Innovation Department of the Ministry of Employment and the Economy until 30 November 2012. Starting in 1972, he held various posts in the Ministry for Foreign Affairs, the Ministry of Trade and Industry, the Ministry of Transport and Communications and the Ministry of Employment and the Economy. In 1987–1989 he served in the Permanent Delegation of Finland to the OECD in Paris.



KRISTINA SARJO
LL.M.
Second Vice Chairman

Financial Counsellor Kristina Sarjo has been a deputy member of Finnvera's Board of Directors since 2003 and a member since 30 March 2012. She works at the Financial Markets Department of the Ministry of Finance and heads the Unit for International Affairs. She has been employed by the Ministry of Finance since 1984.



MARJAANA AARNIKKA
LL.M.

Commercial Counsellor Marjaana Aarnikka has been a member of Finnvera's Board of Directors since 2011. She works at the Enterprise and Innovation Department of the Ministry of Employment and the Economy and is responsible for industrial cooperation and enterprise acquisitions abroad associated with internationalisation and exports. She has held different positions in the Ministry of Employment and the Economy for twenty years.



JOHANNA ALA-NIKKOLA
M.Sc. (Econ.)

Commercial Counsellor Johanna Ala-Nikkola has been a member of Finnvera's Board of Directors since 30 March 2012. She works at the Department for External Economic Relations of the Ministry for Foreign Affairs and is responsible for issues pertaining to Russia's trade policy and market access. She has been employed by the Ministry for Foreign Affairs since 2003. Before that, she served in the Ministry of Trade and Industry for ten years.



LEILA HELAAKOSKI
Agronomist

Leila Helaakoski has been a member of Finnvera's Board of Directors since 30 March 2012. She works at the Centre for Economic Development, Transport and the Environment for North Ostrobothnia in Oulu, where her responsibilities encompass business and industry, the labour force, competence and cultural activities. Before her current post, she headed an Employment and Economic Development Centre for thirteen years and ProAgria Oulu for nine years.



TIMO KEKKONEN
M.Sc. (Tech.)

Director Timo Kekkonen has been a member of Finnvera's Board of Directors since 2008. He works on project assignments at the Confederation of Finnish Industries EK. Previously he was responsible for development, strategy and prognoses pertaining to EK's activities and before that for EK's monitoring in the sector of training and innovation policies. Prior to his employment by EK starting in 2006, he worked, e.g. at the Ministry of Trade and Industry and Sitra.



TIMO LINDHOLM
M.Soc.Sc., eMBA

Executive Vice President Timo Lindholm has been a member of Finnvera's Board of Directors since 2010. He works for the Federation of Finnish Enterprises. Before that, he was employed by the OP-Pohjola Group in various analysis tasks for over twenty years, serving as the Chief Economist for the last ten years.



PETRI VANHALA
Diploma in Public Administration

Petri Vanhala has been a member of Finnvera's Board of Directors since 30 March 2012. He is the Chairman of the Finnish Paper Workers' Union. Before his current post, he worked as the Union's Secretary and Head of Financial Affairs and as a supervisor at the Uusimaa Tax Office. He also holds a seat on the Boards of the Central Organisation of Finnish Trade Unions and the Football Association of Finland. Moreover, he is a deputy member on the Board of Ilmarinen Mutual Pension Insurance Company and a member on the Supervisory Board of Insurance Company Kaleva.

Deputy Members

Elise Pekkala

LL.M., LL.M. (Eur.)

Deputy Director General Elise Pekkala has been a deputy member of Finnvera's Board of Directors since 2004. She works at the Labour and Trade Department of the Ministry of Employment and the Economy and heads the Unit of Competition Policy.

Heikki Solttila

M.Soc.Sc.

Financial Counsellor Heikki Solttila has been a deputy member of Finnvera's Board of Directors since 30 March 2012. Before that, he had been the First Vice Chairman of the Board since 2010. He heads a unit at the Financial Markets Department of the Ministry of Finance.

Management Group and Corporate Management Team

Management Group

Finnvera's Management Group comprises the Chief Executive Officer, the Executive Vice President, the Senior Vice President for SME Financing, the Managing Director of the subsidiary engaged in venture capital investment, the General Counsel for Administration, the Senior Vice Presidents for Finances and Communications, and the Vice Presidents of the Service Regions. The Management Group discusses issues relating to the strategy, business, policy outlines for client work, and ownership steering. The Management Group meets once a month.

The Chief Executive Officer is responsible for the company's operational administration in keeping with the guidelines and regulations issued by the Board of Directors. In management of the tasks specified in the Limited Liability Companies Act, the Chief Executive Officer is assisted by the Management Group and the Corporate Management Team.

Members

Pauli Heikkilä (1962), D.Sc. (Tech.)

Chief Executive Officer

Topi Vesteri (1956), LL.M.

Executive Vice President, Export Financing

Annamarja Paloheimo (1964), LL.M.

Senior Vice President, Financing for SMEs and Internationalisation

Leo Houtsonen (1958), M.Sc. (Econ.)

Managing Director, Venture Capital Investments

Ulla Hagman (1969), M.Sc. (Econ.)

Senior Vice President, Finances and IT

Risto Huopaniemi (1975), LL.M.

Senior Vice President, Administration

Tarja Svartström (1971), M.Sc.

Senior Vice President, Corporate Communications and Marketing

John Erickson (1956), M.A.

Vice President, Western Finland

Pentti Kinnunen (1954), M.Sc. (Econ.)

Vice President, Northern Finland

Hannu Puhakka (1959), M.Sc. (Tech.)

Vice President, Central and Eastern Finland

Kari Villikka (1955), M.Sc. (Tech.)

Vice President, Southern Finland

Corporate Management Team

The Corporate Management Team assists the Chief Executive Officer in the management of the tasks specified in the Limited Liability Companies Act and discusses matters that have a major impact on Finnvera's personnel. Besides the members of the Management Group, the Corporate Management Team includes the Managing Director of Finnish Export Credit Ltd. The Corporate Management also includes representatives of the personnel organisations. The Corporate Management Team meets every second month.

Members

Heikki Lähdesmäki (1961), M.Sc. (Econ.)

Finance Manager

Anita Muona (1957), LL.M. (Helsinki)

Managing Director, Finnish Export Credit Ltd

Ilse Salonen (1959), BBA

Finance Assistant

Tuija Saari (1952), LL.M.

Liaison Officer

Regional organisation

Finnvera's regional organisation is divided into four service regions. The Vice Presidents of service regions also act as Directors of Regional Offices in their own regions.

Service Region for Southern Finland

Vice President **Kari Villikka**, M.Sc. (Tech.), Helsinki

Directors of Regional Offices

Markus Laakkonen, LL.M., Lappeenranta

Pasi Pirinen, M.Sc. (Tech.), Lahti

Service Region for Central and Eastern Finland

Vice President **Hannu Puhakka**, M.Sc. (Tech.), Joensuu

Directors of Regional Offices

Tarja Tikkanen, LL.M., Kuopio

Jukka-Pekka Jordan, M.Sc. (Econ.), Mikkeli

Asko Saarinen, M.Sc. (Tech.), eMBA, Jyväskylä

Service Region for Western Finland

Vice President **John Erickson**, M.A., Vaasa

Directors of Regional Offices

Kari Hytönen, M.Sc., Seinäjoki

Juha Ketola, M.Sc. (Tech.), Tampere

Pia Kiuru, M.Sc. (Econ.), Pori

Seija Pelkonen, M.Soc.Sc., Turku

Service Region for Northern Finland

Vice President **Pentti Kinnunen**, M.Sc. (Econ.), Oulu

Directors of Regional Offices

Pauli Piilma, LL.M., Kajaani

Kari Tuominen, M.Sc. (Econ.), Rovaniemi