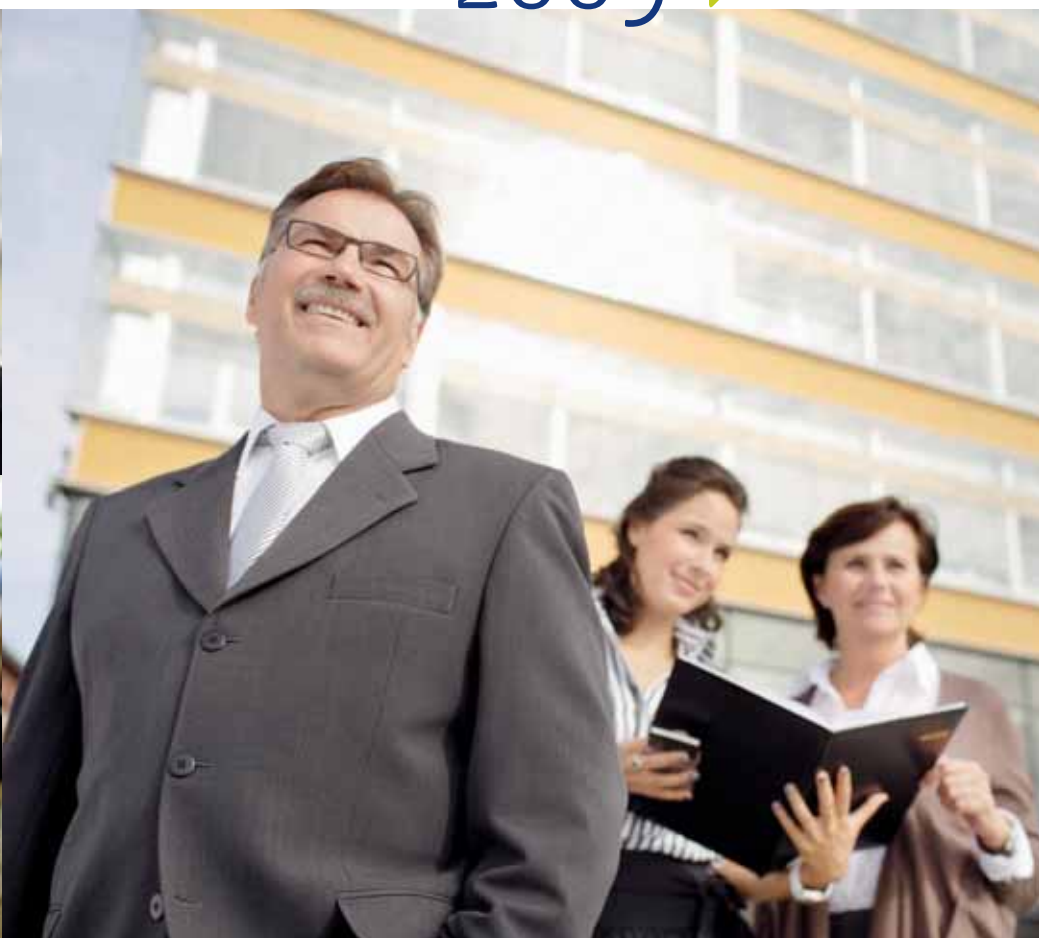
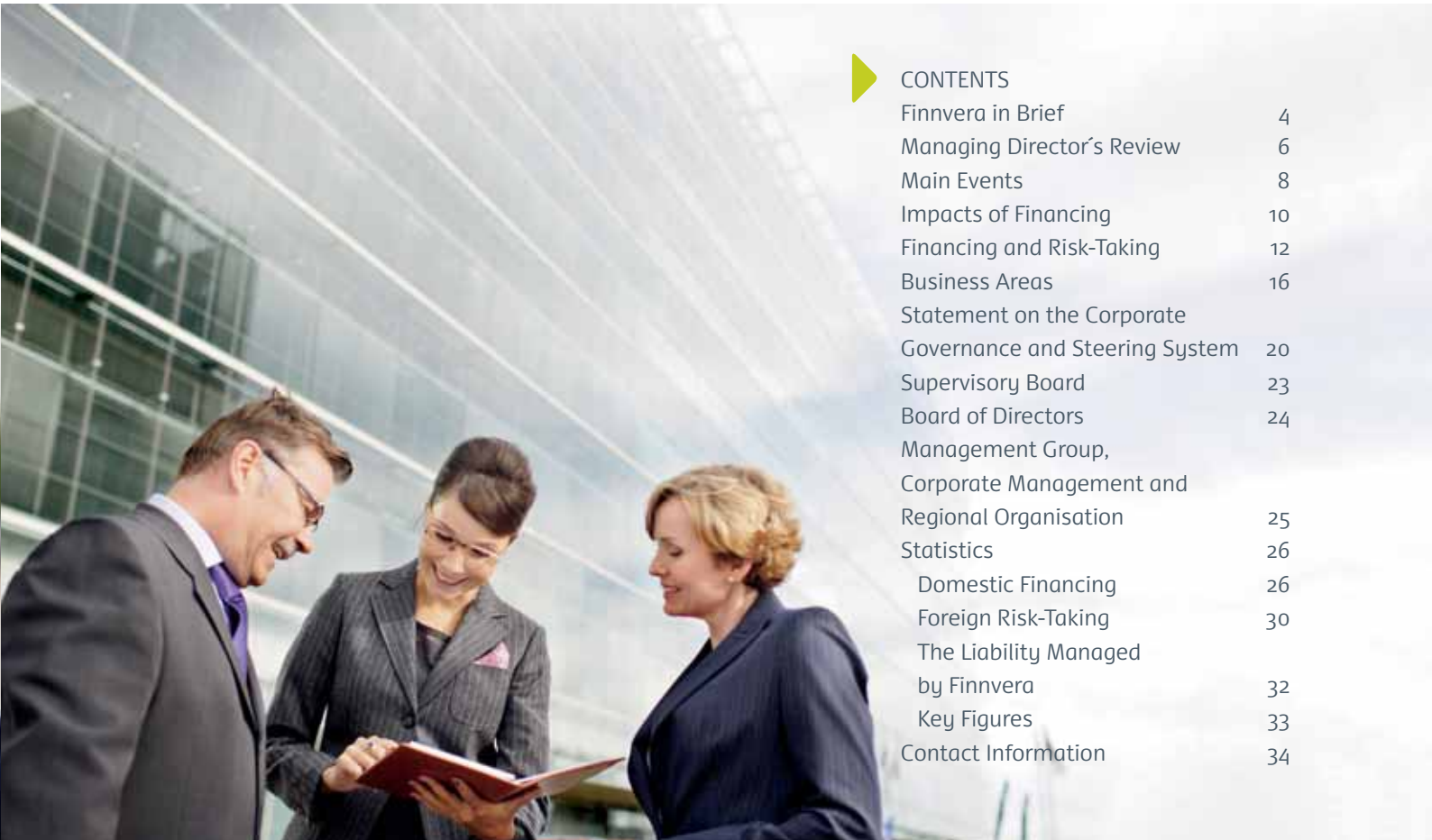


ANNUAL REVIEW

2009 ▶







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The data presented in Annual Review has not been audited.

The report of the Board of Directors and the Financial Statements 2009 referred to in the Finnish Bookkeeping Act, as well as the auditors' report, are available as a separate Financial Review 2009 at [www.finnvera.fi](http://www.finnvera.fi) > Finnvera > Publications.

# Finnvera in Brief

Finnvera plc is a specialised financing company owned by the State of Finland. It supplements the financial market and shares risks with private providers of financing. Finnvera promotes the operating potential of Finnish enterprises by offering financing for the start-up, growth, internationalisation and exports. The Finnvera Group provides loans, guarantees and export financing services, and makes venture capital investments.

**T**ogether with other financiers, Finnvera grants financing for enterprise operations that are based on a good business idea and rest on a healthy basis. Finnvera participates in financing when an enterprise's own resources or collateral are insufficient for acquiring financing on the commercial market. Finnvera provides financing for a fee that varies depending on the risk involved. Interest subsidies granted by the State of Finland and by the European Regional Development Fund reduce the financing costs of enterprises in national assisted areas and in the Objective Regions of the EU.

Finnvera can take higher risks than commercial financial institutions because the State of Finland covers part of Finnvera's credit and guarantee losses. The State is responsible for the export guarantees and special guarantees given.

As Finland's official export credit agency (ECA), Finnvera provides guarantees against political and commercial risks arising in the financing of exports. Finnish Export Credit Ltd, a subsidiary of Finnvera, administers the interest equalisation system and refinances export credits granted on OECD terms in 2009–2010.

## An industrial policy actor

Among Finnvera's goals are increasing the number of starting enterprises, financing small and medium-sized enterprises (SMEs) in situations of change, and promoting the growth, internationalisation and exports of enterprises. Each year the Ministry of Employment and the Economy sets goals for Finnvera's operations.

Owing to the global financial and economic crisis, the State made provision for shortcomings in the availability of enterprise financing on market terms and increased Finnvera's financing options for both domestic and export financing during the period under review.

In its operations, Finnvera is expected to achieve economic self-sustainability. Finnvera's objective is to cover its operating expenses, and the credit and guarantee losses at its own responsibility, with income received from commercial operations.

The funds needed for granting credits to SMEs are obtained from the financial market.

## 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

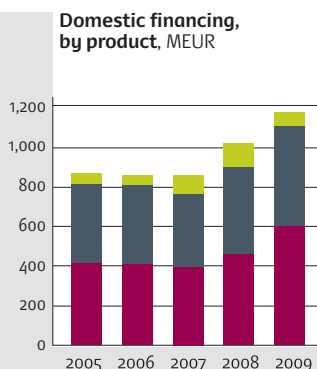
Together with its partners, Finnvera contributes actively to the success of its clients by providing internationally competitive solutions for risk financing.

## Strategy

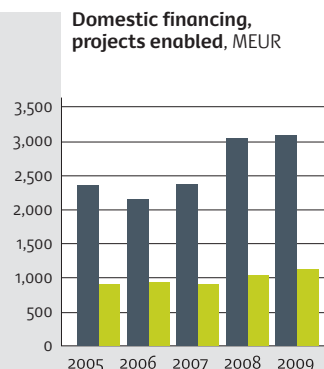
As a company in the MEE Group, Finnvera plans and implements financing solutions in cooperation with other public and private financiers.

By means of financing, Finnvera helps to ensure that enterprises with prerequisites for profitable business can continue their operations.

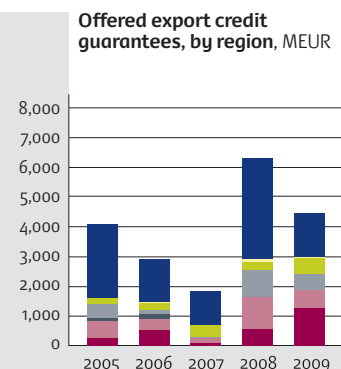
The company provides financing for starting, growing and internationalising enterprises and maintains a competitive system of export financing. Finnvera is a provider of financing for investments, development projects and company re-organisations important for regional development and SMEs. By granting export credit guarantees, Finnvera helps ensure Finnish enterprises' competitiveness in international trade.



Export guarantees  
Domestic guarantees  
Loans



Total projects  
Share of Finnvera's financing



Industrialised countries  
Sub-Saharan Africa  
Middle East and Africa  
Latin America  
Central and Eastern Europe  
CIS  
Asia



## FINNVERA'S STRATEGIC GOALS 2010–2014

As a company in the MEE Group, and in cooperation with its partners, Finnvera

- Ensures the availability of financing for viable enterprises.
- Provides financing for the establishment of 3,500 start-ups annually.
- Finances projects important for regional development and SMEs, while promoting the use of renewable energy and higher productivity.
- Provides financing for the growth and internationalisation of enterprises.
- Promotes enterprises' domestic and international operations benefiting the Finnish economy by offering competitive solutions for export financing.
- Invests in 300–400 starting innovative enterprises. Raises the share of private capital in the investment targets and funds managed by Finnvera's subsidiaries.
- Improves productivity and customer satisfaction by means of effective procedures. Ensures internationally competitive know-how through constant development of the working community and the personnel.

### Values

Finnvera's value statement, An Expert Esteemed by Clients, characterises the company's conduct. Finnvera's value base consists of trust, honesty, benefits to clients, being a forerunner, profitability, effectiveness, and constant development of competence.

### Corporate social responsibility

Finnvera's operations are grounded in specific legislation, and the company's operations and their results have extensive social impacts on enterprise and employment. A Report on Corporate Social Responsibility is published on the company's website, at [www.finnvera.fi](http://www.finnvera.fi).

Impacts of Finnvera's activities	2009	2008	2007	2006	2005
<b>Domestic financing</b>					
Loans, domestic guarantees and export guarantees offered, MEUR	1,194.7	1,027.8	896.9	926.0	895.3
- Financing for assisted areas*	476.2	437.6	353.7	456.8	460.3
Number of starting enterprises created with the help of financing	3,457	3,307	3,467	3,641	3,638
Number of new jobs created with the help of Finnvera's financing	9,214	12,541	10,907	11,134	10,548
Financing/new job, EUR 1,000	130	82	82	83	85
<b>Financing of exports</b>					
Export credit guarantees and special guarantees offered, MEUR					
- SMEs	79.6	76.8	38.3	48.8	44.6
- Major companies	4,370.2	6,224.0	1,777.8	2,843.8	4,047.3
<b>Total</b>	<b>4,449.7</b>	<b>6,300.8</b>	<b>1,816.1</b>	<b>2,892.6</b>	<b>4,091.9</b>
- Share of foreign risk	4,127.8	4,248.4	1,626.8	2,760.2	2,974.3
Guarantees that came into effect, MEUR					
- SMEs	73.8	43.0	43.3	40.0	18.3
- Major companies	3,686.0	3,801.9	720.7	1,257.9	2,627.2
<b>Total</b>	<b>3,759.8</b>	<b>3,844.9</b>	<b>764.0</b>	<b>1,297.9</b>	<b>2,645.5</b>
- Share of foreign risk	2,446.6	2,719.8	705.7	1,239.8	1,406.9
Exports covered by export credit guarantees, %					
- Share of Finland's total exports	5.1	2.4	1.9	2.7	1.9
- Share of exports to countries with political risk	8.0	4.4	4.0	6.4	4.9
<b>Number of clients</b>					
Domestic and export financing together	28,400	27,500	28,000	28,000	27,600

\*Assisted areas were revised in 2007



# Managing Director's Review

Coloured by the economic crisis, the year 2009 was also exceptional for Finnvera. To combat recession, the State took various measures into use; for instance, Finnvera's ceilings on outstanding commitments were raised and new financing products were presented. Demand for financing was record high. The recession also led to higher credit losses in our domestic financing.

**T**he downturn in the global economy that had started the year before and the consequent changes on the financial market set the tone for 2009. Both the economy and forecasts were characterised by quick turns.

The recession and its effects impacted on our client companies in various ways. Major export companies witnessed an almost complete halt in demand, forcing them to implement radical adjustments to their operations. As to SMEs, the consequences depended on the sector: Especially among subcontractors for exporters, the changed situation became evident quickly, whereas for many smaller enterprises operating on the domestic market the effects began later.

## A split year

Owing to the financial crisis, financial transactions between banks were sluggish for the first half of the year. Acquisition of funds became more expensive; this made banks cautious when lending money, especially for long-term financing. It was harder for companies to obtain financing, and demand for Finnvera's domestic financing peaked higher than ever before. After the introduction of counter-cyclical financing, until autumn, demand was as much as 60 per cent higher than during the corresponding period the year before. During autumn, the situation on the financial market improved substantially. Some enterprises were able to arrange financing with their banks while others adapted their operations or postponed their investments further. Towards the end of the year, demand for Finnvera's domestic financing declined.

Export companies received fewer orders and international competition stiffened; this was also evident in our financing for exports. Early in the year, our exporter clients reported difficulties in obtaining short-term credit insurance on the private market. In summer, the European Commission gave Finnvera temporary permission to offer short-term credit insurance for exports to Western industrialised countries in cases where insurance could not be arranged on the private market. For this reason, the number of applications for export credit guarantees more than quadrupled during the year. However, the total value of applications for export credit guarantees fell by nearly half when compared against the previous year, mainly owing to some exceptionally large guarantees for the shipyard industry in 2008.

## Controlled increase in risk-taking – credit losses grew

The shipyard industry still had Finnvera's greatest individual concentration of commitments. In 2009, the coverage of the Buyer Credit Guarantees associated with two ships, the Oasis of the Seas and the Allure of the Seas, was raised to 95 per cent. For the first vessel, the

guarantee came into effect. The order for and delivery of the world's largest cruise vessel to date from Finland would not have been possible without our guarantees. The greatest combined commitments in foreign risk-taking are in the telecommunications sector, where demand rose rapidly in 2009.

The country risk rating was downgraded for a total of 17 countries. Among countries of political risk, Russia ranks the highest in terms of Finnvera's country exposure. We have continued risk-taking in Russia almost normally, but owing to increased risks in the country's banking sector, we had to restrict risk-taking involving private banks in 2009.

During the period under review, the claims paid for export financing were small. Finnish exporters will face another challenging year in 2010. Despite expectations for stronger growth in the world economy, there are still many uncertainties on the market.

Increased bankruptcies, company reorganisations and liquidity problems have meant rising credit losses and higher provisions for losses in Finnvera's domestic financing. We are prepared for increased credit risks in our domestic operations in 2010 as well.

## Thank you for your confidence

During the year, the State of Finland took several measures to secure Finnvera's operating potential. The ceilings on outstanding commitments set by law for Finnvera were raised first in early 2009 and again in June. New, fixed-term financing products were taken into use to improve the availability of financing for enterprises. Our capital adequacy was also strengthened by means of a capital loan granted by the State (Main events p. 8–9).

As to our own procedures, we revised service routines in customer work and enhanced the efficiency of our financing processes. In this way, we were able to meet the sharply increased demand and to keep the handling times of applications reasonable – even in complex negotiations. We intensified cooperation with other actors in the MEE Group, for instance, by drawing up a joint client strategy, by exchanging information and by developing various cooperation models.

In many ways, the year 2009 was an exceptional one for many of our clients and for us at Finnvera. I warmly thank all our clients and cooperation partners for their confidence in us, and our competent personnel for their excellent input! Work to serve the best interests of Finnish companies will continue in 2010.



Pauli Heikkilä



From the left: Pauli Heikkilä, Managing Director, Topi Vesteri, Executive Vice President, Annamarja Paloheimo, Senior Vice President, and Veijo Ojala, Executive Vice President.

Demand for Finnvera's domestic financing *peaked higher* than ever before.

The number of applications for export credit guarantees more than *quadrupled* during the year.

# Main Events

The international financial crisis made it more difficult for Finnish enterprises to obtain financing from autumn 2008 onwards. The Ministry of Employment and the Economy took numerous measures to ease the availability of financing for enterprises. Many of these measures concerned Finnvera.

**W**hen the financial crisis had set in and the financial market were in difficulties, Finnvera's importance as a provider of financing for enterprises increased rapidly. The Finnish Parliament amended the legislation on Finnvera, and the first amendments pertaining to ceilings on outstanding commitments entered into force at the start of 2009. The ceilings on outstanding commitments define the maximum amounts for loans disbursed and domestic guarantees that have come into effect and outstanding commitments of export credit guarantees.

The ceiling for domestic financing rose from EUR 2.6 billion to EUR 3.2 billion at the outset of 2009. In June, the ceiling was raised to EUR 4.2 billion. The ceiling on outstanding commitments for export financing was first raised from EUR 7.9 billion to EUR 10.0 billion at the start of the year, and further to EUR 12.5 billion in June.

By raising the maximum amount on outstanding commitments, the government wanted to ensure that, during the financial crisis, Finnvera is able to provide additional financing for enterprise operations evaluated to be profitable. The higher ceilings are applied for a fixed term and will be reviewed when the situation on the financial market has been normalised.

## Refinancing for export companies

A temporary refinancing model for exports was taken into use at the start of the year. Its aim was to improve the availability of financing for the customers of Finnish exporters of capital goods. The motivation

was to ensure the continuity of export financing during the financial crisis and to secure the competitiveness of Finnish exporters vis-à-vis export companies in other countries.

In the refinancing model, a Finnish or foreign bank that finances a foreign buyer can transfer an export-related buyer credit, in full or in part, to be financed by Finnvera's subsidiary, Finnish Export Credit Ltd, if no other financing is available for the project at reasonable terms. The arrangement always includes an export credit guarantee granted by Finnvera.

This temporary arrangement will be in force until the end of 2010. The maximum sum of refinancing that can be granted is EUR 3.7 billion.

The conditions that the Ministry of Employment and the Economy and the Ministry of Finance had agreed for the refinancing model were revised in autumn to make them more competitive.

## Counter-cyclical financing introduced

Finnvera's new financing products – the Counter-cyclical Loan and Guarantee – were taken into use in March. This arrangement will be in force in 2009–2011. Finnvera can grant Counter-cyclical Loans and Guarantees for at most EUR 900 million.

Initially, the counter-cyclical products were targeted at enterprises with no more than 1,000 employees in cases where the liquidity or profitability of the enterprises had suffered during the economic downturn following the financial crisis. Counter-cyclical Loans and Guarantees are intended for enterprises that have difficulties in obtaining financing in the current economic situation. However, to be

# 2009



## January

- Ceilings on outstanding commitments raised (1 January)
- Refinancing adopted (1 January)
- The Helsinki and Uusimaa Regional Offices merged (1 January)



## March

- Counter-cyclical financing adopted (6 March)



## June

- Ceilings on outstanding commitments raised again (15 June)
- Permission to guarantee short-term credit insurance in Western industrialised countries (24 June)



eligible for financing, enterprises must have the prerequisites for profitable business once the economic situation has improved. Another prerequisite for granting a Counter-cyclical Loan or Guarantee is that the enterprise's principal financiers reschedule their receivables.

The conditions for Counter-cyclical Loans and Guarantees were revised in autumn so that enterprises with at most 2,000 employees can apply for them. By permission of the Ministry of Employment and the Economy, counter-cyclical financing may also, for special reasons, be granted to enterprises that employ over 2,000 people.

#### **Permission to guarantee short-term export transactions**

Owing to the EU rules on State aid, Finnvera as a public export credit agency normally is not allowed to insure risks that private insurance companies are able to insure. As the global financial and economic crisis reduced risk-taking by private credit insurance companies, Finland applied for temporary permission from the European Commission to offset the shortage of short-term credit insurance on the market.

In June, the Commission gave Finnvera temporary permission to grant guarantees for export transactions in EU Member States and in other Western industrialised countries when the payment term is under two years, on the condition that private credit insurers do not provide financing for those transactions. The permission granted by the Commission is valid for export deliveries until 31 December 2010.

#### **Authorisation to grant domestic financing raised**

For loans and guarantees without interest subsidy, the Ministry of Employment and the Economy confirms the maximum amounts that Finnvera can grant

each year. In July, this maximum sum was raised by EUR 210 million, to EUR 860 million. In the second supplementary budget for 2009, the State raised the authorisation to grant special loans by EUR 10 million, to EUR 124.3 million. The authorisation for regional interest-subsidised loans totalled EUR 128.3 million in 2009. The authorisation to grant loans and guarantees with and without interest subsidy in 2009 amounted to EUR 1,112.6 million.

#### **Shareholders' equities strengthened**

Rapidly growing, starting and expanding enterprises had difficulties in obtaining risk capital. Owing to the economic situation, it was considered important to ensure that State-owned venture capital investment companies can effectively offset shortcomings on the market. In the first supplementary budget for 2009, the State reserved EUR 30 million for this purpose. Finnvera took out a subordinated loan from the State and invested it further in its subsidiaries in August. The shareholders' equity of Seed Fund Vera Ltd, which makes investments in early-stage technology companies and innovative service companies, was raised by EUR 22.5 million. Similarly, the equity of Veraventure Ltd, which invests in regional funds, was increased by EUR 7.5 million.

As Finnvera's outstanding commitments and binding credit offers rose and domestic losses increased, the company's capital adequacy declined. The State's second supplementary budget for 2009 included a subordinated loan of EUR 50 million to be used as additional capital for Finnvera. The company's Board of Directors decided to take out this loan in December. The additional capital is intended to keep the Finnvera Group's capital adequacy at a minimum of 12 per cent. Another EUR 30 million is reserved for the same purpose in the State budget for 2010.



**July**

- Authorisation to grant financing raised (27 July)



**August**

- Additional capital for subsidiaries (18 August)



**December**

- Capital adequacy was strengthened (10 December)

# Impacts of Financing

Each year, the Ministry of Employment and the Economy sets goals for Finnvera's operations. Indicators of success include the numbers of start-ups and growing enterprises financed, the number of new jobs, and the continued competitiveness of the export financing system.

**T**he economic crisis affected the attainment of the industrial and ownership policy goals set for 2009; the goals were not met in every respect.

In March, Finnvera brought Counter-cyclical Loans and Guarantees to the market. These products enable Finnvera to provide financing for enterprises that have run into financial difficulties because of the recession. Counter-cyclical financing is generally intended for companies employing no more than 1,000 people, in situations where the economic recession has made it difficult to obtain financing. For special reasons, counter-cyclical financing may also be granted to larger companies.

To be eligible for counter-cyclical financing, enterprises must have prerequisites for profitable business once the recession has passed. In addition, the enterprise's other principal financiers must agree to provide additional financing or to reschedule their receivables. In this way it can be ensured that counter-cyclical financing has favourable effects on the enterprise's financial situation. Between 2009 and 2011, Finnvera can grant counter-cyclical financing for at most EUR 900 million.

## More start-ups than a year ago

In 2009, Finnvera's target was to provide financing for 3,500 starting enterprises. During the year, Finnvera granted financing to 3,457 starting enterprises. Despite the recession, this is more than the

number of start-ups financed in the previous year (3,307). Most of the starting enterprises that received financing operated in the sectors of trade and consumer services or services to business.

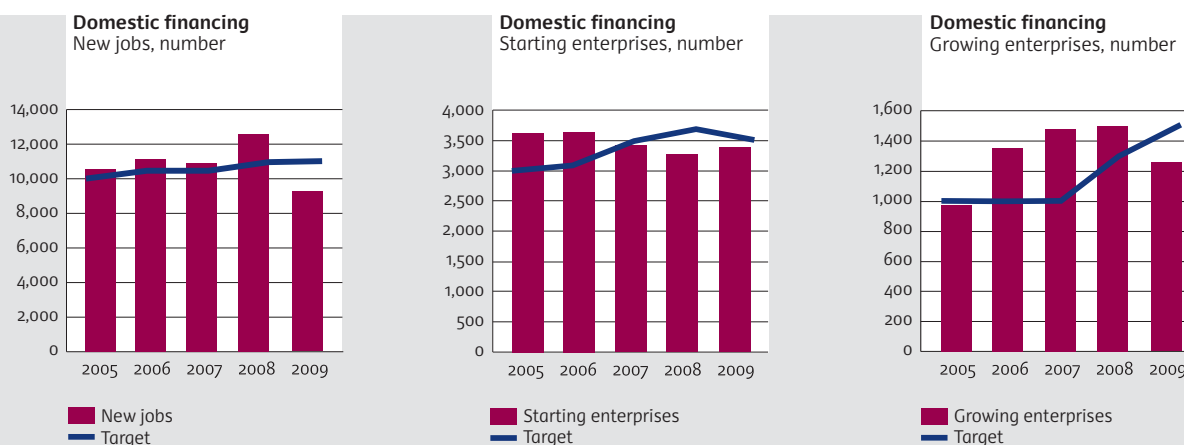
The target set for 2009 was to provide financing for over 1,500 growing enterprises. However, recession hindered growth in companies' turnover, and Finnvera provided financing for a total of 1,246 growing enterprises in 2009 (1,499). A growing enterprise is a small or medium-sized enterprise which, on the basis of corporate analysis, is expected to show an average annual growth rate of at least 10 per cent in its turnover for the next three years.

During the year, Finnvera granted in total EUR 107.0 million for the ownership arrangements of enterprises (135.2 million). Altogether 977 enterprises received financing for ownership arrangements; this is clearly less than the year before (1,051). The number of company reorganisations also fell markedly during the year under review.

By means of its financing, Finnvera helped both to create new jobs and to secure existing jobs. It is estimated that Finnvera's financing was instrumental in creating 9,214 new jobs (12,541) and in securing 6,332 existing jobs (3,892).

## Financing for more areas hit by restructuring

At year's end, Finland had a total of 14 areas of abrupt structural change; three of them were new



areas, identified in 2009. Financing granted to areas affected by structural change totalled EUR 152.6 million (164.1 million). According to estimates, this contributed to the creation of slightly over 1,000 new jobs.

A total of EUR 476.2 million was granted to areas eligible for support on regional policy grounds; this was 9 per cent more than the year before. Financing granted to areas eligible for support accounted for 40 per cent of all financing granted for domestic operations; this is considerably more than the percentage of the population living in these areas.

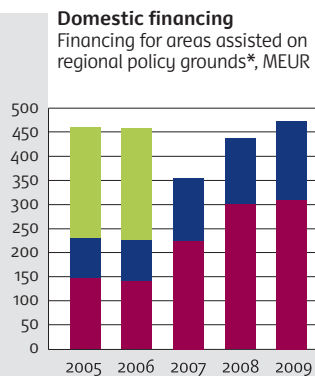
Loans and guarantees including interest support from the European Regional Development Fund, granted to SMEs, totalled EUR 92.2 (110.5 million) and EUR 17.6 million (30.9 million), respectively.

### Brisk demand for export credit guarantees

Finnvera, for its part, is responsible for ensuring that Finnish exporters have access to an internationally competitive, public export financing system. By means available through export financing, Finnish enterprises were helped over the global economic crisis that had started in 2008 and deepened during the year under review.

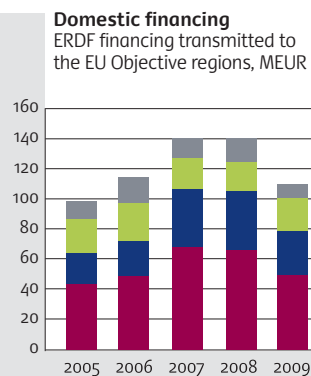
According to advance data, the volume of Finnish exports fell by about one third between 2008 and 2009. However, demand for Finnvera's export credit guarantees remained high. The short-term credit insurance for exports to industrialised countries, which became available in summer, was the single most important factor causing the number of applications to rise.

In 2009, the value of exports covered by export credit guarantees totalled EUR 2,269.5 million (1,585.7 million). It represented 5.1 per cent (2.4) of Finland's total exports. Countries with political risk accounted for 60 per cent, and industrialised countries for 40 per cent, of the exports guaranteed. The biggest individual export countries were the United States, Russia, and Brazil. In all, guarantees were granted for exports to 82 countries.

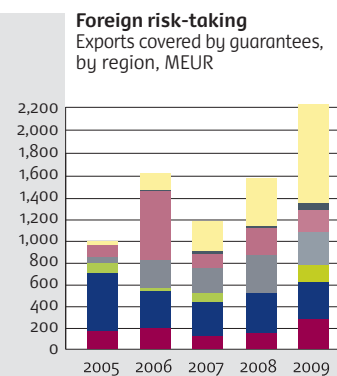


Assisted area 1  
Assisted area 2  
Assisted area 3

\*Assisted areas were revised in 2007



Southern Finland  
Western Finland  
Northern Finland  
Eastern Finland



Industrialised countries  
Sub-Saharan Africa  
Middle East and North Africa  
Latin America  
Central and Eastern Europe  
CIS  
Asia

# Financing and Risk-Taking

During the year under review, Finnvera's task was – together with other financiers – to ease the situation of enterprises that used to carry out profitable business but had got into financial difficulties because of the recession.

The Finnvera Group provides its clients with loans, domestic guarantees, venture capital investments, and export financing services, i.e. export credit guarantees, export and special guarantees, and interest equalisation services. A new product group taken into use in 2009 consists of counter-cyclical products that can be used until the end of 2011. The refinancing arrangement available for export companies and the temporary permission to grant short-term credit insurance for exports to industrialised countries are valid until the end of 2010.

Finnvera's subsidiary – Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy – carry out venture capital investments. Finnish Export Credit Ltd, a Finnvera's subsidiary, administers the interest equalisation system pertaining to export credits granted on OECD terms and to ship financing, and refines export projects in 2009–2010.

## Working capital needed in domestic financing

Banks were wary about providing financing for small and medium-sized enterprises; this was reflected in the demand for Finnvera's financing, especially during the first half of the year. The reasons underlying the major upturn in financing between 2008 and 2009 were the financial crisis and the subsequent recession, as well as the financing of some large projects. Demand for domestic financing rose rapidly. During the first half of 2009, demand was as much as 60 per cent greater than the year before.

The financing granted totalled nearly EUR 1.2 billion, which was 16 per cent more than in 2008. The

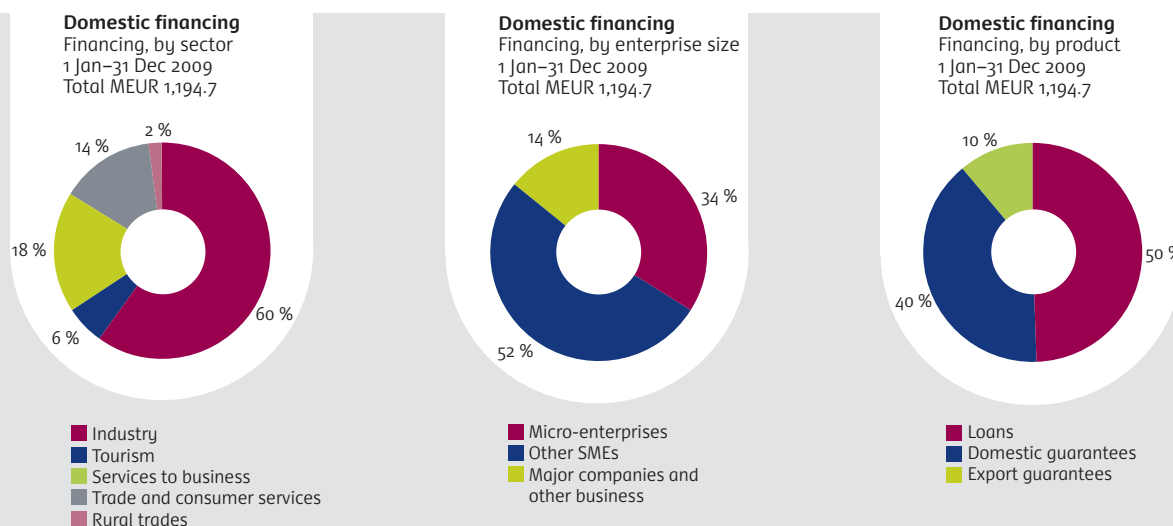
increase came mainly from Counter-cyclical Loans and Guarantees, which were granted for EUR 187.9 million. Similarly, the volume of products for micro-financing increased substantially.

Owing to the increase in the amount of financing granted, outstanding commitments also rose by almost half a billion euros. In particular, there was growth in outstanding loans.

The structure of financing projects altered considerably with the recession. The greatest demand was recorded in financing for working capital, whereas the number of investments fell clearly. During the year, the share of working capital out of all financing projects rose to 55 per cent (29). The share of investments in machinery and equipment declined from 33 per cent to 16 per cent. As there were fewer company reorganisations during the recession, the number of Entrepreneur Loans granted also decreased. However, the total value of projects financed was slightly greater than in 2008, exceeding three billion euros.

Financing for industry increased the most, by about EUR 121.6 million, or 20 per cent. The most prominent industrial sectors in this respect were the metals and wood product industries, for which counter-cyclical financing was particularly important.

Among regions, demand for financing increased rapidly in Uusimaa, where more counter-cyclical financing was granted than anywhere else. Similarly, substantial increase in financing was recorded in Kymenlaakso, Central Finland, Northern Karelia and Northern Savo.



**Export credit guarantee volumes  
the second highest within the past decade**

The global economic crisis and weaker financial markets made exports by Finnish companies more difficult. The State took measures to facilitate the financial arrangements of export companies. A temporary refinancing model was taken into use in Finnvera at the start of the year. According to the model, a bank financing a foreign buyer can transfer an export-related buyer credit, in full or in part, to be financed by Finnish Export Credit Ltd, a subsidiary of Finnvera's, if no financing is available on the market. During 2009–2010, a total of EUR 3.7 billion is available for refinancing. In 2009, less refinancing was used than had been expected.

Since the start of July, Finnish export companies have been able to apply for Finnvera's credit insurance for their exports to Western industrialised countries. That is when the European Commission gave Finnvera temporary permission to grant credit insurance for exports to these countries also when the payment term is under two years. Normally this is not possible owing to the EU State aid rules. Until the end of 2010, Finnvera can offset the shortcoming on the market that emerged in autumn 2008 when private insurers curtailed their risk-taking. The export credit agencies of Germany, Sweden and Denmark, among others, have received similar temporary permission.

In 2009, the numbers of guarantee applications, new guarantee offers and guarantees that came into effect were the second highest within the past decade. In 2009 the number of guarantee applications nearly quadrupled.

The total value of export credit guarantee offers given was EUR 4,449.7 million (6,300.8 million), of which guarantee offers pertaining to foreign risk-taking came to EUR 4,128.0 million (4,248.4 million).

Telecommunications accounted for 66 per cent of these guarantee offers. Of individual countries, the most guarantees were granted for exports to Japan, Brazil, Russia and India.

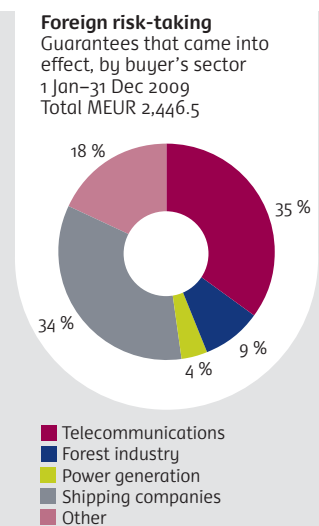
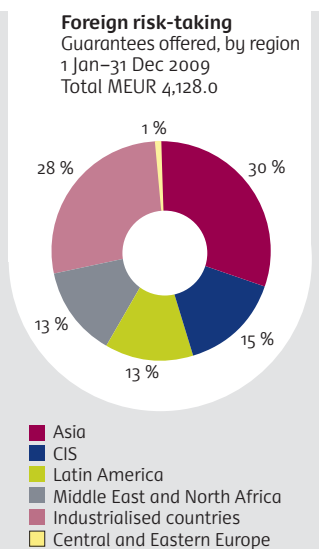
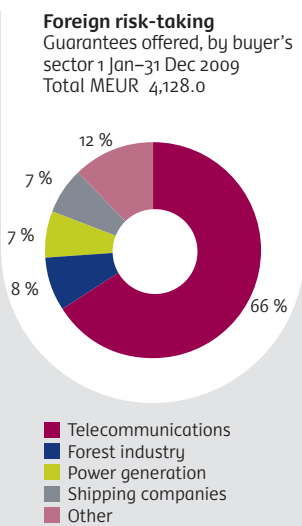
The value of guarantees that came into effect totalled EUR 3,759.8 million (3,844.9 million), of which foreign risk-taking accounted for 65 per cent and domestic risk-taking 35 per cent. Telecommunications and shipping each accounted for about one third of foreign risk-taking.

**The global economic crisis spread to the emerging markets**

The risk content of Finnvera's political risk portfolio consisting of country risks rose during 2009.

As economic growth was dwindling, the difficulties that had started as a financial crisis in industrialised countries spread to the emerging markets and developing countries. Currency drains from the emerging markets hindered public sector financing and public and private investments. In such a situation, indebted countries dependent on currency flows from abroad are the most vulnerable. Countries where the economy and the banking sector had grown particularly rapidly were suddenly in a crisis. These countries include the so-called 'transition economies', i.e. countries of Central and Eastern Europe, Central Asia, Russia and Ukraine. Thanks to their positive current account balance, the rapidly growing countries in Asia are in a relatively good position.

In Latin America, problems accumulated for politically unstable countries. The largest country on the continent, Brazil, seems to have coped with the crisis relatively well. In the Middle East, falling property values together with investments financed with borrowed money drove enterprises owned by the Emir-





ate of Dubai into financial difficulties. Oil-exporting countries were able to balance their economies and to support their banks by resorting to their oil funds.

Economies were more susceptible to disturbances. This was also reflected in country risk ratings: Finnvera downgraded the country risk rating for 17 countries. Among the new EU Member States, risks increased greatly in all three Baltic states and in Hungary, Romania and Bulgaria. The country rating of Russia – a country important for Finnvera’s outstanding commitments – was also downgraded from category 3 to category 4. Among Latin American countries, Mexico encountered difficulties when import demand declined in the USA and remittances from Mexicans working abroad diminished, but even after this, the country is still in category 3. In Asia, economic difficulties came to a head in Vietnam, which had suffered from an overheated economy and is dependent on external aid. In contrast, China implemented an extensive support and revival package, which prevented the economy from sliding into recession.

#### The recession raised the risk level

Outstanding commitments in domestic financing rose by 18 per cent in 2009 and totalled nearly EUR 3.1 billion at year’s end. The counter-cyclical financing launched in March slightly increased risk-taking and the number of new clients. Most outstanding commitments fall into risk categories B1 and B2; the commitments for clients in risk category B2, in particular, increased sharply. During 2009, the risk level of outstanding commitments rose more than in the previous year because the economic slowdown weakened the financial standing of client enterprises. Credit losses continued to grow when compared against 2008.

Outstanding commitments in export financing

stood at EUR 9.6 billion at the end of 2009. Of this sum, EUR 49.3 million consisted of ‘old liability’ at the State Guarantee Fund’s responsibility. Outstanding commitments increased by EUR 1.9 billion during the year. At year’s end, a significant portion of the current guarantees and binding offers were in the country risk categories 0, 3 and 4. This is also where most of the increase was recorded.

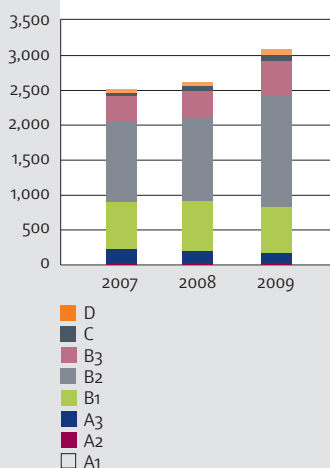
Commercial commitments for foreign enterprises and Finnish shipyards increased by 35 per cent in 2009, to EUR 8.5 billion at year’s end. The sectors with the highest commitments were telecommunications, shipping companies, shipyards, and the forest industry. These sectors accounted for a total of 89 per cent of corporate commitments. Altogether 38 per cent of the commitments were in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B3.

The volume of guarantee losses was low in 2009 but is expected to grow in the coming years.

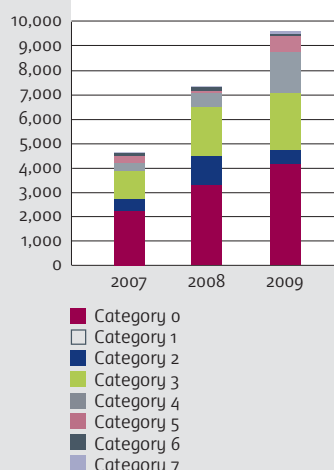
At the end of the year, the total value of reinsurance agreements and other corresponding arrangements that Finnvera has made to hedge against risks was EUR 147.4 million.

In 2009, Finnvera invested EUR 22.5 million in Seed Fund Vera Ltd and EUR 7.5 million in Veraventure Ltd; this increased the sum placed by Finnvera in venture capital investments to EUR 144.5 million. The investments were financed with a subordinated loan that the State of Finland granted to Finnvera. The sums placed in venture capital investments are distributed among many enterprises, either directly or through regional funds. This reduces the risk posed by these activities to Finnvera.

**Domestic financing**  
Outstanding commitments,  
by risk category 31 Dec 2009  
Total MEUR 3,068.9



**Foreign risk-taking**  
Outstanding commitments, by  
country classification  
31 Dec 2009 Total MEUR 9,605.8  
(Finnvera + State Guarantee Fund)





*Outstanding commitments in domestic financing rose by*  
**18 per cent** *in 2009 and totalled nearly EUR 3.1 billion at year's end.*

*Commercial commitments for foreign enterprises and Finnish shipyards*  
increased by **35 per cent** *in 2009, to EUR 8.5 billion at year's end.*

# Business Areas

The principal goal of Finnvera's business areas was to secure financing for enterprises on the domestic market and for export enterprises in a challenging economic situation.

The Finnvera Group's business areas are micro-financing, regional financing, financing for growth and internationalisation, and export financing. Finnvera's subsidiaries are responsible for venture capital investment.

## Micro-financing

The financing granted to small businesses accounted for 14 per cent (17) of all domestic financing offered. Some micro-financing clients were transferred to another business area; this is a statistical reason underlying the slight decline in the amount of financing.

Cooperation between Finnvera and regional enterprise service organisations increased substantially. Whenever possible, Finnvera refers starting entrepreneurs to a regional enterprise consultant before drawing up a financing application. Thanks to the active consultancy provided by regional enterprise service organisations, the quality of financing applications has risen. During the year, regional enterprise service organisations gave nearly 800 opinions on eligibility for financing, which Finnvera used when processing the applications submitted by start-ups.

Especially in micro-financing, Finnvera encourages enterprises and banks to use online services. Online applications accounted for 44 per cent of all applications for micro-financing in 2009. The target set for 2010 is to raise this share to 50 per cent.

The telephone service introduced in 2007 received nearly 16,000 calls during 2009. The inquiries received by phone concerned, in particular, micro-financing products and online services.

## Regional financing

Financing offered to regional enterprises increased by 15 per cent, to 53 per cent of all domestic financing. The main reason behind this jump was counter-cyclical financing. The business area received nearly a thousand new clients.

The most important event in domestic financing was the development and adoption of products for counter-cyclical financing.

Finnvera's role as a provider of financing for projects that pertain to environmental protection and sustainable development was highlighted during the year. Especially the number of investment projects associated with renewable energy increased.

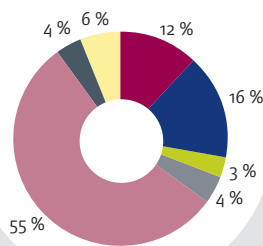
The operating environment and business conditions of SMEs were highly challenging throughout the year under review.

## Financing for growth and internationalisation

Growing enterprises constitute a cornerstone in Finnish government's innovation strategy. Finnvera implements the objective of the innovation strategy by directing financing, in particular, at SMEs striving towards international growth.

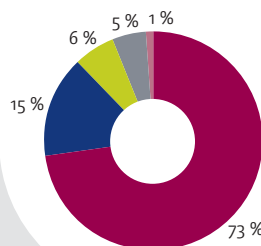
The financing granted to growing and internationalising enterprises accounted for 33 per cent of all domestic financing granted. In addition, clients in this business area were offered export credit guarantees associated with export deliveries; their total value came to EUR 78.2 million. Of this sum, short-term credit insurance accounted for EUR 16.6 million.

**Domestic financing**  
Structure of financing projects  
1 Jan–31 Dec 2009  
Total MEUR 3,022.9



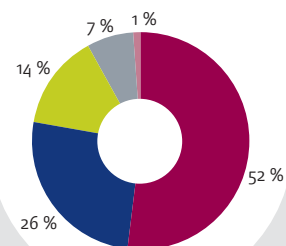
- Buildings
- Machinery and equipment
- Intangible investments
- Shares and holdings
- Working capital
- Financing of exports
- Delivery collateral

**Domestic financing**  
Counter-cyclical financing,  
by sector 6 March–31 Dec 2009  
Total MEUR 187.9



- Industry
- Services to business
- Trade and consumer services
- Tourism
- Rural trades

**Domestic financing**  
Outstanding commitments,  
by sector 31 Dec 2009  
Total MEUR 3,068.9



- Industry
- Services to business
- Trade and consumer services
- Tourism
- Rural trades

The turnover of many growing enterprises declined considerably when demand plummeted in the new market situation. In the altered circumstances, client enterprises concentrated on adapting their operations. The number of enterprises in financial difficulties rose sharply; among growing and internationalising client enterprises, this meant impaired risk ratings and lower collateral values as well as more non-performing credits. Company reorganisations and bankruptcies increased as well.

During the year, amortisations were postponed and debts were rescheduled on various occasions. The purpose was to stabilise the situation of enterprises and to make it correspond to their demand prospects and their consequent capacity to manage debts.

Nevertheless, many companies conducted market surveys and explored business potential in new market areas. The Ministry for Foreign Affairs grants support for the preparation of projects in Finland's neighbouring areas. Demand for this support, managed by Finnvera, was record high. In all, EUR 1.4 million was granted for 36 projects. In previous years, the number of projects had been under 20 and the total amount of support less than EUR 0.5 million.

### Financing of exports

The number of applications for export credit guarantees increased by over 300 per cent on the previous year. The reason was the opportunity to offer credit insurance for exports to Western industrialised countries. Increasingly often, guarantee applications were also filed for exports of capital goods to industrialised countries. The principal sectors in applications pertaining to exports of capital goods were telecommunications, shipyards, the forest industry, and power generation.

Problems with the availability of financing and

the uncertain economic outlook have postponed many investment projects, and with the exception of the telecommunications sector, few new projects are in progress. For this reason, the total value of applications for export credit guarantees almost halved when compared against the previous year.

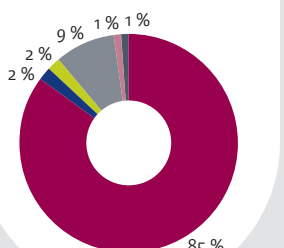
Export financing also involves domestic risk-taking; this is associated with measures to secure working capital for export projects when export products are being manufactured. Bond Guarantees are generally granted as security for advance payments made by the buyer of goods, while Finance Guarantees are granted as security for pre-delivery credits. Altogether 80 per cent of the total value of domestic risk-taking that came into force pertained to pre-delivery financing in the shipyard industry.

### A busy year in the credit insurance business

The short-term credit insurance business brought Finnvera new export credit guarantee clients and new countries for guarantees. By the end of the year, applications for guarantees had been filed and guarantees had been granted for exports to 31 industrialised countries, as well as to customary political risk countries. The greatest numbers of applications were filed for exports to Italy, the UK, Spain, France, the USA, Sweden and Lithuania. Exporters in the wood product industry were the most active in applying for credit insurance.

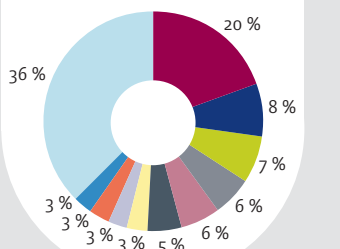
The credit insurance offered totalled EUR 103.6 million, of which EUR 57.6 million was granted to 70 applicants for exports to industrialised countries. During 2009, positive limit decisions were made on 449 foreign buyers in export financing. Demand for credit insurance for export transactions in Russia has also been more lively than normally.

**Foreign risk-taking**  
Guarantees offered, by product  
1 Jan–31 Dec 2009  
Total MEUR 4,128.0



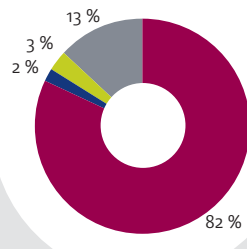
- Buyer Credit Guarantee
- Credit Risk Guarantee
- Export Receivables Guarantee
- Letter of Credit Guarantee
- Bank Risk Guarantee
- Raw Material Guarantee

**Foreign risk-taking**  
Credit insurance offered  
24 June - 31 Dec 2009  
Total MEUR 103.6



- Russia
- Italy
- Turkey
- France
- United Kingdom
- Spain
- USA
- Japan
- Ukraine
- Germany
- Other countries

**Foreign risk-taking**  
Guarantees that came into effect, by product  
1 Jan–31 Dec 2009  
Total MEUR 2,446.5



- Buyer Credit Guarantee
- Credit Risk Guarantee
- Export Receivables Guarantee
- Letter of Credit Guarantee

Spurred by the demand for credit insurance, the Export Receivables Guarantee became the most popular guarantee product in terms of the number of applications. Finnvera received almost a thousand applications for Export Receivables Guarantees; the total value of the guarantees granted was EUR 88.6 million.

#### The shipyard industry: a pivotal sector for domestic and foreign risk-taking

Finnvera participates in the pre-delivery and post-delivery financing of the world's largest cruise vessels, the Oasis of the Seas and the Allure of the Seas. The Oasis of the Seas was delivered by the Turku shipyard in October 2009. Finnvera has granted a Buyer Credit Guarantee for its post-delivery financing.

The sister vessel, the Allure of the Seas, will be delivered by the Turku shipyard of STX Finland Oy in November 2010. Through a Buyer Credit Guarantee, Finnvera also participates in the post-delivery financing of this vessel. When these guarantees are included, Finnvera's outstanding commitments for the Royal Caribbean Cruises shipping company will rise at their highest to about EUR 1.5 billion.

#### Fixed-interest-rate financing for exports through interest equalisation

Finnish Export Credit Ltd, a subsidiary of Finnvera's, administers the interest equalisation system that is based on law and applies to export credits granted on OECD terms and to ship financing. For financial institutions that have signed a cooperation agreement with Finnish Export Credit, interest equalisation improves the opportunities to arrange internationally competitive, long-term and fixed-interest-rate financing for exports. The State of Finland is responsible for any interest support paid to financial institutions on the basis of interest equalisation agreements. At

year's end, Finnish Export Credit had cooperation agreements with 20 banks and four specialised credit institutions or export credit agencies.

The total value of interest equalisation offers given in 2009 amounted to EUR 5.5 billion (6.6 billion). The value of interest equalisation commitments pertaining to credit commitments totalled EUR 0.7 billion at year's end (0.5 billion). The total value of interest equalisation agreements signed with respect to disbursed credits during the year came to EUR 0.2 billion (0.3 billion). At year's end, the value of interest equalisation agreements in force totalled EUR 1.7 billion (2.0 billion).

Finnish Export Credit also promotes exports as a lender in cases where the arrangement allows exemption from withholding tax as per tax treaties. During 2009, Finnish Export Credit acted as a lender in six new export credit arrangements; their total value was EUR 0.9 billion (0.2 billion).

#### Refinancing of export credits

In 2009–2010, Finnish Export Credit can use EUR 3.7 billion for refinancing export projects. Finnish Export Credit's refinancing gives banks the opportunity to offer long-term export financing independent of the banks' acquisition of funds. In refinancing, a bank that provides financing for a foreign buyer can transfer an export-related buyer credit to be financed by Finnish Export Credit, if liquidity problems on the market have made the bank's own acquisition of funds more difficult.

During 2009, Finnish Export Credit signed one refinancing agreement worth EUR 280 million. At year's end, the total value of refinancing applications submitted to Finnish Export Credit was EUR 2.5 billion; refinancing offers totalled EUR 0.9 billion.

For further information, see [www.fec.fi](http://www.fec.fi)

	Loans, domestic guarantees and export guarantees offered	Export credit guarantees offered	Total 1 Jan–31 Dec 2009	Outstanding commitments 31/12/2009	Clients 31/12/2009
	MEUR	MEUR	MEUR	MEUR	Number
Micro-financing	172.1	0.6	172.7	440.4	19,592
Regional financing	630.9	26.1	657.0	1,954.0	7,736
Financing for growth and internationalisation	388.5	78.2	466.7	877.2	988
Financing of exports	3.2	4,344.8	4,348.0	9,353.7	127
<b>Total</b>	<b>1,194.7</b>	<b>4,449.7</b>	<b>5,644.4</b>	<b>12,625.4</b>	<b>28,443</b>



## Venture capital investments

### Venture capital investments in regional funds

Finnvera's subsidiary Veraventure Ltd acts both as a fund of funds that invests in regional funds organised as limited companies and as the management company of Seed Fund Vera Ltd. In regional venture capital investments, Veraventure's goal is to promote the availability of private capital in funds and to support and advance regional industrial policy together with local actors.

### Investments in innovative start-ups

Veraventure Ltd manages Finnvera's subsidiary Seed Fund Vera Ltd. This nationwide capital fund makes investments in early-stage technology enterprises that have potential to develop into growing enterprises. The fund has been an active investor. By the end of 2009, altogether 978 enterprises had applied for financing from the fund. During 2009, the Board of Directors of Seed Fund Vera decided to make initial investments in 35 enterprises; these investments totalled EUR 11 million. Investments were made, for instance, in the sectors of telecommunication technology, business and industrial products, and biosciences. At the end of 2009, the fund had 116 target enterprises.

### Business angels

Veraventure administers a service concept geared to private investors, or business angels. Its purpose is to promote the availability of private capital and know-how for early-stage investments. By the end of 2009, altogether 132 investors had registered for the service.

For more information, see [www.veraventure.fi](http://www.veraventure.fi)

### Venture capital investments for the travel industry

Matkailunkehitys Nordia Oy is a venture capital investment fund that invests mainly in enterprises in the

travel sector. In autumn 2009, it had been in operation for 20 years. Finnvera plc holds 63.52 per cent of the company's shares. The remaining shares are owned by the Finnish Innovation Fund Sitra.

The fund provides supplementary financing and shares risks in projects where financing cannot be obtained merely on market terms, or when a capital investment made by Nordia is a precondition for obtaining such financing. The goal has been to invest primarily in regionally important enterprises that act as engines in the travel sector. Representatives of Nordia also take an active part in the development of these enterprises together with the entrepreneur. Nordia's investments in travel industry enterprises are long-term development and venture capital investments for which Nordia strives to obtain returns equalling the input made and the risks taken, either during the investment period or at the latest when giving up the investment. The entrepreneurs themselves have the majority holding in the undertakings.

During the year 2009, the fund made one initial investment, three follow-up investments, and gave up its investments in three undertakings. The recession slowed down the operations of some undertakings. The effects were seen as stricter requirements presented by other financiers when arranging financing for investment and disengagement projects. At the end of 2009, the fund's investments and investment assets stood at about EUR 12 million.

At the end of 2009, Nordia held investments in 13 undertakings which gave work to an average of 230 people on a permanent basis, to over 400 people during peak seasons and to about 60 people on a part-time basis. The combined turnover of the undertakings where the fund had made investments was about EUR 48 million.

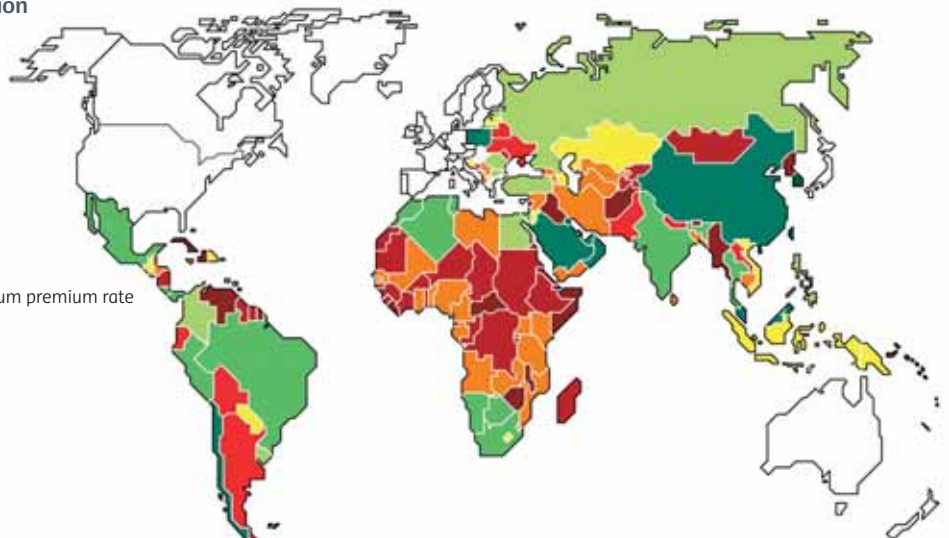
For more information, see [www.nordiamanagement.fi](http://www.nordiamanagement.fi)

## Foreign risk-taking

Finnvera's country classification  
10 Feb 2010

### Country classifications

- 0 - advanced economy - no minimum premium rate
- 1 - extremely good credit quality
- 2 - good credit quality
- 3 - adequate credit quality
- 4 - decreased credit quality
- 5 - questionable credit quality
- 6 - poor credit quality
- 7 - very poor credit quality
- 7 - only short term guarantees
- 7 - off cover



# Statement on the Corporate Governance and Steering System

The statement on the corporate governance and steering system has been drawn up in accordance with Recommendation 51 of the Finnish Corporate Governance Code issued by the Securities Market Association, and with the provisions of the Securities Markets Act. Finnvera's statement on the corporate governance and steering system describes the principal features of the internal control and risk management systems pertaining to the financial reporting process.

## Acts and rules governing the operations

The corporate governance of Finnvera and its subsidiaries is organised according to the Limited Liability Companies Act and the Acts pertaining specifically to Finnvera. In addition to the existing legislation and the company's Articles of Association, Finnvera complies with the recommendations of the Financial Supervisory Authority and the Finnish Corporate Governance Code, whenever applicable. The Finnish Corporate Governance Code is publicly available on the website of the Securities Market Association, at [www.cgfinland.fi](http://www.cgfinland.fi).

The goal of good corporate governance, as practised by Finnvera, is to ensure transparency at all levels of the organisation. Finnvera's Board of Directors has approved principles and guidelines for the company's operations. Finnvera's principles for good practices guide the personnel so that their actions help solidify Finnvera's mission as a specialised financing company and as an expert esteemed by clients. The principles on impartiality are meant to reinforce equity, neutrality and independence in Finnvera's operations. The guidelines on insider information clarify the concept of insider information for Finnvera's employees working as financial advisors so that they are better equipped to identify in advance what type of information on client enterprises is classified as insider information and to prevent its misuse.

When drawing up its consolidated financial statements and interim reports, Finnvera follows the International Financial Reporting Standards (IFRS). The company's report on operations and financial statements is drawn up in accordance with the Finnish Accounting Act and the guidelines and opinions issued by the Accounting Board.

The auditors' report encompasses the report on operations, the consoli-

dated financial statements and the parent company's financial statements.

Finnvera's press release on financial statements and annual report will be published in March, and the interim report covering the period 1 January–30 June will be published in August. In 2010 Finnvera will introduce quarterly reporting and publish the interim data covering the period 1 January–31 March in May, and the interim data covering the period 1 January–30 September in November. The reports will be published in Finnish, Swedish and English.

## Ownership and ownership policy

The State of Finland owns the entire stock of Finnvera plc.

The Corporate Steering Unit of the Ministry of Employment and the Economy is responsible for the ownership and industrial policy steering of Finnvera. The Acts on Finnvera define the tasks whereby Finnvera influences the development of enterprise and employment in Finland.

The ownership policy goals, confirmed by the Ministry of Employment and the Economy, apply to the efficiency of the company's operations and to capital adequacy. Efficiency is evaluated primarily by means of cost-effectiveness. Capital adequacy must be sufficient in order to ensure the company's ability to bear risks and to keep the costs of funding reasonable.

## Administrative bodies of Finnvera

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 Managing Director.

## General Meeting of Shareholders

The General Meeting of Shareholders can make decisions on issues defined in the Limited Liability Companies Act, in the Articles of Association, and in the Act on the State Guarantee Fund (444/1998). The General Meeting of Shareholders elects the members and deputy members of the Supervisory Board and the Board of Directors, the Chairs and Vice Chairs of both bodies, and the auditors.

The Annual General Meeting is held yearly, by the end of June.

## Supervisory Board

According to the Articles of Associa-

tion, the Supervisory Board consists of a minimum of eight and a maximum of eighteen members. The General Meeting of Shareholders elects the members of the Supervisory Board for a term of one year. The Supervisory Board supervises the company's administration by the Board of Directors and the Managing Director. It gives the Annual General Meeting its opinion on the financial statements and the auditors' report, and decides on issues that concern considerable reduction or expansion of the company's operations or substantial reorganisation of the company. The Supervisory Board's duty is to provide the Board of Directors with guidelines in matters that have far-reaching consequences or are otherwise important as questions of principle. In 2009, the Supervisory Board had 18 members (see p. 23) and met eight (seven) times. The average attendance rate at the Supervisory Board meetings was 79 per cent (75).

## Board of Directors

According to the Articles of Association, the company's Board of Directors is comprised of a minimum of six members and a maximum of nine members plus two deputy members. Two Board members are elected among candidates named by the Ministry of Employment and the Economy, one among candidates named by the Ministry of Finance, and one among candidates named by the Ministry for Foreign Affairs. Of the two deputy members, the first is elected among candidates named by the Ministry of Employment and the Economy and the second among candidates named by the Ministry of Finance. The Board members and deputy members are elected for a term of one year.

The Board of Directors confirms the company's strategy, approves the financial statements and the interim report, 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 other matters of principle and important individual cases of financing.

The Board of Directors is responsible for the company's administration and for the proper organisation of operations, including the supervision of accounting and funding. Separate agreement has been made on the division of operational duties and business-related decision-making between the Board of Directors, the Managing Director and

other management.

The Board appoints and dismisses the company's Managing Director, Executive Vice Presidents and other members of the upper management.

The Board meets every second week. In 2009, the Board had eight members (see p. 24) and met 26 times (32). The regular members' average attendance rate at Board meetings was 83 per cent (81).

### **Managing Director, Management Group and Corporate Management**

The Managing Director 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 Managing Director is assisted by the Management Group and the Corporate Management, which are presented on page 25.

### **Salaries and fees**

The fees paid to the members of the Supervisory Board and 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 2009 totalled EUR 319,500.

The Board of Directors decides on the salaries paid to the Managing Director, the Executive Vice Presidents and to other Directors appointed by the Board.

The total salary paid to the Managing Director as per agreement is EUR 21,329 per month. The total salary includes the taxable value of the car benefit. The Managing Director has a notice period of six months. In addition, the Managing Director is entitled to a severance compensation corresponding to 18 months' pay if he is dismissed by the company. The Managing Director is included in the scope of group pension insurance; the retirement age is 60 years.

Finnvera has had a profit-sharing scheme encompassing the entire personnel and confirmed yearly by the Board of Directors. On 16 April 2009, the Board of Directors decided to abolish the profit-sharing scheme. At the same time, the Board decided to enhance the use and amounts of the existing bonuses. A bonus can correspond to the salary of 1–4 weeks. The purpose of the bonus system is to reward a person or

a group on the basis of criteria defined specifically by the Corporate Management. The bonus system does not encompass the members of the Management Group.

The Management Group members have fixed salaries. The total salary may include a car benefit, regarded as taxable income in full, as well as a phone benefit and luncheon vouchers.

On 2 April 2009, the Board of Directors decided to close the group pension arrangement for members of the Management Group. Persons encompassed by the group pension insurance have the option of retiring on old-age pension at the age of 60 years if so agreed with the company.

### **Internal control environment**

Finnvera's Board of Directors and the upper management are responsible for arranging and organising internal control and risk management. The internal control system supports the implementation of the Group's strategy and ensures for the management that the company's operations are efficient and profitable, that economic reporting is reliable, and that laws and other regulations pertaining to the operations are followed.

Finnvera's corporate culture, the ethical guidelines adopted by the Board of Directors, including regulations on impartiality, bribery and insider information, the principles of good practices, confidentiality regulations, the personnel's high professional standards and integrity, and the guidelines and practices agreed upon lay the foundation for the internal control environment throughout the whole Group. Operations are based on predetermined and planned processes and the associated approval procedures, tallies and other checks.

Finnvera's operations are steered by an ISO 9001 system implemented through three core processes – Client Relations, Financial Services and Management of Commitments – and through processes supporting them, such as HR, finances and IT processes. Examples of the core process descriptions include the customer service process, the financing solution and risk assessment process, and the process for handling credit losses. Finnvera's operations proceed according to an operating system, and the core and support processes have their designated owners and owner teams, who are responsible for the development of the processes.

The processes are evaluated yearly, for instance, through internal audits implemented since 2007.

### **Risk management**

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 Managing Director. 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.

The goal of risk management is, for its own part, to ensure prerequisites for implementing the company's strategy. Finnvera's risks can be grouped as follows:

1. Risks pertaining to credits 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.

More about risk management on page 14, in the notes to the accounts in the Financial Review 2009, and in the Report on Corporate Social Responsibility at [www.finnvera.fi](http://www.finnvera.fi) > Finnvera.

### **The State's responsibility for the company's commitments**

The State of Finland is responsible for the export credit guarantees, export guarantees and special guarantees granted by Finnvera. The State has made commitments to Finnvera con-

cerning compensation for credit and guarantee losses and payment of interest and commission support. In addition, the Government is entitled to grant State guarantees as security for domestic and foreign loans taken by Finnvera.

The State's commitments enable Finnvera to take higher risks in domestic operations than those taken by commercial financial institutions.

The State Guarantee Fund serves as a buffer between the State Budget and any losses that might arise from Finnvera's export credit and special guarantee activities. Defined in §4 of the Act on the State Guarantee Fund, these losses are ultimately the State's responsibility. The State Guarantee Fund's assets are also used to cover the liability arising from the guarantees and other commitments granted by the Finnish Guarantee Board – subsequently incorporated into Finnvera – and by its predecessors. Finnvera manages this 'old' liability for the State, and the State Guarantee Fund pays Finnvera a fee for this management. The 'old' liability totalled EUR 49.3 million at year's end.

Finnvera's objective is to ensure that, in the long term, the expenses incurred in the company's operations can be covered by the income received from operations. If the government decides to support some of Finnvera's activities separately, the necessary appropriations are included in the State Budget.

The company's balance sheet has a fund for export credit guarantee and special guarantee operations and a fund for domestic operations. Any profits accrued from export credit guarantee and special guarantee operations, on the one hand, and from domestic operations, on the other, are transferred to the respective funds. Similarly, the assets in each fund can only be used to cover losses incurred in the respective operations. Losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the company's internal fund for export credit guarantee and special guarantee operations does not have sufficient assets.

#### Acquisition of funds

Finnvera acquires funds mainly from the capital market and from specialised sources of financing. Funds may also be acquired from insurance companies and banks. For long-term acquisition of funds, Finnvera uses debt securities, bonds and bond programmes. The State can give guarantees as security for the loans taken by Finnvera and for the associated interest rate and currency swaps. The maximum amount of guarantees specified in the legislation on Finnvera was raised from EUR 1.2 billion to EUR 3.1 billion in 2009. At the end of

2009, the guarantees given by the State totalled EUR 1.3 billion (0.7 billion).

#### Supervisory operations

Finnvera's organisation is divided into Business Areas and geographically into four service regions. Finnvera's operating policies and guidelines ensure the management of all central operations.

The guidelines pertaining to financial administration are on the Intranet, available for everyone participating in financial reporting. The Finances and IT Services is responsible for the processes and development of financial reporting. Process descriptions have been drawn up for the main financial processes. The persons taking part in the reporting process meet regularly and discuss reporting and the related activities. Named persons have been assigned responsibility for maintaining internal guidelines for financial reporting.

Detailed instructions have been compiled for activities associated with financial systems and financial reporting; these instructions set the standard for financial operations and financial reporting. The tallies, controls and checks included in these activities are a central element in the set of functions that ensures the correctness and reliability of monthly and annual reporting.

Risk management plays a central role in the generation of principles for calculating capital adequacy, and write-downs.

#### Communications and information

Finnvera's external financial information is based on a separate set of guidelines where the main principles are: essential information, correctly, promptly, simultaneously and available to all. In accordance with the guidelines, the Managing Director is responsible for Finnvera's financial information. The information is published by the Communications and Marketing Unit and produced by the Finances and IT Services.

#### Monitoring

The Board of Directors carries out the tasks of an audit committee at Finnvera. The Board of Directors and the executive management monitor the results of operations by means of regular reporting. Furthermore, they receive reports on risk management, evaluation of the quality system, internal auditing, and on the auditing of the accounts.

#### Internal auditing

Internal auditing supports the management in the attainment of goals by evaluating the functioning of risk management, control, management and administrative processes and by making proposals for their development.

At Group level, internal auditing is organised in the Managing Director's staff, as a function independent of the rest of the organisation. The Board of Directors has approved the guidelines for internal auditing. Each year, internal auditors present an audit plan for approval by the Board of Directors and also provide an annual report of their operations for the Board. In addition, internal auditors provide consultancy as needed and carry out separate investigations.

After each audit, internal auditors draw up an audit report, which is submitted to the Managing Director, to the manager responsible for the unit audited, to the company's auditor, and to Financial Supervision within the Ministry of Employment and the Economy. The audit reports may contain proposals for actions; their implementation is monitored by internal auditors. Audits are conducted in keeping with the sector's own professional standards, the guidelines issued by the Financial Supervisory Authority, and the generally applied frames of reference in risk management.

#### External auditing

Finnvera has a minimum of one and a maximum of two auditors, depending on the decision made by the General Meeting of Shareholders. The auditors must be authorised public accountants or accounting firms.

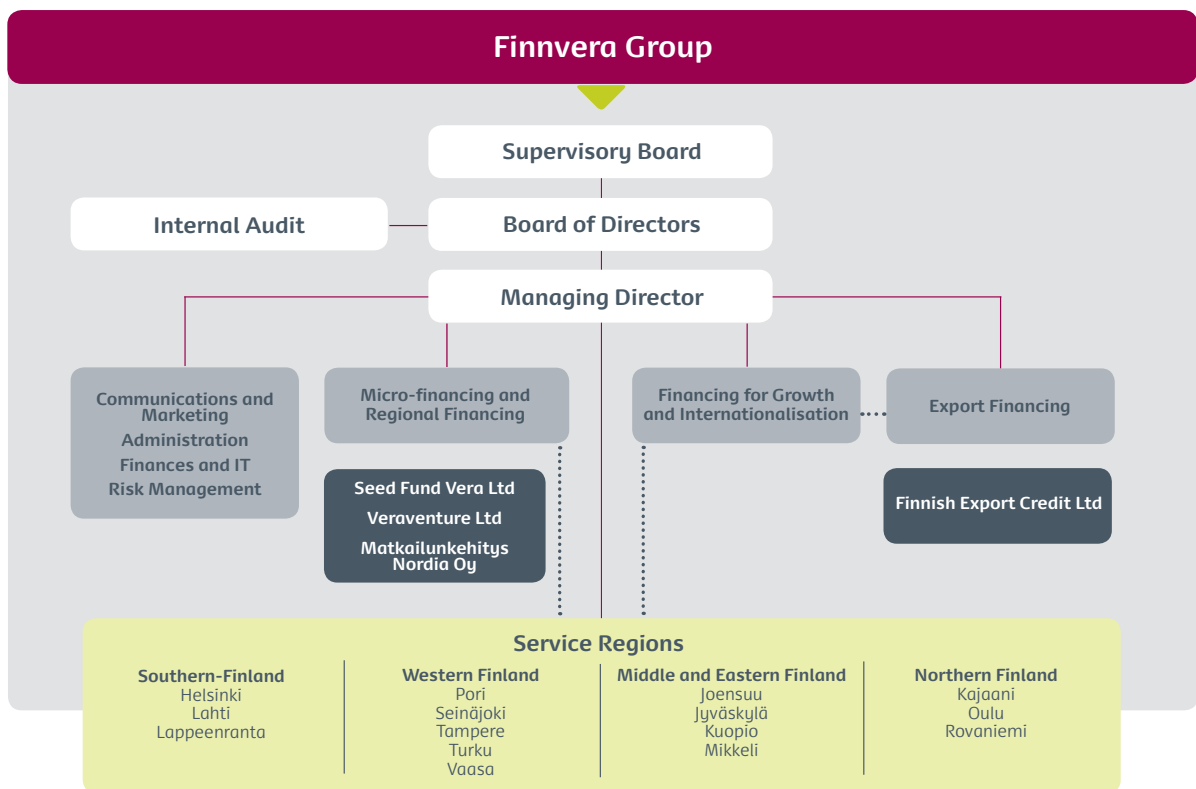
In competitive bidding arranged in 2007, the Finnvera Group selected KPMG Oy Ab to serve as its auditor. The Board of Directors receives annual reports of the audits conducted. In addition, the auditors' report is submitted to the Supervisory Board. To supplement these reports, the auditor draws up memoranda for the company; these concern the audits conducted during the financial period.

The Financial Supervisory Authority monitors Finnvera's bond issues. In other respects, Finnvera's finances are supervised by the Auditing Unit of the Ministry of Employment and the Economy, applying the standards of the Financial Supervisory Authority.

Realisation of the industrial policy goals set by the Ministry of Employment and the Economy for Finnvera is monitored by the Ministry's Corporate Steering Unit, which receives reports from Finnvera twice a year.

The auditors' term ends at the next Annual General Meeting following their election. The auditor with the main responsibility is Raija-Leena Hankonen, Authorised Public Accountant. The fees paid to the auditors in 2009 totalled EUR 78,505. In addition, the auditing company was paid EUR 17,450 for advisory services during the year.





..... Risk analysis and credit decisions

## Supervisory Board

The Supervisory Board represents the owner in companies owned 100% by the State. The members are selected from the parliamentary groups of political parties on the basis of their representation in the Finnish Parliament. In addition, Finnvera's Supervisory Board includes representatives of organisations in line with the company's industrial policy goals.

Approved at the Annual General Meeting of Finnvera plc on 7 May 2009.

### Chairman

**Johannes Koskinen**  
Second Deputy Speaker,  
Member of Parliament  
(The Finnish Social Democratic Party)

### First Vice Chairman

**Kyösti Karjula**  
Member of Parliament  
(The Centre Party of Finland)

### Second Vice Chairman

**Reijo Paajanen**  
Member of Parliament  
(National Coalition Party)

### Members

**Ulla Achrén**  
Secretary General  
(Swedish People's Party)

**Kaija Erjanti**, Head of Division,  
Federation of Finnish  
Financial Services

### Susanna Haapoja

Member of Parliament  
(The Centre Party of Finland)  
until 30 May 2009

### Sinikka Hurskainen

Member of Parliament  
(The Finnish Social Democratic Party)

### Matti Kauppila

Member of Parliament  
(The Left Alliance)

### Leila Kurki

Senior Adviser, Finnish Confederation  
of Professionals STTK

### Ville Niinistö

Member of Parliament  
(Green League)

### Petri Pihlajaniemi

Entrepreneur, Member of Parliament  
(National Coalition Party)

### Hannele Pohjola

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

### Tuomo Puumala

Member of Parliament  
(The Centre Party of Finland)

### Heikki Ropponen

Deputy Managing Director,  
Federation of Finnish Commerce

### Tuija Saari

Liaison Officer, Finnvera plc

### Veli-Matti Töyrylä

President, Finnish Association of  
Business School Graduates – SEFE

### Kirsi Åkerlund

Vice President,  
Federation of Finnish Enterprises

### Timo Vallittu

Chairman, Chemical Workers' Union



# Board of Directors



From the left, upper row:

#### Chairman

**Kalle J. Korhonen** (1948), M.Sc. (Tech.)  
Permanent Under-Secretary of State  
Ministry of Employment and the Economy

Chairman of the Board 1999–  
Rautaruukki Corporation, Board Member 2005–  
Finnish Tourist Board, Chairman of the  
Board 2008–

#### First Vice Chairman

**Pekka Laajanen** (1944), LL.M.  
Ministry of Finance

First Vice Chairman of the Board 1999–

#### Second Vice Chairman

**Pekka Huhtaniemi** (1949), M. Pol. Sc  
Under-Secretary of State  
Ministry for Foreign Affairs

Second Vice Chairman of the Board 2006–  
Finpro, Board Member 2006–  
European Bank for Reconstruction and  
Development,  
Board of Governors, Alternate Governor  
for Finland 2006–  
Foundation for Promoting Foreign Trade,  
Chairman of the Board 2006–  
Council for Security of Supply and  
Infrastructure, Member 2009–  
Export Forum, Member 2006–

**Pirkko-Liisa Hyttinen** (1959),  
Psychologist, Licentiate of Education  
Regional Director  
Psykologian TietoTaito Oy  
Board Member 2008–

From the left, lower row:

**Kekkonen Timo** (1957), M.Sc.  
(Engineering)

Director  
Confederation of Finnish Industries EK

Board Member 2008–  
Tekes - the Finnish Funding Agency for  
Technology and Innovation,  
Vice Chairman of the Board 2007–

**Marja Merimaa** (1947), M.A.

Labour Market Counsellor  
Ministry of Employment and the Economy  
Board Member 2008–

**Janne Metsämäki** (1960), Master of Laws  
Manager, Trade and Industrial Policy  
Central Organisation of Finnish Trade  
Unions SAK

Board Member 2008–  
European Economic and Social Committee,  
Member 2006–  
The Unemployment Insurance Fund,  
Board Member 2008–  
Finnish Industry Investment Ltd,  
Investment Council Member 2008–

**Risto Suominen** (1947), Lic.Soc.Sc.  
Director  
Federation of Finnish Enterprises

Board Member 1999–  
Taxpayers' Association of Finland,  
Board Member 1997–  
Finnish Centre for Pensions,  
Board Member 1998–

#### Deputy Members

**Elise Pekkala** (1959), LL.M., LL.M. (Eur.)  
Deputy Director General  
Ministry of Employment and the  
Economy

Deputy Member of the Board 2004–

**Kristina Sarjo** (1959), LL.M.  
Financial Counsellor  
Ministry of Finance

Deputy Member of the Board 2003–  
Nordic Investment Bank, Board Member  
2003–  
Council of Europe Development Bank,  
Administrative Council Member 2003–

# Management Group, Corporate Management and Regional Organisation

The Management Group discusses issues relating to Finnvera's strategy, policies concerning operations and the client interface, and ownership steering. The Management Group comprises the Managing Director; the Executive Vice Presidents; the Senior Vice President, Financing for Growth and Internationalisation; the Managing Director of Veraventure Ltd; the Senior Vice President, Finances and IT; the Senior Vice President, Administration; the Senior Vice President, Communications and Marketing; and the Vice Presidents of the service regions. The Management Group meets once a month.

**Pauli Heikkilä** (1962), D.Sc. (Tech.)  
Managing Director

**Topi Vesteri** (1956), LL.M.  
Executive Vice President, Export Financing  
First Deputy of the Managing Director

**Veijo Ojala** (1951), M.Soc.Sc.  
Executive Vice President, Domestic Regional  
Financing  
Second Deputy of the Managing Director

**Annamarja Paloheimo** (1964), LL.M.  
Senior Vice President, Financing for  
Growth and Internationalisation

**Leo Houtsonen** (1958), M.Sc.  
(Econ. & Bus. Adm.)  
Managing Director, Veraventure Ltd  
Managing Director, Seed Fund Vera Ltd

**Ulla Hagman** (1969), M.Sc.  
(Econ. & Bus. Adm.)  
Senior Vice President, Finances and IT

**Johanna Tuomisto** (1966), LL.M.  
Senior Vice President, Administration  
until 14 December 2009

**Risto Huopaniemi** (1975), LL.M.  
Senior Vice President, Administration  
since 15 December 2009

**Leena Jaakkola** (1962), M.A.  
Senior Vice President,  
Communications and Marketing

The Corporate Management Team 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 subsidiary responsible for interest equalisation and export credits, and the Vice President responsible for administration of property. The personnel organisations are also represented. The Corporate Management Team meets every second month.

**Sirpa Arpiainen** (1955), MHT Diploma  
Finance Assistant  
since 7 May 2009

**Heikki Lähdesmäki** (1961), M.Sc. (Econ. &  
Bus. Adm.)  
Financing Manager

**Matti Männikkö** (1954), M.Sc. (Tech.)  
Vice President, Administration,  
Administration of Property

**Tuija Saari** (1952), LL.M.  
Liaison Officer, Information Services  
until 6 May 2009

**Ilse Salonen** (1959), B.Sc. (Bus. Adm.)  
Finance Assistant

**Jyrki Wirtavuori** (1950), LL.M.  
Managing Director,  
Finnish Export Credit Ltd

More detailed presentation: [www.finnvera.fi](http://www.finnvera.fi) > Finnvera > Finnvera in brief > Organisation > Management Group and Corporate Management

Finnvera's regional organisation is based on service regions. Vice Presidents of service regions act also as Director of Regional Office in own region.

## Northern Finland

Vice President  
**Pentti Kinnunen** (1954),  
M.Sc. (Econ. & Bus. Adm.)  
Oulu

Directors of Regional Offices  
**Kari Tuominen** (1958),  
M.Sc. (Econ. & Bus. Adm.)  
Rovaniemi  
**Pauli Piilma** (1961), LL.M.  
Kajaani  
on leave of absence 1 November 2008–  
31 December 2009  
substitute **Ulla Niskasaari** (1953), LL.M.

## Southern Finland

Vice President  
**Kari Villikka** (1955), M.Sc. (Tech.)  
Helsinki

Directors of Regional Offices  
**Pasi Pirinen** (1956), M.Sc. (Tech.)  
Lahti  
**Satu Mäkelä-Kandelin** (1970), M.Sc.  
(Econ. & Bus. Adm.)  
Lappeenranta

## Middle and Eastern Finland

Vice President  
**Hannu Puhakka** (1959), M.Sc. (Tech.)  
Joensuu

Directors of Regional Offices  
**Asko Saarinen** (1954), M.Sc. (Tech.),  
eMBA  
Jyväskylä  
**Pauli Tengvall** (1947), M.Sc. (Tech.)  
Kuopio  
until 14 February 2009  
**Tarja Eskelinen** (1960), LL.M.  
Kuopio  
since 15 February 2009  
**Jukka-Pekka Jordan** (1950), M.Sc.  
(Econ. & Bus. Adm.)  
Mikkeli

## Western Finland

Vice President  
**John Erickson** (1956) M.A.  
Vaasa

Directors of Regional Offices  
**Martti Kytöluhta** (1947), M.Sc.  
(Econ. & Bus. Adm.)  
Pori  
**Seija Pelkonen** (1963), M. Sc.  
(Social science)  
Turku  
**Kari Hytönen** (1961), M.Sc.  
(Agriculture and Forestry)  
Seinäjoki  
since 12 January 2009  
**Seppo Tyynelä** (1949), B.Sc.  
(Econ. & Bus. Adm.)  
Tampere  
until 31 July 2009  
**Juha Ketola** (1967), M.Sc. (Technology)  
Tampere  
since 1 August 2009

# Statistics

## Domestic Financing

Financing, by product (MEUR)	2009	2008	2007	2006	2005
<b>Loans</b>	<b>593.0</b>	<b>467.6</b>	<b>385.0</b>	<b>396.2</b>	<b>405.8</b>
Loans for investments and working capital	335.1	349.2	264.4	270.7	262.9
Counter-cyclical loans	140.6	-	-	-	-
Venture capital loans	3.5	7.4	19.3	12.6	21.5
Development loans	12.9	11.4	12.9	13.7	17.8
Loans for women entrepreneurs	24.4	22.5	19.8	23.2	25.7
Microloans	36.4	30.8	28.0	30.0	32.1
Entrepreneur loans	25.5	27.4	26.0	26.6	25.5
Environmental loans	14.5	19.0	14.5	19.3	20.3
<b>Domestic guarantees</b>	<b>474.4</b>	<b>438.3</b>	<b>415.7</b>	<b>419.4</b>	<b>425.6</b>
For investments and working capital	235.4	255.5	189.8	171.9	142.7
Counter-cyclical guarantees	47.3	-	-	-	-
For growth and employment	-	-	49.4	56.7	69.3
For current account with overdraft	86.6	102.8	85.7	102.6	89.2
Micro-guarantees	21.2	16.3	16.1	16.2	20.6
For delivery	83.9	63.8	74.7	71.8	104.0
<b>Export guarantees</b>	<b>127.4</b>	<b>121.9</b>	<b>96.2</b>	<b>110.4</b>	<b>63.9</b>
Export guarantees	127.4	121.9	96.2	110.4	63.9
<b>Total</b>	<b>1,194.7</b>	<b>1,027.8</b>	<b>896.9</b>	<b>926.0</b>	<b>895.3</b>

Financing, by service region (MEUR)	2009	2008	2007	2006	2005
<b>Southern Finland service region</b>	<b>327.3</b>	<b>227.8</b>	<b>210.4</b>	<b>247.0</b>	<b>215.9</b>
Helsinki	201.8	138.1	121.7	139.8	124.2
Lahti	63.5	55.8	50.5	62.7	53.4
Lappeenranta	62.0	33.9	38.2	44.5	38.3
<b>Western Finland service region</b>	<b>444.0</b>	<b>413.6</b>	<b>369.9</b>	<b>369.6</b>	<b>379.0</b>
Ahvenanmaa	0.8	0.8	3.2	0.5	0.8
Pori	88.2	70.4	61.2	71.1	79.6
Seinäjoki	51.9	62.4	35.3	29.9	34.1
Tampere	102.7	102.0	106.2	120.7	125.6
Turku	100.0	92.6	87.2	74.4	83.1
Vaasa	100.5	85.3	76.9	73.0	55.8
<b>Middle and Eastern Finland service region</b>	<b>258.4</b>	<b>176.2</b>	<b>175.1</b>	<b>151.1</b>	<b>149.2</b>
Joensuu	60.1	30.0	44.9	29.9	31.0
Jyväskylä	71.2	48.8	45.0	45.3	43.1
Kuopio	87.1	58.3	55.9	50.0	49.7
Mikkeli	39.9	39.1	29.3	25.9	25.4
<b>Northern Finland service region</b>	<b>161.9</b>	<b>210.3</b>	<b>141.4</b>	<b>158.1</b>	<b>151.1</b>
Kajaani	40.4	97.3	24.3	37.1	40.6
Oulu	85.3	72.1	77.9	85.1	70.3
Rovaniemi	36.2	40.9	39.3	35.9	40.2
<b>Export financing</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,194.7</b>	<b>1,027.8</b>	<b>896.9</b>	<b>926.0</b>	<b>895.3</b>

## Domestic Financing

Financing, by sector (MEUR)	2009	2008	2007	2006	2005
<b>Rural trades</b>	<b>22.3</b>	<b>8.1</b>	<b>8.1</b>	<b>6.7</b>	<b>5.3</b>
Special sectors in agriculture	20.3	6.7	6.5	5.8	3.9
Fishery	2.0	1.5	1.6	0.9	1.5
<b>Industry</b>	<b>721.0</b>	<b>599.4</b>	<b>516.7</b>	<b>539.9</b>	<b>533.3</b>
Manufacture of foods	31.4	31.7	31.1	28.6	30.2
Manufacture of textiles, clothing and leather products	14.7	20.5	17.2	16.3	22.7
Manufacture of wood-based products	92.4	64.2	45.9	48.0	52.5
Manufacture of paper products	44.9	8.2	5.8	7.9	8.1
Communications industry	12.2	10.3	7.4	6.3	7.9
Manufacture of furniture	10.5	11.5	8.7	17.6	12.1
Manufacture of chemical, rubber and plastics products	43.6	23.4	23.8	29.5	24.2
Manufacture of glass, ceramic and stone products	12.9	6.8	14.7	10.6	12.7
Basic metals and mechanical industry	292.6	236.1	242.7	257.3	251.1
Electrical and electronics industry	32.5	49.8	42.3	47.9	34.4
Other industry and manufacture	133.2	136.8	77.2	69.8	77.4
<b>Tourism</b>	<b>70.5</b>	<b>61.3</b>	<b>62.3</b>	<b>65.4</b>	<b>68.5</b>
Accommodation and restaurant business	40.0	33.1	36.4	38.9	39.0
Activities serving tourism	30.5	28.3	25.9	26.5	29.4
<b>Service for business</b>	<b>216.4</b>	<b>200.2</b>	<b>168.7</b>	<b>166.5</b>	<b>138.8</b>
Real-estate companies	37.9	39.5	31.7	29.1	28.1
Transport	37.8	22.2	28.4	23.5	31.7
Data processing services	30.0	24.6	22.1	30.0	18.5
Services for business management	24.2	28.4	18.3	20.7	12.9
Technical services	42.6	36.3	35.2	30.2	25.7
Media and advertising services	20.9	9.1	7.4	5.9	7.3
Other services for business	12.5	16.5	16.2	16.7	8.1
Cleaning and real-estate maintenance	10.5	23.6	9.3	10.5	6.5
<b>Trade and consumer services</b>	<b>164.6</b>	<b>158.8</b>	<b>141.1</b>	<b>147.4</b>	<b>149.4</b>
Wholesale trade	69.6	69.7	56.0	60.8	62.7
Retail trade	46.2	37.2	40.3	40.9	40.2
Repair of motor vehicles	19.1	22.5	22.8	23.6	21.3
Consumer services	29.7	29.3	22.1	22.2	25.1
<b>Total</b>	<b>1,194.7</b>	<b>1,027.8</b>	<b>896.9</b>	<b>926.0</b>	<b>895.3</b>

Financing, by enterprise size (MEUR)	2009	2008	2007	2006	2005
Micro-enterprises	408.0	399.2	374.1	347.3	296.7
Other SMEs	623.3	588.1	477.9	492.8	517.5
Major companies and other business	163.5	40.5	44.8	85.8	81.0
<b>Total</b>	<b>1,194.7</b>	<b>1,027.8</b>	<b>896.9</b>	<b>926.0</b>	<b>895.3</b>

(%)	2009	2008	2007	2006	2005
Micro-enterprises	34.1	38.8	41.7	37.5	33.1
Other SMEs	52.2	57.2	53.3	53.2	57.8
Major companies and other business	13.7	4.0	5.0	9.3	9.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

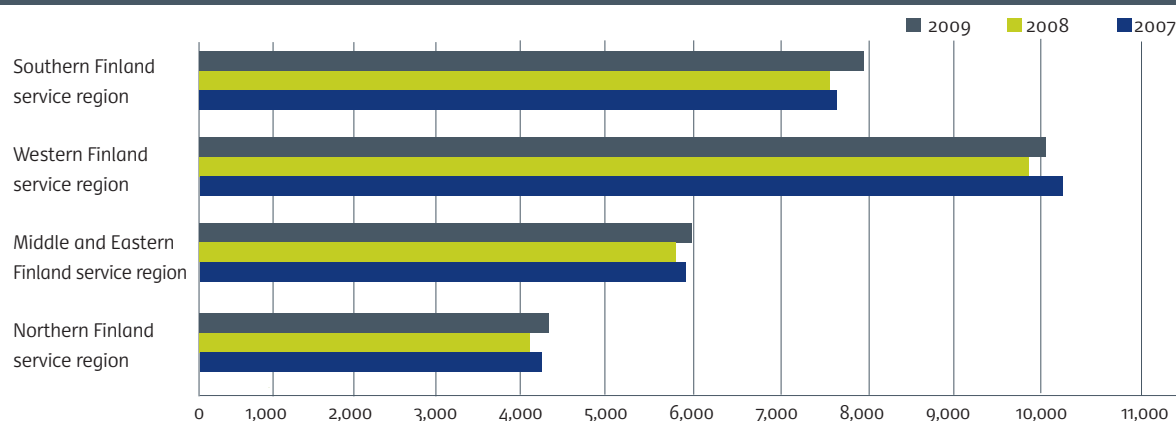
## Domestic Financing

Outstanding commitments, by product	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
<b>(MEUR)</b>					
Loans	1,736.2	1,445.2	1,416.0	1,408.1	1,412.0
Domestic guarantees	1,007.0	882.8	828.9	806.1	841.8
Export guarantees and special guarantees	110.4	98.3	89.7	93.9	52.9
Share capital investments	180.0	150.7	140.7	117.0	95.8
Guarantee receivables	35.3	17.4	17.6	12.9	14.9
<b>Total</b>	<b>3,068.9</b>	<b>2,594.4</b>	<b>2,492.9</b>	<b>2,438.0</b>	<b>2,417.5</b>

Outstanding commitments, by sector	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
<b>(MEUR)</b>					
Rural trades	32.1	22.8	21.2	20.5	19.2
Industry	1,602.9	1,311.4	1,281.0	1,323.2	1,352.4
Tourism	204.4	215.3	222.9	211.8	200.8
Services to business	785.3	644.9	595.5	530.3	497.4
Trade and consumer services	444.1	400.0	372.2	352.0	347.7
<b>Total</b>	<b>3,068.9</b>	<b>2,594.4</b>	<b>2,492.9</b>	<b>2,438.0</b>	<b>2,417.5</b>

Outstanding commitments, by service region	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
<b>(MEUR)</b>					
<b>Southern Finland service region</b>	<b>642.4</b>	<b>535.1</b>	<b>525.5</b>	<b>540.9</b>	<b>544.8</b>
Helsinki	376.9	306.7	287.3	290.7	292.4
Lahti	132.0	119.0	124.6	136.5	138.7
Lappeenranta	133.4	109.5	113.5	113.7	113.7
<b>Western Finland service region</b>	<b>1,101.4</b>	<b>979.0</b>	<b>940.8</b>	<b>928.7</b>	<b>923.6</b>
Ahvenanmaa	2.4	3.8	3.8	1.4	1.6
Pori	191.3	159.9	150.2	178.1	180.6
Seinäjoki	148.9	122.3	103.3	96.2	99.8
Tampere	290.5	278.1	306.9	318.0	300.8
Turku	230.5	210.7	196.0	167.8	188.0
Vaasa	237.9	204.2	180.6	167.2	152.8
<b>Middle and Eastern Finland service region</b>	<b>607.9</b>	<b>494.1</b>	<b>474.4</b>	<b>453.7</b>	<b>450.4</b>
Joensuu	144.6	116.1	112.0	98.3	94.8
Jyväskylä	154.8	129.9	122.9	121.0	121.5
Kuopio	206.9	163.8	162.1	157.6	154.7
Mikkeli	101.6	84.3	77.5	76.8	79.4
<b>Northern Finland service region</b>	<b>535.7</b>	<b>437.8</b>	<b>415.3</b>	<b>402.1</b>	<b>408.4</b>
Kajaani	155.0	93.2	72.1	78.1	86.9
Oulu	226.7	198.5	200.2	188.3	188.8
Rovaniemi	154.0	146.1	143.1	135.7	132.7
<b>Head Office</b>	<b>178.3</b>	<b>148.4</b>	<b>136.9</b>	<b>112.6</b>	<b>90.4</b>
<b>Export financing</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,068.9</b>	<b>2,594.4</b>	<b>2,492.9</b>	<b>3,931.8</b>	<b>2,417.5</b>

## Clients, by service region (Number)





## Domestic Financing

Clients, by enterprise size	2009	2008	2007
(Number)			
Micro-enterprises	25,096	24,368	24,886
Other SMEs	3,066	2,848	2,868
Major companies and other business	87	80	89
<b>Total</b>	<b>28,249</b>	<b>27,296</b>	<b>27,843</b>
(%)			
Micro-enterprises	88.8	89.3	89.4
Other SMEs	10.9	10.4	10.3
Major companies and other business	0.3	0.3	0.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Clients, by sector	2009	2008	2007	2006	2005
(Number)					
Rural trades	313	277	308	315	189
Industry	9,035	9,002	9,356	9,585	9,830
Tourism	3,126	3,221	3,267	3,215	3,092
Services to business	6,989	6,462	6,528	6,488	6,348
Trade and consumer services	8,786	8,331	8,381	8,269	7,910
<b>Total</b>	<b>28,249</b>	<b>27,296</b>	<b>27,843</b>	<b>27,872</b>	<b>27,369</b>

New clients	2009	2008	2007	2006	2005
(Number)					
Micro-enterprises	4,511	4,055	3,999	4,328	4,398
Other SMEs	373	265	254	274	367
Major companies and other business	12	1	4	4	9
<b>Total</b>	<b>4,896</b>	<b>4,321</b>	<b>4,257</b>	<b>4,606</b>	<b>4,774</b>

### Export credit guarantees and special guarantees covering the domestic risks of major companies

	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
(MEUR)						Current	Current	Current	Current	Current
<b>Ship Guarantees</b>	-	-	-	-	176.0	-	-	-	-	-
<b>Finance Guarantees</b>										
Shipyard Industry	-	1,750.0	130.0	-	809.1	900.0	930.0	-	-	1,164.2
Other	240.0	-	-	-	-	240.0	-	-	-	-
<b>Total</b>	<b>240.0</b>	<b>1,750.0</b>	<b>130.0</b>	<b>-</b>	<b>809.1</b>	<b>1,140.0</b>	<b>930.0</b>	<b>-</b>	<b>-</b>	<b>1,164.2</b>
<b>Bond Guarantees</b>										
Shipyard industry	35.6	182.8	59.4	132.3	132.5	126.9	75.4	58.2	58.1	74.4
Other	46.3	119.7	-	-	-	46.3	119.7	-	-	-
<b>Total</b>	<b>81.8</b>	<b>302.5</b>	<b>189.4</b>	<b>132.3</b>	<b>132.5</b>	<b>173.2</b>	<b>195.1</b>	<b>58.2</b>	<b>58.1</b>	<b>74.4</b>
<b>Grand Total</b>	<b>321.8</b>	<b>2,052.5</b>	<b>319.4</b>	<b>132.3</b>	<b>1,117.6</b>	<b>1,313.2</b>	<b>1,125.1</b>	<b>58.2</b>	<b>58.1</b>	<b>1,238.6</b>

## Foreign Risk-Taking <sup>1)</sup>

Guarantees offered, by region	2009	2008	2007	2006	2005
(MEUR)					
Asia	1,253.9	567.5	67.4	515.8	251.7
CIS	607.6	1,060.3	189.6	379.1	576.7
Central and Eastern Europe	19.5	1.2	-	144.0	103.1
Latin America	536.9	922.1	25.5	147.9	465.5
Middle East and North Africa	527.6	259.9	407.7	260.0	196.1
Sub-Saharan Africa	13.5	86.2	9.3	28.2	1.4
Industrialised countries	1,169.0	1,351.2	927.3	1,285.2	1,379.8
<b>Total</b>	<b>4,128.0</b>	<b>4,248.4</b>	<b>1,626.8</b>	<b>2,760.2</b>	<b>2,974.3</b>

Guarantees that have come into effect, by region	2009	2008	2007	2006	2005
(MEUR)					
Asia	599.2	199.1	142.1	181.0	309.5
CIS	78.3	555.3	189.4	406.3	483.0
Central and Eastern Europe	16.6	144.1	-	96.7	1.4
Latin America	480.0	817.9	249.0	154.7	165.2
Middle East and North Africa	152.8	319.8	87.4	222.9	85.5
Sub-Saharan Africa	99.3	4.1	22.7	14.8	-
Industrialised countries	1,020.3	679.4	15.1	163.4	362.3
<b>Total</b>	<b>2,446.5</b>	<b>2,719.7</b>	<b>705.7</b>	<b>1,239.8</b>	<b>1,406.9</b>

Guarantees that have come into effect, by buyer's sector	2009	2008	2007	2006	2005
(MEUR)					
Telecommunications	854.2	1,135.9	164.9	556.3	785.9
Forest industry	213.3	286.7	273.3	315.2	149.4
Power generation	106.6	347.1	47.5	82.8	25.2
Shipping companies	835.4	687.8	-	181.4	309.1
Other	437.0	262.3	220.0	104.1	137.3
<b>Total</b>	<b>2,446.5</b>	<b>2,719.8</b>	<b>705.7</b>	<b>1,239.8</b>	<b>1,406.9</b>

Outstanding commitments, by product, 31 Dec 2009 <sup>2)</sup>	Offers	Current	Total
(MEUR)			
Buyer Credit Guarantee	2,568.8	5,524.7	8,093.5
Credit Risk Guarantee	27.0	113.3	140.3
Export Receivables Guarantee	6.0	80.5	86.5
Letter of Credit Guarantee	36.4	270.8	307.2
Bank Risk Guarantee	-	22.3	22.3
Investment Guarantee	-	78.6	78.6
Bond Guarantee	-	0.7	0.7
<b>Total</b>	<b>2,638.2</b>	<b>6,090.9</b>	<b>8,729.1</b>
Raw Material Guarantee	45.1	-	45.1
<b>Grand Total</b>	<b>2,683.3 <sup>3)</sup></b>	<b>6,090.9 <sup>4)5)</sup></b>	<b>8,774.2</b>

Outstanding commitments, by region, 31 Dec 2009 <sup>2)</sup>	Offers	Current	Total
(MEUR)			
Asia	568.8	907.3	1,476.1
CIS	488.2	673.1	1,161.3
Central and Eastern Europe	3.1	191.3	194.4
Latin America	54.0	1,641.8	1,695.8
Middle East and North Africa	355.0	398.7	753.7
Sub-Saharan Africa	-	141.4	141.4
Industrialised countries	1,214.2	2,137.3	3,351.5
<b>Total</b>	<b>2,683.3 <sup>3)</sup></b>	<b>6,090.9 <sup>4)5)</sup></b>	<b>8,774.2</b>

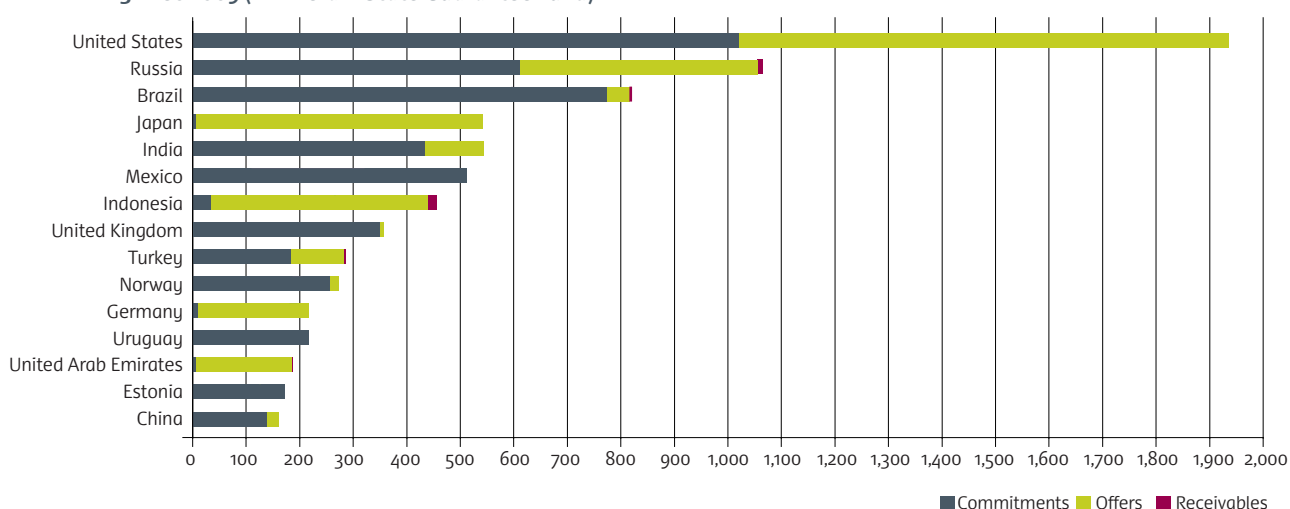
Exports covered by guarantees, by region <sup>6)</sup>	2009	2008	2007	2006	2005
(MEUR)					
Asia	274.0	142.9	115.2	190.3	165.0
CIS	348.4	375.7	314.9	352.6	541.4
Central and Eastern Europe	150.8	-	88.7	23.2	86.3
Latin America	309.5	353.4	226.3	258.5	58.5
Middle East and North Africa	204.4	256.7	142.8	642.7	118.1
Sub-Saharan Africa	63.6	12.2	19.5	1.3	0.1
Industrialised countries	918.8	444.6	272.5	161.5	30.4
<b>Total</b>	<b>2,269.5</b>	<b>1,585.5</b>	<b>1,179.9</b>	<b>1,630.1</b>	<b>999.8</b>

Claims paid and recovery, by country										
(1 000 e)										
	2009		2008		2007		2006		2005	
	Claims <sup>7)</sup>	Recovery	Claims <sup>7)</sup>	Recovery	Claims <sup>7)</sup>	Recovery	Claims <sup>7)</sup>	Recovery	Claims <sup>7)</sup>	Recovery
United										
Arab Emirates	-	-	0.0	4.9	2.2	1.4	15.6	249.4	3.0	-
Argentina	-	77.4	-	32.6	-	32.1	4.5	309.0	4.1	251.1
Australia	-	-	-	-	-	-	-	100.9	-	125.9
Brazil	143.2	18.1	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	8,854.8	3.4	997.5	28.3	3,395.4
Iran	-	-	-	6,954.2	6,898.1	-	-	-	-	-
Israel	-	-	-	-	-	-	7.1	-	-	-
Kazakstan	1,121.7	-	-	-	-	-	-	-	-	-
Poland	140.6	-	3,284.3	-	-	-	85.9	-	-	-
Turkey	921.5	-	-	-	-	-	-	-	-	-
Ukraine	11.4	-	-	-	-	-	-	-	-	-
Belarus	51.8	-	-	-	-	-	-	-	-	-
Venezuela	-	-	-	-	-	-	19.2	-	-	-
Russia	868.2	103.6	0.2	-	-	-	17.7	-	164.1	-
<b>Total</b>	<b>3,258.4</b>	<b>199.1</b>	<b>3,284.5</b>	<b>6,991.7</b>	<b>6,900.3</b>	<b>8,888.3</b>	<b>153.4</b>	<b>1,656.8</b>	<b>199.5</b>	<b>3,772.4</b>

Receivables in the recovery process 31 Dec 2009 <sup>8)</sup>			
(1 000 e)			
	Political risk	Commercial risk	Total
Buyer Credit Guarantees	-	2,211.2	2,211.2
Credit Risk Guarantees	-	4,795.5	4,795.5
Letter of Credit Guarantee	-	595.4	595.4
<b>Total</b>	<b>-</b>	<b>7,602.1</b>	<b>7,602.1</b>

### 15 biggest country exposures, (MEUR)

31 Dec 2009 (Finnvera + State Guarantee Fund)



- 1) Foreign risk-taking = export credit and special guarantees in which the object of the risk is abroad.
- 2) Outstanding commitments = commitments as per coverage; overlapping between guarantees has been eliminated (net commitments).
- 3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 36.1 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.
- 4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 64.2 million.
- 5) The current commitments of the Investment Guarantee include a credit loss provision of EUR 8.3 million.
- 6) Exports covered with Buyer Credit, Credit Risk and Letter of Credit Guarantees.
- 7) Include collection charges.
- 8) Finnvera's share.

## The Liability Managed by Finnvera

By virtue of the Act on the State Guarantee Fund, liability for the export credit guarantees and State guarantees granted by the Finnish Guarantee Board and outstanding on 31 December 1998 rests with the Fund, which is managed by Ministry of Employment and the Economy. The Ministry and Finnvera have signed an agreement on the management of this 'old' liability. Accordingly, the Fund pays Finnvera a management fee. The purpose of the State Guarantee Fund is to ensure that the liability arising from Finnvera's export credit guarantees and domestic guarantees and from other commitments referred to in §4 of the Act on the State Guarantee Fund is covered. If the separate result calculated annually for export credit guarantees and special guarantees shows a deficit, the corresponding sum is transferred from the State Guarantee Fund to Finnvera, unless the fund for export credit guarantees and special guarantees on Finnvera's balance sheet has sufficient assets to cover the deficit.

In order to illustrate the overall situation, the outstanding commitments are presented together with Finnvera's corresponding figures.

<b>Liability for guarantees under the Act on the State's Export Credit Guarantees and for raw material guarantees (Act on the State Guarantees to Ensure the Supply of Basic Raw Material) <sup>1)</sup> 31 Dec 2009</b>												
(MEUR)	Offers			Current commitments			Total			Book value <sup>2)</sup>		
	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total
<b>Export credit guarantees</b>												
Buyer Credit Guarantee		2,568.8	2,568.8	49.3	5,524.7	5,574.0	49.3	8,093.5	8,142.8	53.9	6,477.1	6,531.0
Credit Risk Guarantee		27.0	27.0		113.3	113.3		140.3	140.3		127.3	127.3
Export Receivables Guarantee		6.0	6.0		80.5	80.5		86.5	86.5		83.6	83.6
Letter of Credit Guarantee		36.4	36.4		270.8	270.8		307.2	307.2		287.3	287.3
Bank Risk Guarantee					22.3	22.3		22.3	22.3		27.2	27.2
Investment Guarantee					78.6	78.6		78.6	78.6		85.1	85.1
Bond Guarantees					187.3	187.3		187.3	187.3		187.2	187.2
Finance Guarantee					550.3	550.3		550.3	550.3		550.3	550.3
Export Guarantee		6.5	6.5		110.3	110.3		116.8	116.8		113.6	113.6
<b>Total</b>		<b>2,644.7</b>	<b>2,644.7</b>	<b>49.3</b>	<b>6,938.1</b>	<b>6,987.4</b>	<b>49.3</b>	<b>9,582.8</b>	<b>9,632.1</b>	<b>53.9</b>	<b>7,938.6</b>	<b>7,992.5</b>
Raw Material Guarantee		45.1	45.1					45.1	45.1			
<b>Grand Total</b>		<b>2,689.8</b> <sup>3)</sup>	<b>2,689.8</b> <sup>3)</sup>	<b>49.3</b> <sup>4)</sup>	<b>6,938.1</b> <sup>5) 6)</sup>	<b>6,987.4</b> <sup>6) 7)</sup>	<b>49.3</b> <sup>4)</sup>	<b>9,627.9</b> <sup>8)</sup>	<b>9,677.2</b> <sup>9)</sup>	<b>53.9</b>	<b>7,938.6</b>	<b>7,992.5</b>

<b>Liability for special guarantee activities 31 Dec 2009</b>			
(MEUR)	Current commitment <sup>10)</sup>		
	Fund	Finnvera	Total
<b>State Guarantees</b>			
Industry Guarantees	1.0	-	1.0
Environmental Guarantees	-	45.3	45.3
<b>Total</b>	<b>1.0</b>	<b>45.3</b>	<b>46.3</b>

<b>The State Guarantee Fund's recovery receivables 31 Dec 2009</b>			
(MEUR)	Total receivables	The Fund's share <sup>11)</sup>	Book value
<b>Based on political risk</b>			
Rescheduled receivables	163.7	135.9	26.3
Other receivables based on political risk	63.2	57.2	0.9
<b>Total</b>	<b>226.9</b>	<b>193.1</b>	<b>27.2</b>
<b>Based on commercial risk</b>	<b>33.4</b>	<b>32.5</b>	<b>3.1</b>
<b>Grand Total</b>	<b>260.3</b>	<b>225.6</b>	<b>30.3</b>

1) Liability = commitments as per coverage; overlapping between guarantees has been eliminated (net liability).

2) Book value = outstanding commitments for the guarantee types referred to in the Act on the State's Export Credit Guarantees + half of the offers given.

3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 36.1 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.

4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 0.1 million.

5) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 64.2 million.

6) The current commitments of the Investment Guarantee include a credit loss provision of EUR 8.3 million.

7) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 64.3 million for credit losses.

8) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 100.3 million for credit losses.

9) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 100.4 million for credit losses.

10) As per the Act.

11) The difference between the Fund's share and total receivables represents the guarantee holder's receivables under recovery.

## Key Figures\*

<b>Finnvera Group</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Turnover, MEUR	199.0	209.8	199.3	173.9	171.0
Operating profit or loss, MEUR	18.3	9.2	56.4	44.8	45.5
% of turnover	9.2	4.4	28.3	25.7	26.6
Return on equity, %	4.4	1.5	10.3	7.1	7.4
Return on assets, %	1.1	0.5	3.2	1.9	2.0
Equity ratio, %	22.4	30.6	30.8	27.7	27.1
Capital adequacy ratio	15.0	15.7	19.5	18.4	18.1
Write-down on receivables, guarantee losses, MEUR	96.4	86.3	44.8	43.2	48.0

<b>Finnvera plc, domestic financing</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Financing granted, MEUR	1,194.7	1,028.0	896.9	926.0	895.3
Outstanding commitments as per the balance sheet at year's end					
Outstanding credits, MEUR	1,663.9	1,382.3	1,368.9	1,371.5	1,376.3
Outstanding guarantees, MEUR	1,007.0	882.8	827.4	804.3	839.8
Number of starting enterprises	3,457	3,307	3,467	3,641	3,638
Number of new jobs	9,214	12,541	10,907	11,134	10,548

<b>Finnvera plc, financing of exports</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Export credit guarantees and special guarantees offered, MEUR	4,449.7	6,300.8	1,816.1	2,892.6	4,091.9
Guarantees that came into effect, MEUR	3,759.8	3,844.9	764.0	1,297.9	2,645.5
Outstanding commitments, MEUR	9,665.0	8,292.5	4,980.2	5,072.3	4,540.5

<b>Finnvera plc, clients</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Domestic and export financing together, number	28,400	27,500	28,000	28,000	27,600

\* The key figures for 2005 have not been calculated according to IFRS.



# Contact Information

## Telephone

+358 204 6011  
Internet: [www.finnvera.fi](http://www.finnvera.fi)

## Telephone service

+358 20 690 784  
8:00 am - 4:15 pm

## Head Offices

Helsinki  
Eteläesplanadi 8  
P.O. BOX 1010  
FI-00101 Helsinki  
Fax +358 20 460 7220

Kuopio  
Haapaniemenkatu 40  
P.O. BOX 1127  
FI-70111 Kuopio

Kuopio  
Haapaniemenkatu 40  
P.O. BOX 1127  
FI-70111 Kuopio

Lahti  
Laiturinkatu 2, 5th floor  
FI-15140 Lahti

Seinäjoki  
Kauppatori 1-3  
FI-60100 Seinäjoki

Tampere  
Hämeenkatu 9  
P.O. BOX 559  
FI-33101 Tampere

## Regional Offices

Helsinki  
Eteläesplanadi 8  
P.O. BOX 1010  
FI-00101 Helsinki

Joensuu  
Torikatu 9 A  
FI-80100 Joensuu

Jyväskylä  
Sepänkatu 4  
FI-40100 Jyväskylä

Kajaani  
Kauppakatu 1  
FI-87100 Kajaani

Lappeenranta  
Snellmaninkatu 10  
FI-53100 Lappeenranta

Mikkeli  
Linnankatu 5  
FI-50100 Mikkeli

Oulu  
Asemakatu 37  
FI-90100 Oulu

Pori  
Valtakatu 6  
FI-28100 Pori

Rovaniemi  
Maakuntakatu 10  
P.O. BOX 8151  
FI-96101 Rovaniemi

Turku  
Eerikinkatu 2  
FI-20100 Turku

Vaasa  
Pitkätatu 55  
FI-65100 Vaasa

## Finnvera, St. Petersburg

Finnvera plc  
Representative Office in St. Petersburg  
The Finland House  
Ul. Bolshaya Konyushennaya 8  
191186 St. Petersburg, Russia

Mailing address:  
P.O. Box 95, FI-53501  
Lappeenranta, Finland

Telephone  
+7 921 096 9304

Annual schedule to publish financial data:

- Data covering the previous year in January
- Annual Review and Financial Review covering 1 Jan – 31 Dec in March
- Quarterly release on unaudited interim data covering 1 Jan – 31 March in May
- Interim report covering 1 Jan – 30 June in August
- Quarterly release on unaudited interim data covering 1 Jan – 30 Sept in November

