



# Annual Review 2015

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## Finnvera in brief

Finnvera is a specialised financing company owned by the State of Finland and it is Finland's official Export Credit Agency (ECA). We supplement the financial services offered by banks and other providers of financing. Through our operations, we diversify and improve the financing options available to enterprises.

We help Finnish enterprises to succeed and boost their competitiveness. In practice, the solution may be a loan, a domestic guarantee, an export credit guarantee, export credit financing as well as interest equalisation or a venture capital investment. We provide financing for the start-up, growth, and internationalisation of enterprises and for protection against export risks. By granting financing, we can participate in projects seen as having the potential for success.

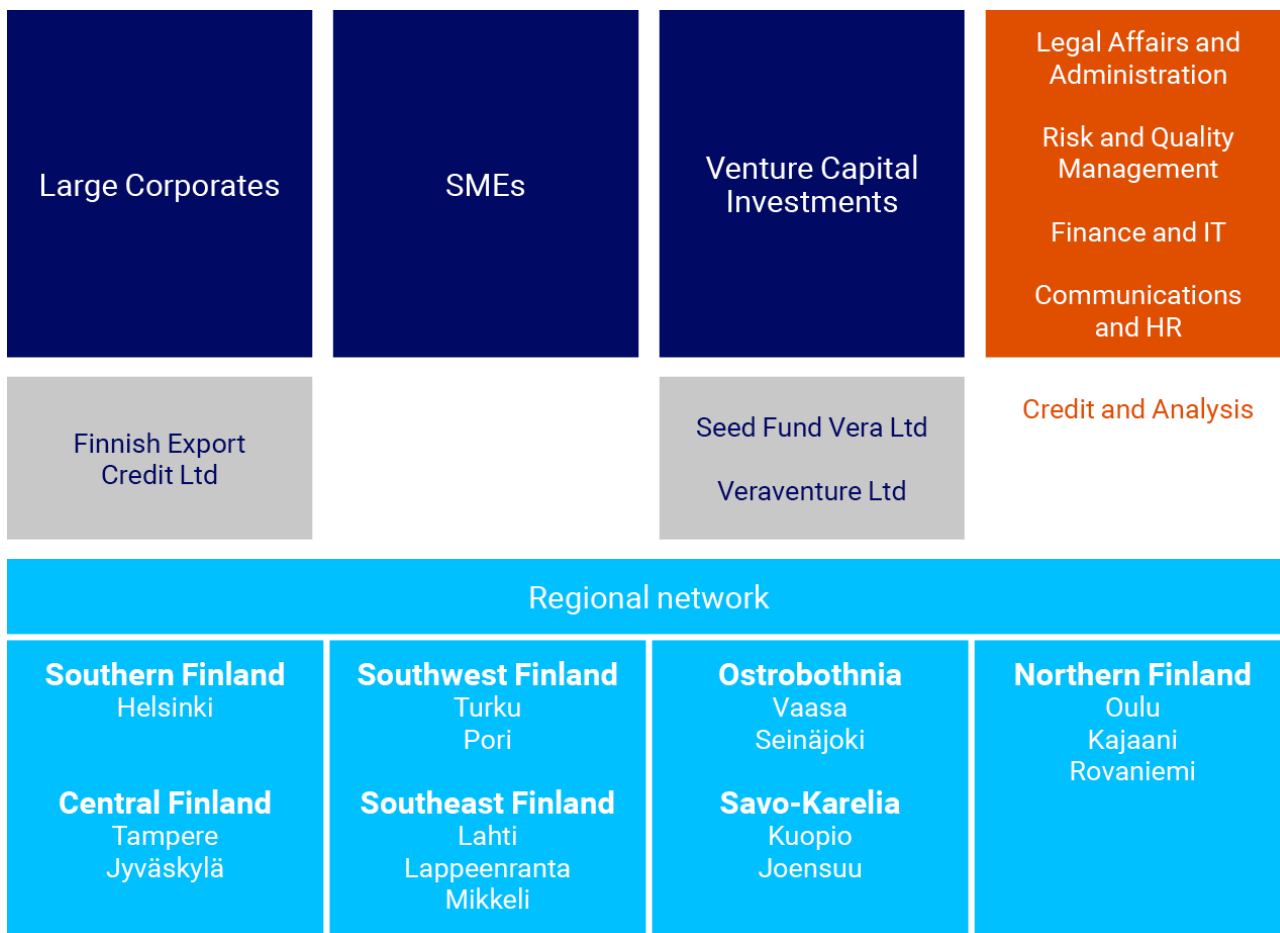
***With an idea worth pursuing, turn to us for financing.***

Among Finnvera's goals are: increasing the number of starting enterprises, enabling financing for changes encountered by SMEs, and promotion of enterprise growth, internationalisation and exports. We want to ensure that no good project or investment fails for lack of financing.

Finnvera's operations are steered by the relevant legislation, international agreements, and the industrial and ownership policy goals determined by the State of Finland. The funds needed for granting credits are obtained from the international financial market.

[Watch a video on Finnvera's operations](#)

### Finnvera Group



# Finnvera's role and the impact of its operations

## Finnvera as a promoter of enterprise

Our financing furthers the business of small and medium-sized enterprises, the internationalisation and exports of enterprises, and the realisation of the government's regional policy. By means of financing, we strive to boost the revival and competitiveness of Finnish enterprises. The State of Finland covers part of Finnvera's credit and guarantee losses. This enables us to provide financing at higher risks than banks usually can.

***We influence the competitiveness of Finnish enterprises – their opportunities to operate and grow in Finland and to enter international markets.***

Finnvera's operations are supervised and monitored by the Ministry of Employment and the Economy, which sets industrial and ownership policy goals for the company every fourth year. The goals can be adjusted yearly. When determining these goals, attention is paid to the Finnish Government Programme, the Ministry's corporate strategy, the policy objectives concerning the Ministry's branch of administration, and the objectives of EU programmes.

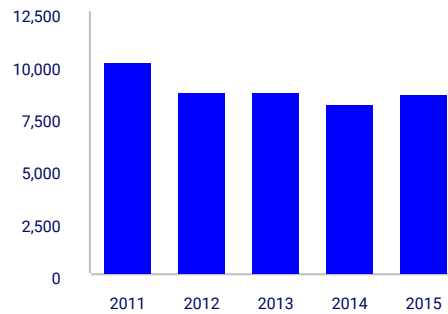
In 2015, Finnvera's goals highlighted the financing of start-up enterprises and the promotion of growth and internationalisation.

Attainment of the goals is measured, for instance, by the number of jobs and new enterprises created with the help of the financing granted. Other indicators monitored include the percentage of SME financing granted to growth enterprises, the ratio between exports covered by export credit guarantees and Finland's total exports, and the financing allocated to areas assisted on regional policy grounds.

## Impact on employment

In 2015, Finnvera contributed, through its financing, to the creation of 8,624 new jobs.

## Impact on employment



■ Number of jobs

## Financing for various stages in the life of an enterprise

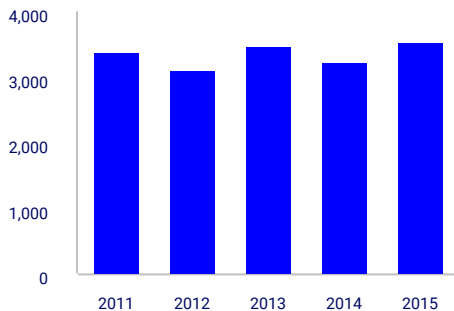
### Start

In 2015, Finnvera contributed to the financing of 3,556 start-up enterprises. This corresponded to about 10 per cent of the companies established in Finland during the same year.

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

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

### Start-up enterprises

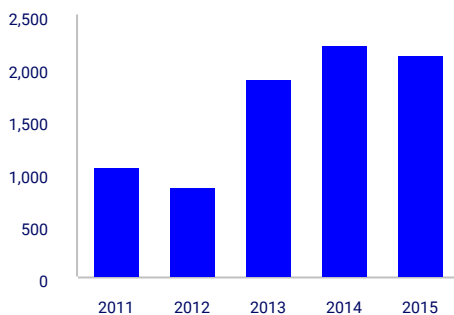


■ Start-up enterprises, number

### Growth

In 2015, the amount of financing granted to growth enterprises accounted for 34 per cent of Finnvera's total SME financing. In the financing of growing and internationalising enterprises, Finnvera can assume higher risks than normally. We help enterprises seeking growth through internationalisation to expand their business by providing financing for international trade and for investments supporting this trade.

### Growth enterprises



■ Growth enterprises, number

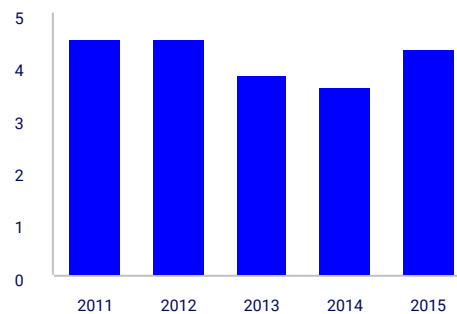
We also provide financing for Finnish SMEs operating on the domestic market in change situations that increase their competitiveness, such as changes of ownership. These companies do not necessarily aim at international growth but play an important role in the Finnish economy, for instance, as employers.

In 2015, Finland had eight areas of abrupt structural change. Our financing for enterprises in these areas totalled EUR 130 million.

### Export credit guarantees

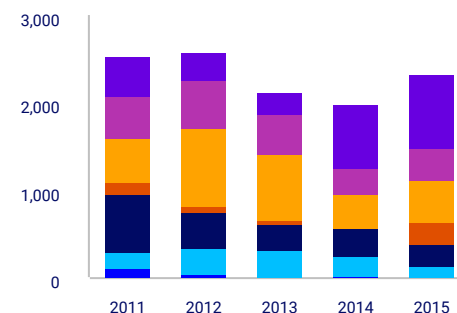
To be eligible for export credit guarantees, exports must meet the requirement of Finnish interest. This means that export projects are viewed from the perspective of the Finnish economy. Export credit guarantees can also be granted for domestic investments that benefit exports. The arrangement of financing may be a decisive factor in the conclusion of an export transaction. Indirectly, export financing is very important for the Finnish economy and thereby for Finns' well-being.

### Exports covered by export credit guarantees



■ Share of Finland's total export, %

### Foreign risk-taking: Exports covered by guarantees by region, 31 Dec, MEUR



■ Sub-Saharan Africa  
 ■ Middle East and North Africa  
 ■ Asia  
 ■ North America  
 ■ South and Central America  
 ■ Other Europe  
 ■ EU countries

# Strategy

The Acts on Finnvera define the tasks whereby Finnvera influences the development of enterprise and employment in Finland. Every fourth year, the Ministry of Employment and the Economy sets goals for Finnvera. These apply to issues such as the focus of operations, the impact and efficiency of operations, and capital adequacy.

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

***The core of Finnvera's strategy consists of financing for the growth, competitiveness, and internationalisation of Finnish enterprises and improving the availability of financing for start-up enterprises. Finnvera has succeeded when its clients succeed.***

Finnvera carries out its operations in accordance with the service practices defined for client segments and the ISO 9001 certified operating system. The operating system and its effectiveness are evaluated on a regular basis using both internal and external audits. The observations made during the audits help Finnvera to develop the operating system continuously and to address any anomalies.

## Vision, values, and strategy in brief

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	Finnvera is a provider of financing for growth, competitiveness, and internationalisation.
Client promise	Through our know-how and active approach, we help our clients to succeed.
Values	Trust, partnership, and a focus on solutions.
Desired state in 2020	Provider of financing for growth, competitiveness, and internationalisation whose know-how, services, and team play produce the best client experience in the reference group.

### The strategy aims at achieving a better client experience, effectiveness, and team play

Client experience:

- We identify market failures correctly and take the various economic cycles into account.
- Our operations increase Finland's competitiveness both in exports and as a business environment.
- Our operations are clear, solution-oriented, and proactive with respect to changes.
- Our customer service is the best in the reference group.

Effectiveness:

- Finnish companies innovate, grow, become international and gain markets.
- Enterprise financing enables and facilitates the creation of new enterprise and new jobs.
- Companies have access to an internationally competitive selection of financial instruments for export trade.
- The impacts on the economy and employment are significant.

Team play:

- We are an active initiator and a good team player within the Team Finland organisation.

Finnvera annual report 2015 > Finnvera > Strategy

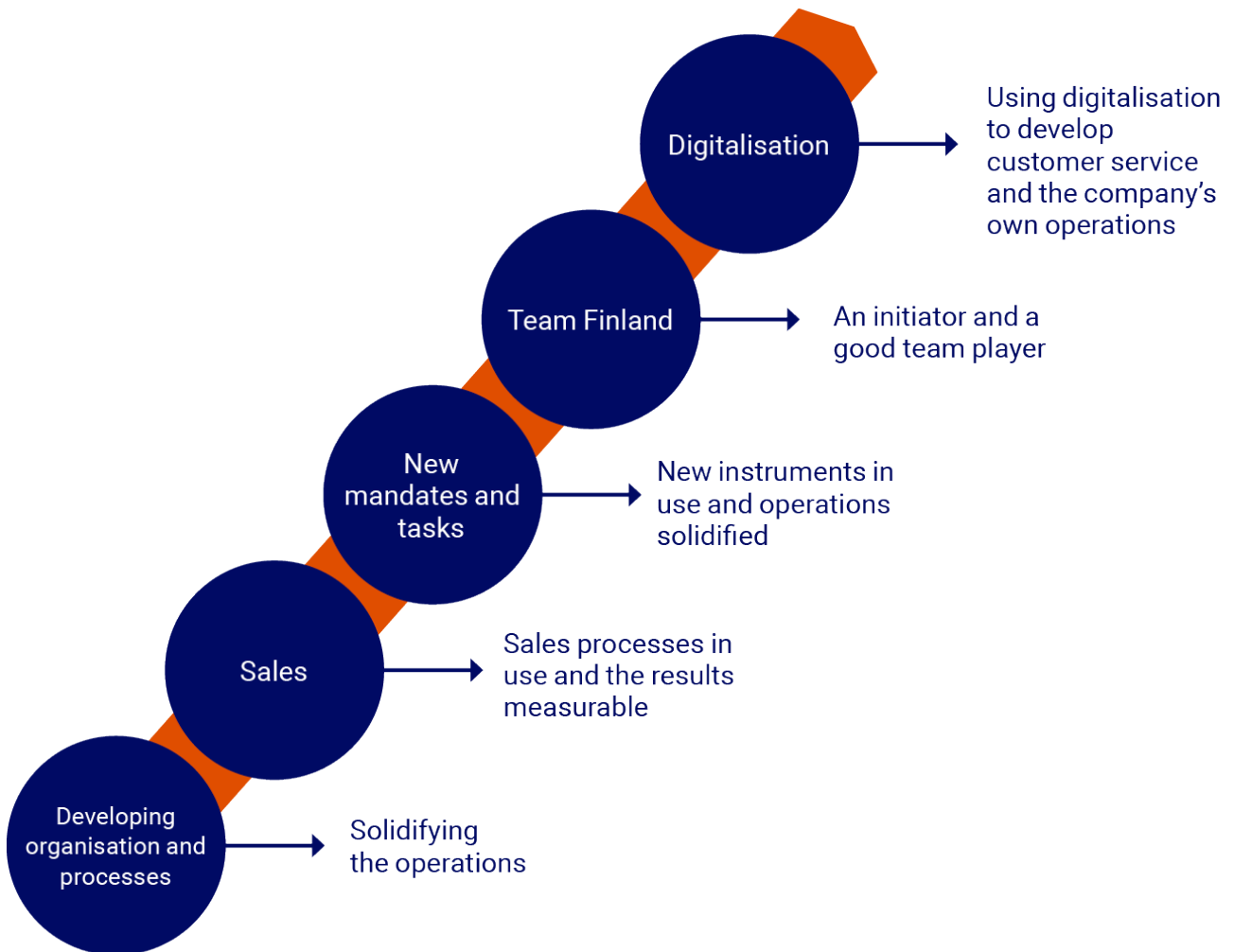
- We improve productivity and customer satisfaction by means of effective procedures and by utilising electronic records management.
- We ensure internationally competitive know-how through constant development of the work organisation and personnel.

### Evolution of Finnvera's strategy

Finnvera's vision is to be a provider of financing for growth, competitiveness, and internationalisation. We are proceeding towards our goal by revising our working methods, by developing our product range, and by strengthening our know-how and cooperation with other public and private providers of financing. We are active and want to offer the best customer service in our reference group.

### Finnvera 2020

A provider of financing for growth, competitiveness and internationalisation, guaranteeing the best client experience in the reference group through service, know-how, and team play.



### Constant improvement

- An active approach
- Moving towards concentrated models
- Focus on development and cooperation
- The significance of the management

Finnvera annual report 2015 > Finnvera > Strategy

## Constant strategy work

Finnvera's strategy is updated annually. The process starts early in the year, when the Board of Directors reviews the attainment of the goals set for the previous year and discusses new goals. The background information needed for the work is obtained by examining the goals set by the owner, by analysing the operating environment, by conducting inquiries among clients and the personnel, by reviewing clients' expectations, and by monitoring competitors' activities. The outline prepared by the Board of Directors for the coming strategy in May serves as the basis for the strategy proposal that the Management Group submits to the Board. The Board confirms the strategy in September.

The business and support units then prepare their own annual goals, which are specified in autumn, during annual planning and budgeting, and are approved by the Management Group. Finnvera's Board of Directors confirms the annual goals and the budget in December.

## Implementation of our strategy in 2015

About one out of five Finnish enterprises that have outside financing are Finnvera's clients. In 2015, a total of 3,556 enterprises started their operations with the help of financing from Finnvera, and 2,126 enterprises seeking growth through internationalisation were co-financed by Finnvera. When financing start-up and internationalising enterprises, Finnvera can assume greater risks than normally, since the State compensates for a higher percentage of their potential losses than in the case of other financing. Greater risks can mean, for example, less collateral or a higher share of financing.

It is not the intention that Finnvera's financing would replace bank financing or that Finnvera would compete with banks. In order to prevent the distortion of domestic competition, Finnvera makes every effort to avoid long-term client relationships with enterprises established on the domestic market and steers them towards bank financing.

As in competitor countries, Finnish export enterprises manufacturing capital goods win deals by offering comprehensive solutions that involve long-term financing required by foreign buyers. In line with other countries, Finnvera helped ensure the competitiveness of these export enterprises not only by offering export credit guarantees, but also by financing export credits granted by banks to foreign buyers.

During the past couple of years, Finnvera has carried out the largest reorganisations in its history. The new regional division was already implemented in the previous year, and development of service production associated with the regional reform continued during 2015. At the start of 2016, the Service Centre was incorporated into the new Service Production Unit, which will house activities pertaining to SME services and financing decisions when their production in a centralised manner is sensible. The

aim of these measures was to ensure even more focused and faster customer service.

The areas of responsibility between SME financing and export financing were specified further. The Large Corporates Unit handles projects proposed by large enterprises and enterprises with a turnover of over EUR 300 million. The projects of other enterprises are handled by the SMEs Unit. Since the beginning of October, the Large Corporates Unit has been led by Executive Vice President Jussi Haarasilta. The SMEs Unit has been led by Executive Vice President Katja Keitaanniemi since September 2014.

Smaller financing decisions are made in the regions but decisions involving larger sums are made by the centralised Credit Decision Unit. The unit began operations at the start of October, and is led by Deputy CEO Topi Vesteri. The goal of the reform is to ensure uniform credit decision practices in the whole country and, at the same time, to speed up decision-making even more. The largest commitments continue to be processed by the Management Group for Financing and Finnvera's Board of Directors.

## A look at 2016

During the period under review, in line with its strategy, Finnvera directed its financing increasingly often to meet the needs of start-ups, enterprises aiming at growth and internationalisation, and enterprises in various situations of change. The priorities will remain the same while effort is made to ensure that companies with an established role on the domestic market can get the financing they need on the commercial market. An important element when implementing the strategy is to maintain the competitiveness of export financing.

Finnvera helps secure the availability of financing for enterprises. The new tools allocated to Finnvera in the Government Programme and in the key projects include the programme for financing ownership arrangements, the adoption of mezzanine financing intended for SMEs, and utilisation of the European Fund for Strategic Investments (EFSI). The competitive export financing system is maintained, for instance, by basing the financing of export credits on Finnvera's own acquisition of funds, by developing financing products for trade, and by raising Finnvera's mandate to grant export credit guarantees and loans.

Finnvera plays an active role in implementing and developing Team Finland services. The service model for domestic players will become established in 2016: the regional network activates and guides potential growth companies to embrace the services, while the nationwide Team Finland team analyses enterprises' needs and provides a service concept for the growth and internationalisation of enterprises that is uniform in the whole of Finland. The exchange of client information between Team Finland actors is improved, and services



Finnvera annual report 2015 > Finnvera > Strategy

are focused on the identified client groups. The Team Finland actors operating in the Helsinki region – Finnvera, Finpro, and Tekes – will move to a joint premises in

Ruoholahti in autumn 2016. Finnish Industry Investment Ltd will follow at the start of 2017.

Finnvera annual report 2015 > Finnvera > Financial services

## Financial services

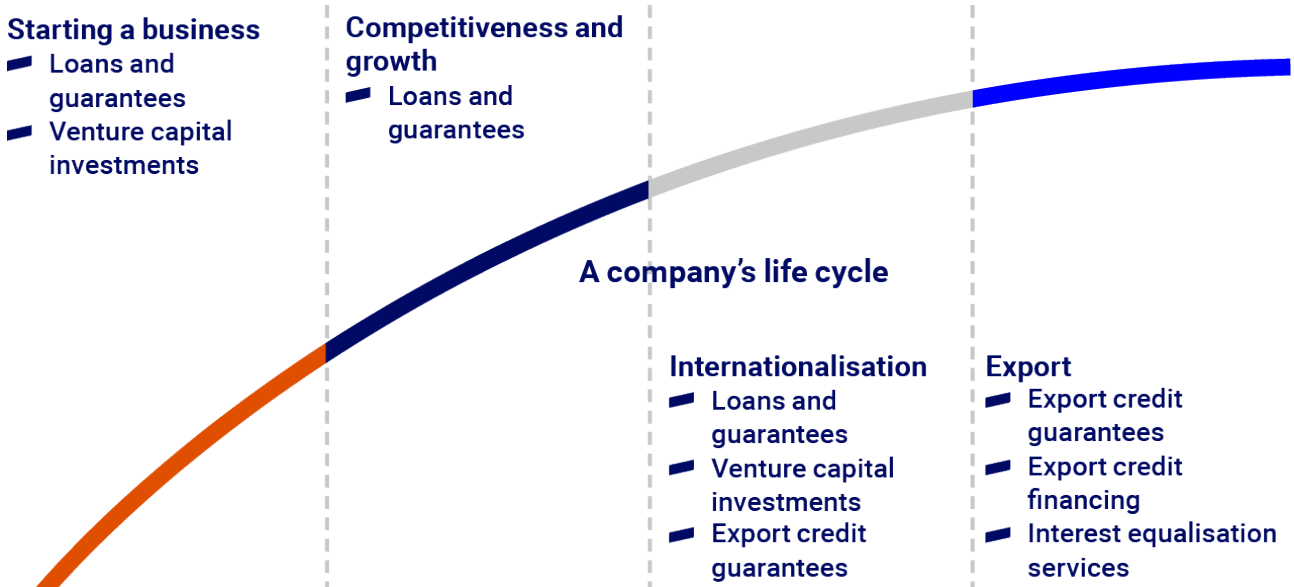
Finnvera can contribute to the financing of various stages of business when these are seen as having the potential for success. Through loans and guarantees, we can finance enterprises that are starting out, seeking growth, entering foreign markets or already operating abroad, and that have the prerequisites for profitable business.

We also want to be involved in change situations, such as changes of generation and company reorganisation. Our financing is based on an assessment of the company's

creditworthiness and on risk-sharing with other providers of financing.

By means of our export financing services companies can, for instance, protect themselves against risks associated with export trade. Finnish Export Credit Ltd, a subsidiary of Finnvera, facilitates financing for export credits and ship credits, and administers the interest equalisation system for officially supported export credits.

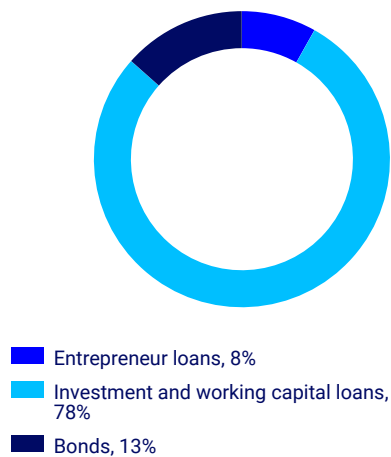
### A company's life cycle and Finnvera's financial services



## Loans

Finnvera’s loans can be obtained for various purposes, such as the establishment of a company, investments, growth, and development of operations. We can also subscribe bonds issued by enterprises provided that the enterprise’s turnover does not exceed EUR 300 million.

Loans granted by product in 2015



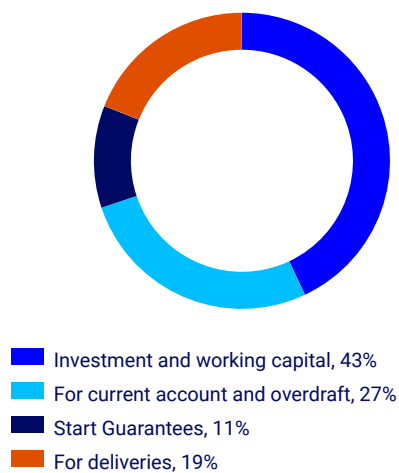
## Domestic guarantees

Finnvera can provide guarantees for various situations during a company’s life cycle, such as its establishment, investments, growth, and trading.

An SME can use Finnvera’s guarantees as security for credits granted by banks and financing or insurance companies, and for other commitments. Finnvera’s Start Guarantee is intended for financing at the initial stage of an enterprise’s life. The bank submits the application for a Start Guarantee on behalf of the enterprise.

For more information on loans and guarantees, their intended uses, and granting criteria, please click [here](#).

Domestic guarantees granted by product in 2015



Finnvera annual report 2015 > Finnvera > Financial services > Export credit guarantees and export credit financing

## Export credit guarantees and export credit financing

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

Working together with Finnvera, Finnish Export Credit Ltd, a subsidiary of Finnvera, provides exporters and financial institutions with competitive export financing services, such as financing for export credits and interest

equalisation. Export financing services facilitate export transactions benefiting Finns and provide protection against risks arising from exports.

For more information on export credit guarantees, their intended uses, and granting criteria, please click [here](#), and for more information on export credit financing and interest equalisation, please click [here](#).

Finnvera annual report 2015 > Finnvera > Financial services > Venture capital investments

## Venture capital investments

Venture capital investments facilitate and accelerate the growth and internationalisation of the enterprises where the investments are made, and develop them into interesting targets for further financing by other investors and industrial actors.

In venture capital investments, Finnvera's financing products are direct equity investments and subordinated loans. The investments are made as minority investments.

Finnvera annual report 2015 > Finnvera > Financial services > Service network

## Service network

Finnvera's SME financing experts serve clients in a network of 15 branch offices covering the whole of Finland. In addition, Finnvera has a representative office in St. Petersburg, which helps Finnish enterprises seeking entry into the Russian market or already operating there.

The Growth and Internationalisation Team operates nationally and serves growing and internationalising SMEs in their financing needs. At the start of 2016, the Service Centre was incorporated into the new Service Production Unit, which will house activities pertaining to

SME services and financing decisions when their production in a centralised manner is sensible. The aim of these measures was to ensure even more focused and faster customer service.

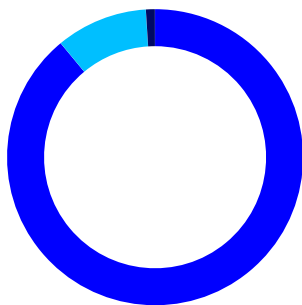
The Large Corporates Unit serves large export companies operating in Finland and is responsible for Finnvera's foreign risk-taking. Together with Finnish and international providers of financing, the unit's experts, based in Helsinki, offer services associated with export financing to exporters and their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

# Clients

Finnvera’s clients are both Finnish start-up micro-enterprises and SMEs operating on the Finnish market or seeking growth through internationalisation. We can provide financing for companies that meet the SME definition applied by the EU and also for larger companies on the condition that the turnover of the company or group does not exceed EUR 300 million. In addition, our clients include large Finnish enterprises engaged in the export trade, their foreign buyers, and domestic and foreign banks providing financing for exports.

The number of Finnvera’s clients totalled 28,450 at the end of 2015. Compared against the previous year, the number of clients decreased slightly. Of the clients, 89 per cent were micro-enterprises, 10 per cent other SMEs and 1 per cent large corporates. About 20 per cent of the clients were entrepreneurs who had been granted an Entrepreneur Loan for investment in share capital or for their contribution to a partnership. The fastest turnover of Finnvera’s clients is in micro-financing, where the sums involved are the smallest and clients generally have one-off financing needs.

Clients by enterprise size  
31 Dec 2015, %



- Micro enterprises, 89%
- Other SMEs, 10%
- Large corporates, 1%

We can participate in an enterprise’s financial arrangements when the enterprise has the prerequisites for profitable business but is unable to obtain financing from the commercial market, for example because of insufficient collateral. Export financing services make export transactions possible and provide protection against the associated risks.

Clients can reach Finnvera through various channels. In 2015 we revised our website to make it even more accessible to our clients. In addition, clients can contact us through our telephone service, online service and social media. Face-to-face meetings with our clients are held to discuss the details of their financing needs.

## Case: Finnvera enables the growth and internationalisation of VRT Finland Oy

VRT Finland is a company specialising in sonar inspections of underwater structures.

[READ MORE](#)

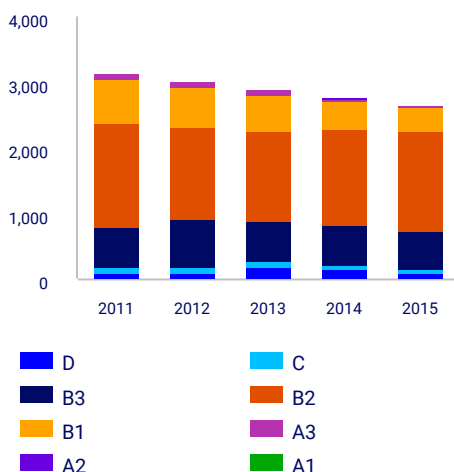
# Risk-taking

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

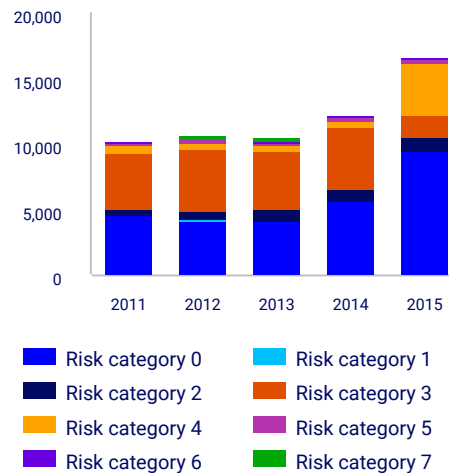
Ultimately, Finnvera operates under the aegis of the State and is able to assume greater credit risks than private financial institutions. The State compensates Finnvera for about half of the final credit losses incurred in SME financing. Losses resulting from these operations and remaining after the State's compensation for credit losses are covered from the reserve for domestic operations on the balance sheet. In accordance with the Government's current commitment, the State compensates 75 per cent of the losses arisen from new loans granted to start-up and growth enterprises. In the case of other enterprises, the compensation is 55 per cent.

Credit risks are shared between Finnvera and other providers of financing. Loans and guarantees are almost always granted without full collateral. Financing is based on the assessment of risks and the enterprise's potential for success and on the effectiveness of financing.

## SME financing: Total exposure by risk category 31 Dec 2015, MEUR



## Foreign risk-taking: Total exposure by country category 31 Dec 2015, MEUR



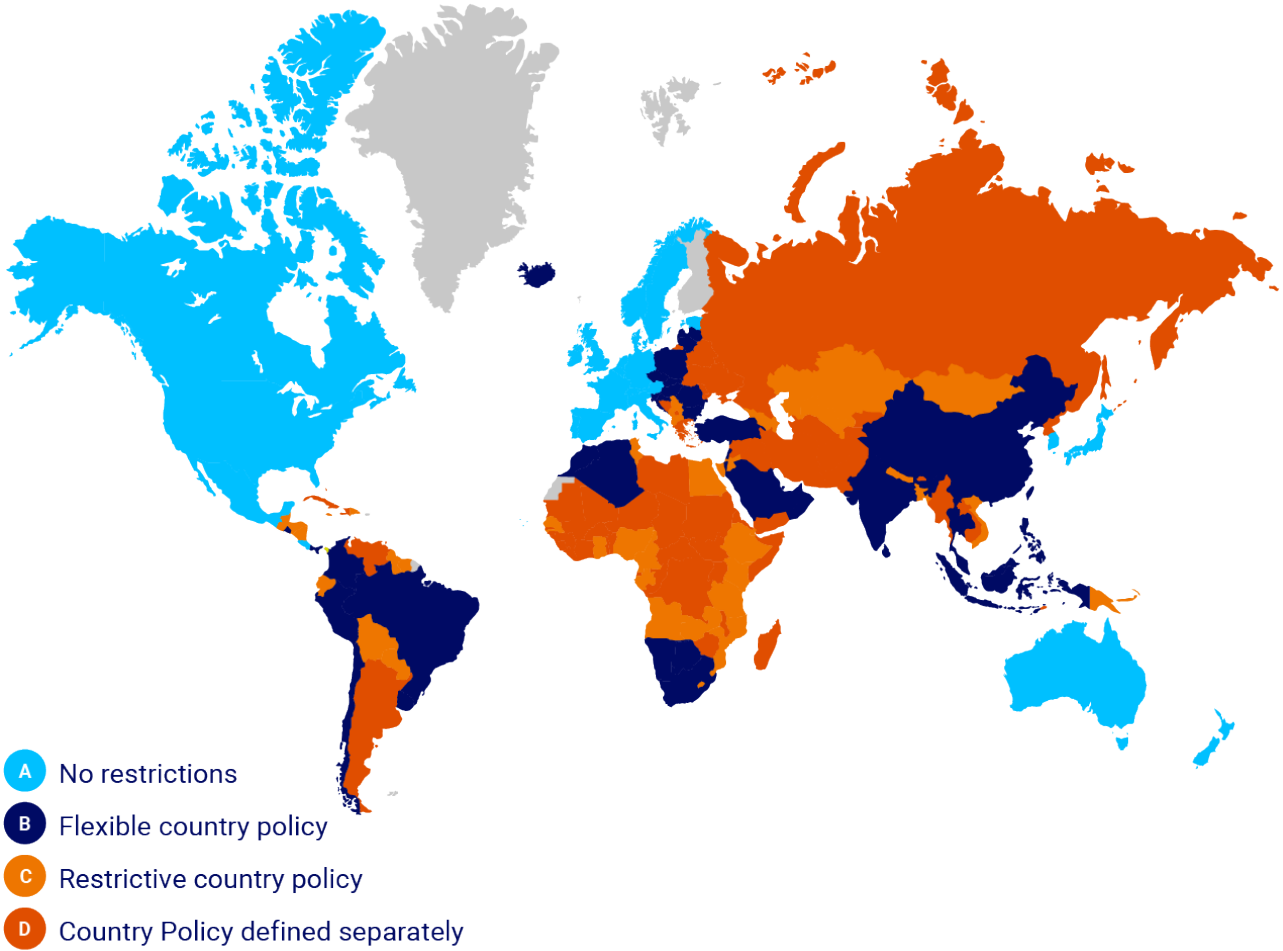
The financing offered by Finnvera is priced on the basis of the assessment of the recipient's business risks and the collateral available. In recent years, Finnvera has increased its risk-taking both in the financing of companies' domestic operations and in the financing of exports. Owing to the continued uncertainty of the general economy in 2015, the financial situation of many client companies has been unsatisfactory. This is reflected, for instance, in the relatively high share of both non-performing receivables and arrears. Credit losses incurred by Finnvera annually have been about 2 to 3.5 per cent of the total exposure. In 2015, the credit and guarantee losses and impairment losses on receivables in SME financing totalled EUR 85 million (104 million) before the State's credit loss compensation.

Any export financing losses are covered primarily from profits arisen in previous years that have been transferred to the reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet.

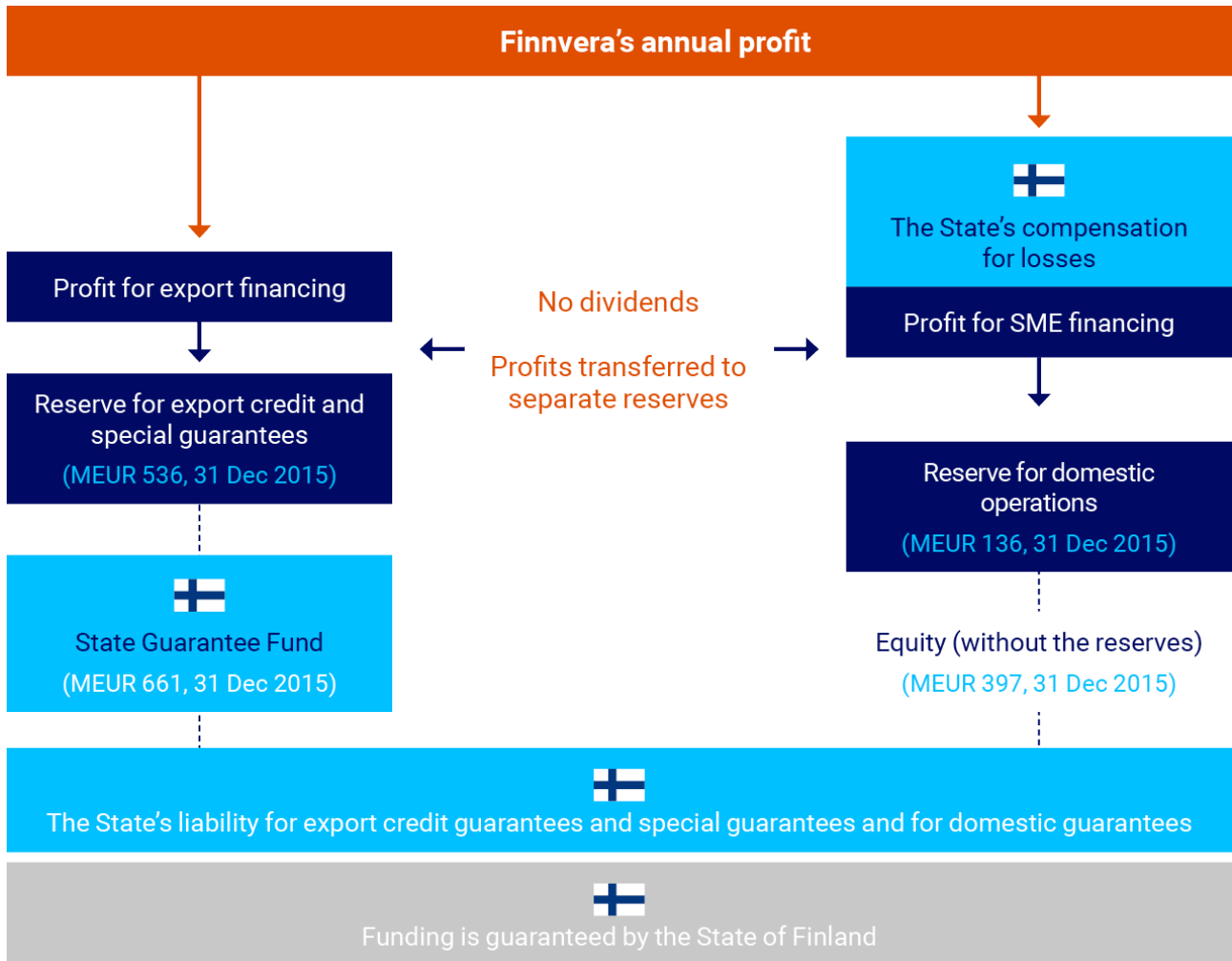
The pricing of export credit guarantees is based on the risk category reflecting the relevant credit risk. In 2015, exports covered by guarantees accounted for 4.3 per cent of total exports and 6.3 per cent of exports to countries with political risk. Losses and provisions for losses in export credit guarantee and special guarantee operations came to EUR 10 million in 2015 (-8).

Finnvera annual report 2015 > Finnvera > Risk-taking

### Finnvera's country classification on 31 Dec 2015



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



## Project assessments

### Enterprise analysis - a cornerstone of SME credit risk management

In connection with an application for financing, Finnvera assesses the applicant's prerequisites for profitable business. Opinions given by Finnvera's regional cooperation partners are used as help when assessing the business of small start-up enterprises. For Start Guarantees, assessments are made by a bank.

Enterprise analysis entails a comprehensive investigation and understanding of the enterprise's business: confidential discussions between the entrepreneur and Finnvera on the enterprise's plans, current status, future expectations and financing needs. This meeting, any other material available, and Finnvera's own knowledge of financing and the sector concerned help formulate an idea of both the preconditions for granting financing and the risks involved. Whenever necessary, Finnvera negotiates with other financiers in order to find the best

Finnvera annual report 2015 > Finnvera > Risk-taking > Project assessments

possible overall solution for financing. Finnvera's representative and the entrepreneur also discuss what the increase in loan capital would mean for the entrepreneur personally.

Enterprise analysis is one of the cornerstones of Finnvera's credit risk management. Its importance is emphasised particularly during economically challenging times.

The enterprise analysis and experience gained from numerous similar projects help in responding to difficult situations in a timely manner. The earlier an enterprise's business challenges are identified and addressed, the better the chances the enterprise has to enjoy profitable business in the future.

Some of the financing granted by Finnvera requires a limited personal guarantee from the entrepreneur and collateral from the enterprise. However, Finnvera bases its financing decision not on the collateral available from the enterprise but rather on an assessment of the enterprise's business potential.

Alongside the revised credit and collateral policy, enterprise analysis is also developed constantly.

## Foreign risk-taking is based on overall risk assessment

Finnvera makes an overall assessment of the risks involved in the export transaction and the project to be financed: the assessment focuses on the buyer's country, the enterprise or bank subject to risk, and the social and environmental impacts of the project.

Finnvera's country policy and the eight country risk categories (0–7) form the basis for project assessment. For the country policy, Finnvera analyses the business environment and financing sector in the buyer's country, the government's solvency, and the associated risks.

For each project, the following factors are analysed: the financing structure, the creditworthiness of the borrower and/or buyer, and the factors arising from the host country and the operating environment. Enterprise and bank risks are analysed and classified. In larger transactions, Finnvera requires risk-sharing with commercial financiers.

The level of environmental protection measures associated with the project carried out in the host country and any risks that may be involved are assessed separately on the basis of environmental studies conducted for the project. The project is benchmarked against the host country's own social and environmental norms and international standards.

Finnvera annual report 2015 > Finnvera > Risk-taking > Turnaround

## Turnaround

### Professional help also in difficult times

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

Finnvera's aim is to respond to any weakening in the client enterprise's situation as early as possible in order to secure viable business and Finnvera's own claims. If the enterprise's normal development measures do not produce the desired results, it is justified to consult outside professionals. Finnvera's own turnaround experts assist clients in seeking help.

In the best of cases, turnaround means that the enterprise solves its financial difficulties and continues its operations profitably and competitively. For Finnvera,

successful turnaround means smaller credit losses. Rapid and expert turnaround is also useful for society: it can help the company to avoid the possibly impending bankruptcy and loss of jobs.

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

The extended economic recession may, for example, have led to situations where the client enterprise is able to pay the interest on its loans but cannot make any investments, develop its operations, or internationalise. The enterprise is also highly susceptible to various external disturbances, such as a rise in interest rates. If the enterprise has been able to secure its equity and the



Finnvera annual report 2015 > Finnvera > Risk-taking > Turnaround

turnaround plan is realistic, Finnvera, together with other financiers, seeks financing solutions for enterprises forging ahead.

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

Technically, turnaround is generally implemented using either voluntary turnaround or official restructuring, as referred to in the Restructuring of Enterprises Act. Sometimes the only alternative remaining is bankruptcy, but even in these cases the viable part of the business can often be sold to a new owner.

Finnvera annual report 2015 > Finnvera > Funding

## Funding

Finnvera finances its activities primarily by issuing notes under the Euro Medium Term Note (EMTN) programme guaranteed by the State of Finland. The notes have the same credit rating as the State of Finland: Aaa from Moody's and AA+ from Standard & Poor's.

The EMTN programme enables a rapid response to Finnvera's funding needs and to changes on the market. The State's guarantee and the loan programme conforming to international practices strengthen Finnvera's position among investors.

In May 2015 Finnvera issued a 10-year note of USD 500 million, and in September a 7-year note of EUR one billion. Both notes have a fixed rate.

Finnvera uses the funds acquired both for SME financing and for financing export credits. By means of currency and interest rate swaps, Finnvera converts the funds acquired into euros or US dollars, depending on the final use of the funds.

## Corporate responsibility at Finnvera

At Finnvera, corporate responsibility is an integral part of everyday work. The basic pillars of corporate responsibility consist of financial profitability, thorough [risk analysis in financing decisions](#), [minimisation of the impacts](#) of the company's own operations, and open and active [stakeholder work](#).

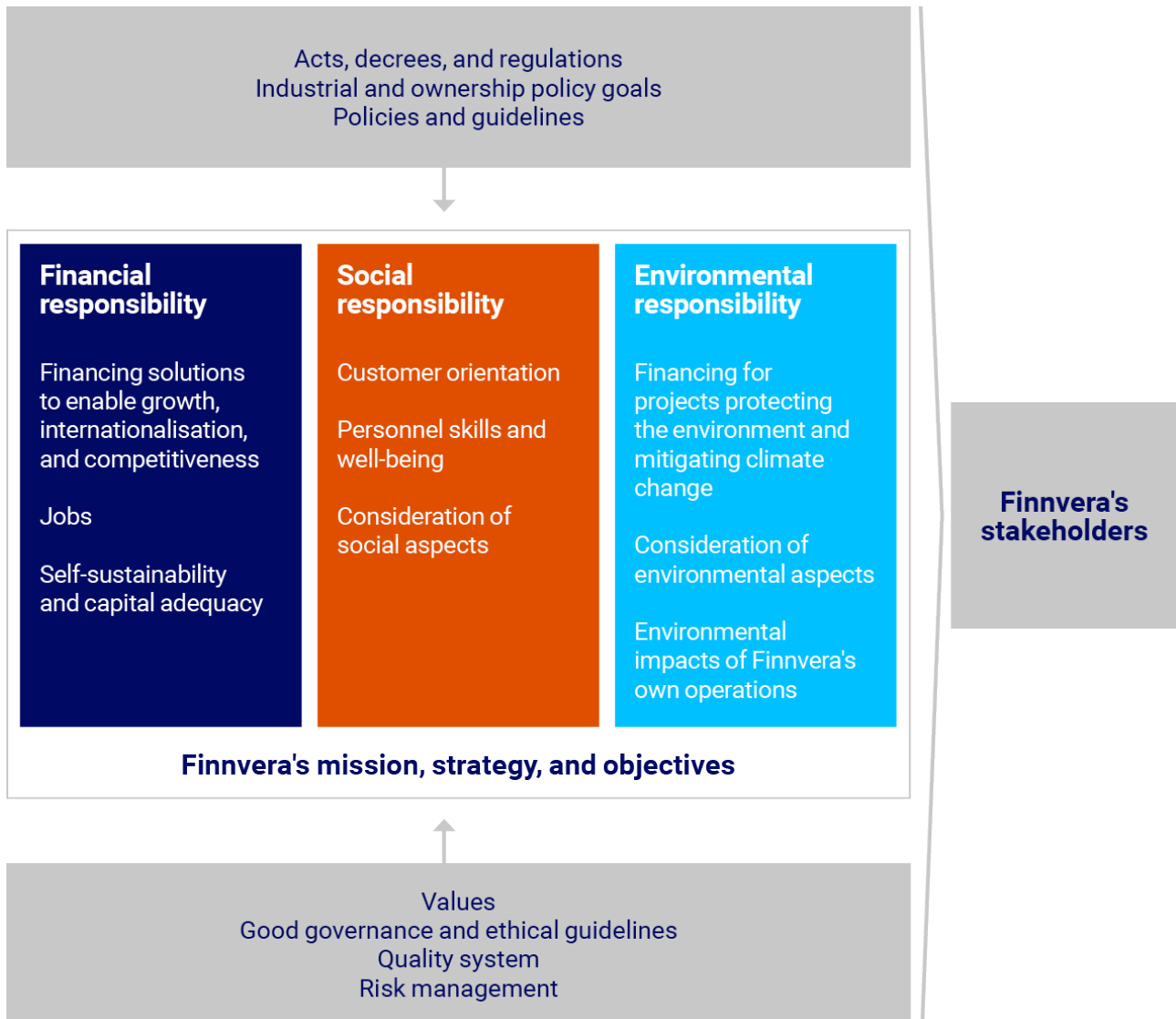
Finnvera has significant [impacts on society](#): through its operations, Finnvera contributes to the success of the whole of Finland by promoting new enterprises, the growth and internationalisation of companies, and exports. The largest impacts are realised through the enterprises financed.

### Management of corporate responsibility

At Finnvera, implementation of corporate responsibility is monitored by the Management Group. Responsibility for this is vested in the Board of Directors and the CEO. At the practical level, activities are steered by the principles

of corporate responsibility approved by Finnvera's Board of Directors:

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



Success in responsibility can be measured by the financial **impacts achieved** and the financial profitability of Finnvera. Finnvera also measures the success of stakeholder interaction by means of client and stakeholder surveys, which are conducted every other year and are supplemented with event surveys. A personnel satisfaction survey is arranged yearly.

### The Chief Executive Officer's review of 2015

"Finnvera's role as a body supplementing the financial market was emphasised during 2015. The volatility of the global economy and geopolitical tensions decreased economic activity in Finland, and exports shrank.

It is likely that the total amounts of financing that Finnvera is authorised to grant will rise. This requires careful consideration and risk management in relation to the projects.

The greatest potential is derived from the growth and internationalisation of Finnish companies. Companies are not yet sufficiently competitive internationally, and they should be able to make use of global trends more efficiently with the help of innovations.

Important risks for Finnvera's activities stem from the operations of the enterprises financed. Violations of these enterprises' environmental, social, or ethical guidelines may be manifested as risks to Finnvera's reputation and finances.

The rise in changes of ownership was a positive development in 2015, and domestic growth could be created when new instruments were put to use. The upswing of the shipyard industry also gave new momentum to the economic environment.

Enterprise activities offer huge potential for utilisation, and effort is made to seize this opportunity through Team

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Finland. Team Finland's main idea is that entrepreneurs receive all the information, support, and financing they need from actors in the same network. In the coming years, synergies and improved customer experience will be sought by means of increasingly strong cooperation between the actors.

A concrete example of closer cooperation within Team Finland is the move to joint premises with Finpro and

Tekes in 2016. Finnish Industry Investment Ltd will move to the same premises in 2017. The aim is to achieve better customer experience, exchange of information, efficiency, and the utilisation of digitisation."

**Pauli Heikkilä**  
CEO

Finnvera annual report 2015 > Finnvera > Corporate responsibility > Active dialogue with stakeholders

## Active dialogue with stakeholders

Finnvera's network of stakeholders is wide and constantly evolving. Finnvera keeps a close eye on similar organisations in other countries and develops its financial services in step with the changing needs of Finnish companies.

Finnvera has identified the following as its most important stakeholders: clients, domestic and international organisations, personnel, banks, owners, and cooperation partners, which also include the Team Finland actors.

### Interaction with stakeholders in 2015

#### Clients

For Finnvera, the priority is to understand clients' needs and, whenever necessary, to widen the selection of instruments for financing. Discussions with clients are open and diverse, for instance through the website, social media, the newsletter and the stakeholder magazine.

The aim of the Finnvera Committee is to serve as an interaction channel between clients and Finnvera. It represents Finnvera's clientele and key stakeholders in terms of size, sector, and geographical coverage. Export Financing also has a committee for the same purpose.

According to the client and stakeholder survey conducted in 2015, Finnvera's overall grade for managing cooperation relations, on a scale of 1 to 5, was 3.7 among SME financing stakeholders and 3.9 among export financing stakeholders.

The key themes and development targets in 2015:

- Provision of financing for the growth and internationalisation of enterprises

- International competitiveness and competitiveness in export financing
- Increased risk-taking potential
- A new service production unit for SME financing.

#### International organisations

Dialogue with international organisations provides the opportunity to network, share expertise, and to bring Finland's views to decision-making. Through the Ministry of Employment and the Economy, Finnvera participates in international cooperation in its own sector, for instance within the OECD and the EU, the Paris Club of public creditors, the Network of European Financial Institutions for SMEs (NEFI), the Montreal Group, and within the Berne Union, the international cooperation organisation for export credit insurers.

The key themes and development targets in 2015:

- Approval of the international agreement on [export credits to coal-fired power plants](#).

#### Personnel

Healthy and content personnel are a resource and a guarantee of success for Finnvera. One of Finnvera's strategic goals is to ensure a good customer experience. This can only be achieved with the help of committed personnel. Finnvera conducted a personnel satisfaction survey in 2015. As in the previous year, the overall grade was good, and the results will be utilised in developing operations.

The key themes and development targets in 2015:

- Determination of the key competences needed
- Concentration of activities and reorganisation
- Deeper cooperation with Team Finland.

### Banks

Banks are an important partner for Finnvera, as most financial solutions are offered to clients in cooperation with the bank. Finnvera and banks have a common goal: to make client enterprises succeed.

The key themes and development targets in 2015:

- Start Guarantee
- SME Export Finance Programme.

### Cooperation partners

Cooperation partners make it possible to provide clients with comprehensive services for many different needs. For example, through Team Finland, a company seeking growth or internationalisation gets all the public services it needs for financing, subsidies, and advice.

The key themes and development targets in 2015:

- The Team Finland service model
- Joint events.

### Owner

Finnvera is a State-owned provider of financing under the auspices of the Ministry of Employment and the Economy. Cooperation is also close with the Ministry for Foreign Affairs and the Ministry of Finance. From the owner's point of view, Finnvera's most important task is to strengthen the operating potential and competitiveness of Finnish enterprises by providing loans, domestic guarantees, venture capital investments, and export credit guarantees. Self-sustainability and controlled risk-taking are also expected.

The key themes and development targets in 2015:

- New tasks and mandates.

### Organisations

In Finland, organisations promote Finnvera's recognisability, acquisition of clients, and demand for financing. Such organisations include the Federation of Finnish Enterprises, the Finnish Family Firms Association, and the Confederation of Finnish Industries. Through organisations, Finnvera is also informed of the various client groups' situation, and constant dialogue is conducted to improve the financing options available to enterprises.

The key themes and development targets in 2015:

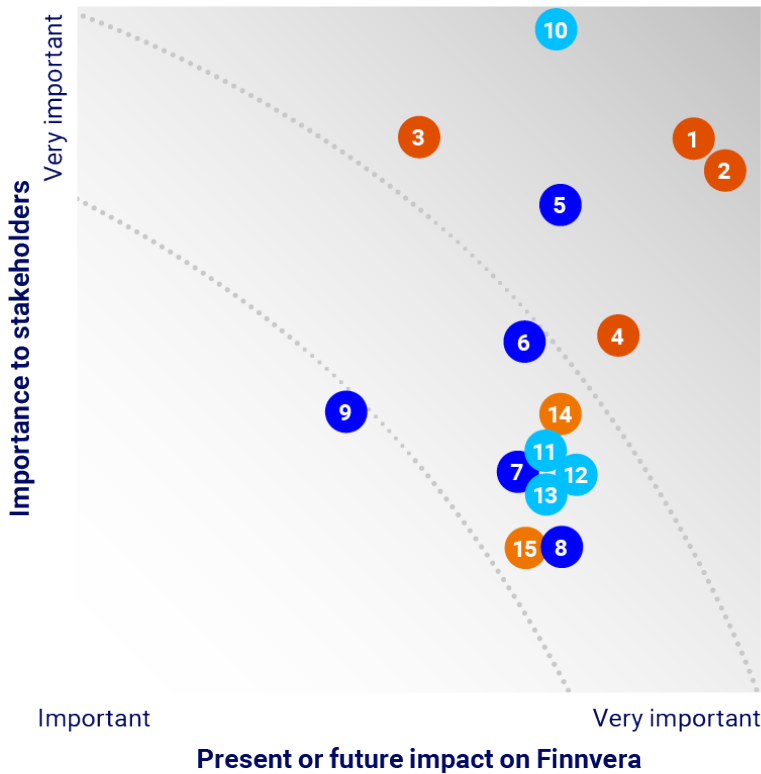
- Possibilities for enterprises to continue through changes of ownership
- Risk-taking capacity
- Financing options available to SMEs.

### Identification of corporate responsibility themes

In addition to daily dialogue with stakeholders, Finnvera commissioned a materiality analysis of the principal aspects of corporate responsibility in late autumn 2015. All of Finnvera's most important stakeholders were interviewed for the analysis. Based on these interviews Finnvera's Management Group confirmed and prioritised the corporate responsibility aspects.

Following the analysis, four overarching themes were identified: [impact on society](#), [impacts of Finnvera's own operations](#), [responsible financing](#), and [stakeholder cooperation](#). The importance of various corporate responsibility aspects from the perspectives of stakeholders and business is illustrated in the matrix below.

### Finnvera's materiality matrix



**● Impact on society**

- 1. Enabling enterprise and growth
- 2. Enabling internationalisation and exports
- 3. Supplementing the financial market
- 4. Creating jobs

**● Impacts of Finnvera's own operations**

- 5. Risk management
- 6. Ethical work life practices and good governance
- 7. Personnel's competence
- 8. Self-sustainability and capital adequacy
- 9. Minimisation of Finnvera's own environmental impacts

**● Responsible financing**

- 10. Assessment of ESG risks
- 11. Compliance with laws and regulations
- 12. Environmental impacts of projects financed
- 13. Respect for human rights in projects

**● Cooperation with stakeholders**

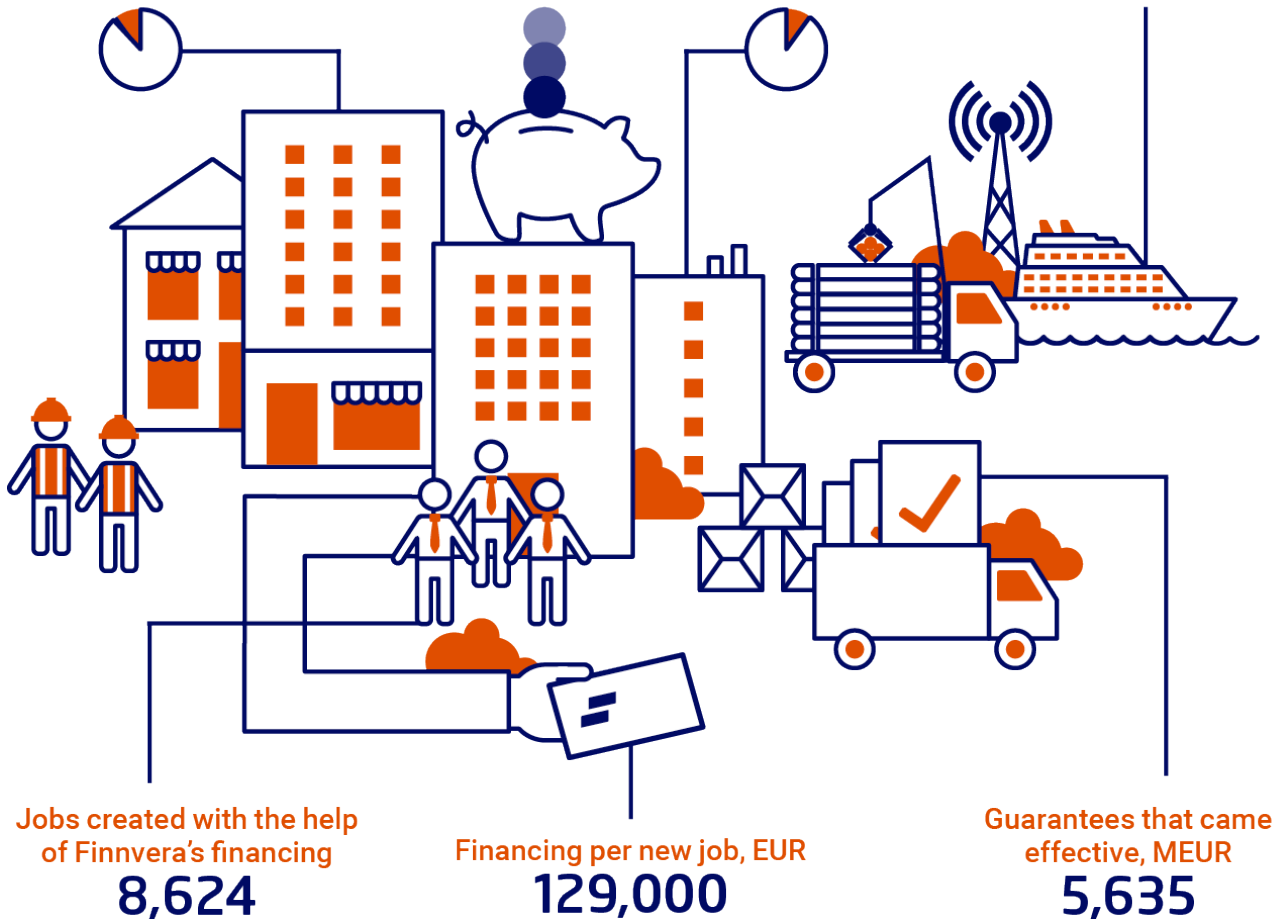
- 14. Active stakeholder dialogue
- 15. Customer-orientation

## Impact on society

Finnvera has an important social role in facilitating and augmenting Finnish enterprise activities. Through export solutions, Finnvera also contributes to the exports of Finnish know-how abroad.

The main indicators of impacts include the number of new enterprises and jobs created by means of financing and the ratio of exports covered by export credit guarantees to Finland's total exports.

### Finnvera's impact on society



### Self-sustainability and capital adequacy as the cornerstones

As a State-owned company, Finnvera can take greater risks in financing than banks can; the weak economic situation of recent years has emphasised this aspect even more. According to the goal of self-sustainability set for Finnvera, the company's income from operations must be sufficient in the long-term to cover its operating

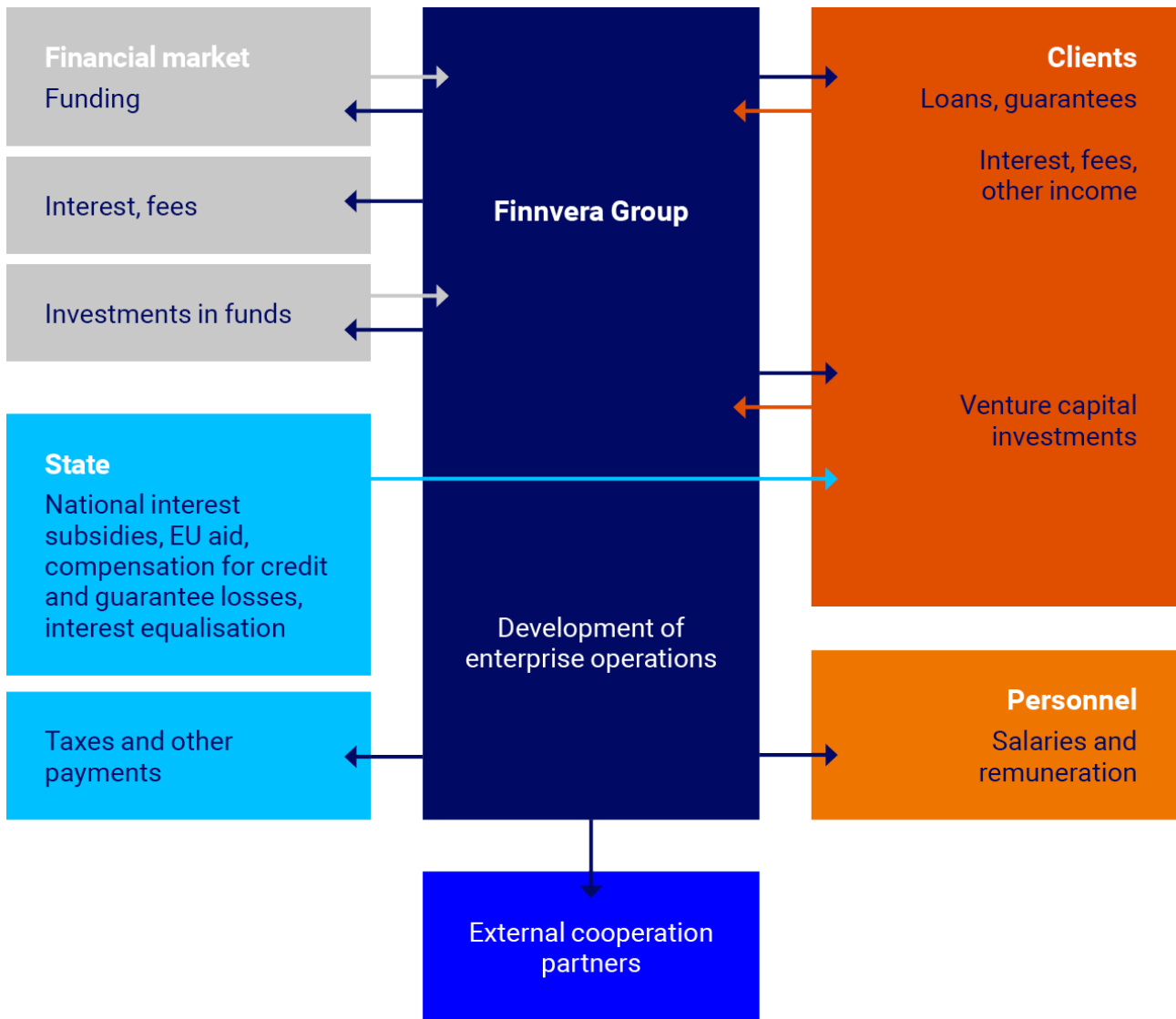
expenses and its share of any credit and guarantee losses incurred.

Self-sustainability in Finnvera's SME financing has been attained over a period of ten years when the cumulative result is calculated up to the end of December 2015. Export financing has also been self-sustainable during Finnvera's 17 years of operation. If the payment-based

result of Finnvera's predecessor, the Finnish Guarantee Board, for its last years of operation is also taken into account when reviewing the self-sustainability of export financing, economic self-sustainability is also realised over a 20-year period.

Finnvera's capital adequacy must be sufficient to ensure the company's ability to bear risks and to keep the costs of funding reasonable. Finnvera's capital adequacy must be at least 12 per cent. By the end of 2015, the figure was 18.1 per cent. In 2014, the corresponding figure was 17.8 per cent.

**Financial impacts**





## Key indicators for financial responsibility

<b>Finnvera Group, MEUR</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>			
- Net interest income, and fee and commission income and expenses	197.3	188.8	184.0
<b>Subsidies and compensation for losses</b>			
- Interest subsidies passed on to clients and other interest subsidies	3.4	6.4	8.8
- Compensation for credit and guarantee losses	82.6	63.7	48.0
<b>Impairment losses on receivables, guarantee losses</b>	97.2	97.5	111.6
<b>Operating expenses</b>			
- Personnel expenses	30.4	28.1	29.9
- Other administrative expenses	13.6	12.7	13.0
<b>Amortisation and other operating expenses</b>	5.7	6.1	8.4

## Responsible financing

The key objectives of Finnvera's operations are trust and transparency. In its operations, Finnvera complies with the principles of good administration, as specified in the Administrative Procedure Act, and with the guidelines on ethical conduct compiled on the basis of these principles for the organisation's internal use. All of Finnvera's employees are bound by the ethical guidelines.

The principles of good administration cover, for instance, the following issues:

- The impartiality of actions, i.e. the rules on disqualification.
- Guidelines on hospitality, based on the precautionary principle: A Finnvera employee may not accept or receive any financial or other benefit if it can undermine confidence in the party concerned or in the impartiality of Finnvera's actions.
- Equal treatment of clients, regulated in accordance with generally accepted and equally applied principles.

Finnvera's ethical guidelines are explained during the orientation of all new employees. Training on the various sections of the guidelines is provided as needed.

Finnvera's employees are ultimately subject to the regulations on official accountability under criminal law, including legal provisions concerning sanctions for bribery.

Finnvera set up a new Compliance function in December 2015. It specifies Finnvera's ethical guidelines and creates more detailed operating processes for monitoring and reporting compliance with the ethical principles.

### Financing of domestic and international projects

Finnvera can provide loans and guarantees for domestic projects and can grant guarantees for the exports of Finnish companies and export credits for financing foreign buyers. In domestic projects, Finnvera complies with Finnish legislation and EU law.

When financing decisions are made concerning projects carried out abroad, the environmental, social and governance (ESG) aspects of the projects are assessed according to international, generally recognised criteria. Finnvera conducts careful reviews of the projects to be financed and – by means of internal audit and follow-up

of projects – ensures that they meet the requirements set for them.

The principles for the reviews and the necessary background information are presented in project negotiations with enterprises. Finnvera encourages parties who apply for export financing and carry out projects to disclose information about the environmental and social impacts of projects and about their monitoring.

### Assessment of projects carried out abroad

In export financing, Finnvera complies with the OECD Arrangement on export credits and with the standards and principles published by the World Bank and the International Finance Corporation (IFC). A more stringent standard than those listed above, such as European Union standards, can also be used for comparing the level of the project's environmental and social impacts.

Export credit agencies providing public financing are also subject to the agreement that strives to ensure uniform assessment, definitions and terms for reviewing the environmental and social impacts of projects among financiers of exports.

This agreement has served as the basis for Finnvera's own project policy, which is used to examine the environmental and social impacts of projects. The policy is reviewed regularly when international updates are released. The next time will be in early 2016.

### Assessment and monitoring of environmental impacts

It is also possible to include clauses associated with environmental and social issues in loan agreements pertaining to projects. These clauses help correct flaws discovered during the assessment. The aim is to ensure the sustainability of projects. Environmental experts are closely involved in the preparation of decisions on the financing of projects.

During their construction and production stages, several major projects are monitored by external consultants. If defects are discovered, the corrective action plan is implemented and monitoring is continued. The financing decision may fall through if the various parties cannot agree on how the defects should be corrected. Additionally, the parties implementing the projects are often required to report annually to Finnvera.

The OECD's transparency policy guides the dissemination of information on the environmental impacts of the projects financed. In line with the policy, reviews of the environmental and social impacts of certain [export financing projects](#) must be published before any

decisions on financing are made. These reviews must meet international standards, and with their help stakeholders, if they so wish, can comment on the financing of the projects before the actual decisions are made.

### Consideration of social impacts in projects

Finnvera takes account of human rights for each project in accordance with IFC and World Bank standards. The impacts on working conditions, local communities and workers are weighed for all projects that are assessed.

Social impacts refer to the project's impacts on local communities and on persons involved in the construction and operation of the project. In this context, social impacts include the human rights aspects associated with the project.

Social impacts may relate for example to the working conditions and rights of workers, the health and safety of local communities, the acquisition of land and forced relocation, the rights of indigenous peoples, and cultural heritage. Project-specific human rights factors are forced labour, child labour, and occupational health and safety issues threatening human life.

### Finnvera involved in climate work

A historic agreement was concluded in Paris in December 2015. Altogether 195 countries agreed to take action to keep global warming below two degrees. This will require an enormous effort of cooperation among states, cities and businesses.

Finnvera participates in the financing of energy projects that slow down climate change. Thus, Finnvera contributes to efforts to curb climate change and to develop the Finnish environmental and renewable energy sector. One of Finnvera's key ownership policy goals is to apply means of financing to promote the use of clean, renewable sources of energy. In 2015, financing was granted to 59 companies for clean energy projects. The total sum was over EUR 20 million.

In addition, Finnvera and other public export credit agencies within the OECD negotiated an agreement on the financing of coal-fired power plants. The negotiations lasted for two years and were led by Pekka Karkovirta, Vice President for International Relations at Finnvera and Chairman of the Participants to the OECD Arrangement.

The agreement removes export credit support for low-efficiency coal-fired power plants emitting large volumes of carbon dioxide. The aim is to improve the efficiency of coal-fired power plants and to reduce emissions for mitigating climate change.

# Personnel and the environment

## Personnel well-being

The competence and well-being of the personnel are of primary importance to Finnvera's success. The company's values – trust, partnership, and a focus on solutions – are rooted in practices and guide the day-to-day work of Finnvera employees.

In its operations, Finnvera complies with the principles of equal treatment and non-discrimination. As its personnel management tools, Finnvera uses the processes of recruitment, knowledge management, and rewarding.

All Finnvera employees have annual performance discussions with their superiors. The principal aim of the performance discussions is to increase mutual understanding of the company's strategy and goals, which are derived for everyone from the unit's goals.

Finnvera's personnel and management are engaged in constructive dialogue. Three personnel organisations have signed Finnvera's current labour agreement. The shop stewards of these organisations are represented on the Corporate Management Team. The Chief Executive Officer also holds information sessions for the personnel. At these events, employees have the opportunity to discuss and present their own views on the company's affairs.

## Streamlining operations for better customer service

In 2015, Finnvera invested in change management. Following the reorganisation of the previous year and the rearrangements carried out last autumn, the job descriptions of many Finnvera employees changed markedly during the year.

Towards the end of the year, Finnvera also prepared for a reform of service production. Thanks to this, many SME financing services can be offered to clients in a centralised manner. As of the start of 2016, the Service Production Unit is responsible for activities pertaining to SME services and financing decisions in cases when their production in a centralised manner is sensible. These services are still produced in 15 locations throughout Finland. The reforms will be visible to clients as better and smoother service.

The changes also stem from preparation for a retirement surge; even more than one in five Finnvera employees will retire within the next five years. Efficiency is sought, for instance, by making use of digitisation.

## Development of expertise is everyone's responsibility

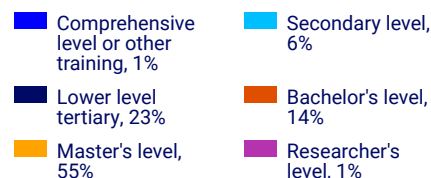
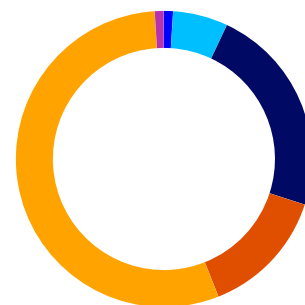
Finnvera continued the mapping of the company's key areas of expertise. The identified areas of expertise are the following: clients and sales, networking and partnerships, financing solutions and understanding of risks, management, and managing one's own performance.

In the future, training and development measures will also be based on the key areas of expertise. The personnel are expected to be even stronger in managing their own performance, and supervisors are trained to adopt a coaching style of management. This encourages the personnel to use their own insight and to be active agents of change. For developing knowledge, Finnvera follows the 70-20-10 principle, where the main emphasis is on learning on the job.

Finnvera began to compile statistics on training hours into a new system in May 2015. In consequence, only part of the information on training hours is available. Likewise, the information on external training events is not comprehensive. According to the statistics, the training hours per person over an eight-month period were about 16 hours. Finnvera will be able to report the training hours for 2016 both in total and broken down by gender.

Job rotation is also an excellent way to strengthen one's own knowledge and to ensure varied skills in the changing work life. During 2015, as many as 36 full-time people, 10 per cent of personnel participated in job rotation. Employees can also apply for exchange with another Team Finland actor. A total of two employees were in exchange with another Team Finland actor.

## Personnel education in 2015, %



### Satisfied personnel is the sum of many things

At its disposal, Finnvera has diverse means for ensuring the well-being of the personnel. Occupational health care focuses on preventive work, and occupational health services are comprehensive. The personnel's state of health is evaluated by means of regular health examinations and by charting employees' health, health behaviour, work ability, and functional capacity. Preventive measures include ergonomic checks of work stations. In 2015, the sick leave rate was 3.29% (2014: 3.38).

Finnvera employees also have flexible working hours and good opportunities for teleworking. The Equality Plan has been implemented well, and employees of all ages are taken into account when planning HR processes.

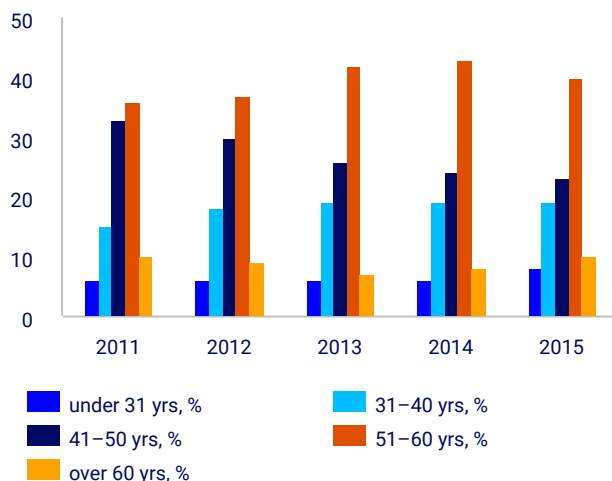
Employees are encompassed by a comprehensive incentive pay scheme for all personnel. The executive management has its own rewards system.

Finnvera measures the personnel's well-being and satisfaction by means of yearly surveys. The key indicators obtained from the survey are various indices measuring personnel commitment, management, and performance. The results of personnel surveys are utilised in developing the whole organisation. In all, 91 per cent of all Finnvera employees responded to the survey in 2015. On the whole, the results remained at the same good level as the year before.

### Personnel turnover

Incoming	Men	Women	Total
Under 30 years	0.0%	0.3%	0.3%
30–50 years	1.4%	1.1%	2.5%
Over 50 years	0.3%	0.3%	0.5%
<b>Total</b>	<b>1.6%</b>	<b>1.6%</b>	<b>3.3%</b>
Outgoing			
Under 30 years	0.0%	0.0%	0.0%
30–50 years	0.5%	0.8%	1.4%
Over 50 years	1.6%	2.2%	3.8%
<b>Total</b>	<b>2.2%</b>	<b>3.0%</b>	<b>5.2%</b>

Personnel age distribution, %



### Case: Finnvera's branch office in Jyväskylä granted the award for Finland's best summer job employer

The competition "Finland's best summer job employer" is held every year by the student members of Akava, the Confederation of Unions for Professional and Managerial Staff in Finland. The winner in 2015 was Finnvera's branch office in Jyväskylä.

[READ MORE](#)

### Environmental actions

In its own operations, Finnvera minimises its burden on the environment.

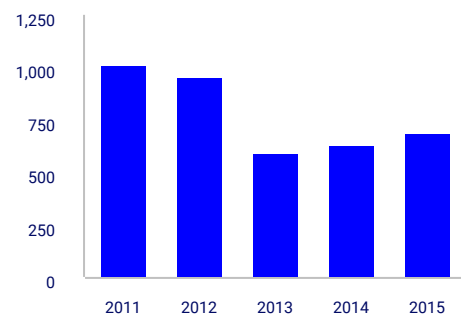
In recent years, carbon dioxide emissions caused by travel have been reduced by replacing travel with video conferencing and Lync meetings. Offices have been equipped with showers and dressing rooms, which

enables and encourages active commuting. An open attitude to telecommuting also reduces work-related travel.

In 2015, Finnvera moved to new or renovated premises in eight localities. Special attention was paid to the efficient use of space and energy efficiency. A statutory energy audit was conducted at Finnvera during the year. Few of the power consumption numbers are approximations due to the different premises.

In five localities during 2016, Finnvera will move to premises that more than double the present spatial efficiency and also have first-rate energy efficiency.

**Power consumption at Finnvera**



■ Electricity consumption, kWh

**Purchases**

Finnvera’s purchases from external providers are mostly services. Finnvera has a total of over 200 suppliers. With respect to suppliers, the primary goals for responsibility are to ensure the efficient use of assets, the prevention of white-collar crime, and the functioning and transparency of markets.

Whenever possible, Finnvera also uses the framework agreements of Hansel, the Government’s central purchasing body. In these cases, environmental and social responsibility issues have already been considered by Hansel.

Purchases can be divided into the following categories:

- Real estate services (rents, cleaning, maintenance, etc.)
- Training and education
- Travel
- Information services and publications
- Office supplies
- Occupational health
- Consultancy services (incl. IT, communications and marketing)
- Catering.

The suppliers are mainly domestic companies and the annual purchases total about EUR 20 million.

# Reporting of corporate responsibility

Finnvera has shifted to using the G4 Guidelines of Global Reporting Initiative (GRI). The information in the report covers the economic, social, and environmental impacts of Finnvera plc's own operations for the financial period 1 January–31 December 2015. Compared against the

previous years, no significant changes have taken place in the data, scope, or calculation limits of the report.

Finnvera reports on responsibility annually; the previous report was released in March 2015.

## Essential aspects and the related indicators

Aspect	G4 indicators
<b><i>Impact on society</i></b>	
Economic performance	G4-EC1, G4-EC4
Indirect economic impacts	G4-EC8
<b><i>Responsible financing</i></b>	
Economic performance	G4-EC2
Bribery and anti-corruption	G4-S04
Political contributions	G4-S07
Compliance	G4-S08
Investments	G4-HR1
Product portfolio	G4-FS6, G4-FS8
<b><i>Impacts of own operations</i></b>	
Energy	G4-EN3, G4-EN6
Emissions	G4-EN16
Employment	G4-LA1
Training and education	G4-LA9, G4-LA10, G4-LA11
<b><i>Stakeholders</i></b>	
Product and service information	G4-PR5

# GRI G4 Content Index

Code	GRI Content	Reporting	Remarks
<b>General Standard Disclosures</b>			
<b>Strategy and Analysis</b>			
G4-1	CEO's statement	CEO's review Corporate responsibility at Finnvera	
G4-2	Key impacts, risks and opportunities	Corporate responsibility at Finnvera	
<b>Organizational Profile</b>			
G4-3	Name of the reporting organisation	Finnvera in brief	
G4-4	Primary brands, products, and services	Finnvera in brief Financial services	
G4-5	Location of the organisation's headquarters	Contact info	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Service network	
G4-7	Nature of ownership and legal form	Corporate governance	
G4-8	Markets served	Role and impact of operations Clients	
G4-9	Scale of the organisation	Key figures	
G4-10	Total number of employees by employment type and contract and by region and gender	Report of the Board of Directors Personnel and the environment	
G4-11	Percentage of total employees covered by collective bargaining agreements	Reporting of corporate responsibility	
G4-12	Organisation's supply chain	Personnel and the environment	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Strategy	Finnvera revised its business model and organization to boost the effective implementation of its strategy.
G4-14	Application of the precautionary approach or principle	Responsible financing	
G4-15	Externally developed principles or other initiatives to which the organisation subscribes or which it endorses	Responsible financing	
G4-16	Memberships of associations and national or international advocacy organizations	Active dialogue with stakeholders	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	Boundaries for the Group	Reporting of corporate responsibility	
G4-18	Defining the report content	Active dialogue with stakeholders	
G4-19	Material aspects	Active dialogue with stakeholders Reporting of corporate responsibility	
G4-20	Boundaries concerning material aspects within the organisation	Reporting of corporate responsibility	

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<b>G4-21</b>	Boundaries concerning material aspects outside the organisation	Reporting of corporate responsibility	
<b>G4-22</b>	Restatements of information provided in previous reports	Reporting of corporate responsibility	
<b>G4-23</b>	Significant changes from previous reporting periods in the scope and aspect boundaries	Reporting of corporate responsibility	
<b>Stakeholder Engagement</b>			
<b>G4-24</b>	List of stakeholder groups engaged by the organisation	Active dialogue with stakeholders	
<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to engage	Active dialogue with stakeholders	
<b>G4-26</b>	Organisation's approach to stakeholder engagement	Active dialogue with stakeholders	
<b>G4-27</b>	Key topics and concerns that have been raised through stakeholder engagement	Active dialogue with stakeholders Personnel and the environment	
<b>Report Profile</b>			
<b>G4-28</b>	Reporting period	Reporting of corporate responsibility	
<b>G4-29</b>	Date of most recent previous report	Reporting of corporate responsibility	
<b>G4-30</b>	Reporting cycle	Reporting of corporate responsibility	
<b>G4-31</b>	Contact point for questions regarding the report or its contents	Contact info	
<b>G4-32</b>	GRI Content Index	Reporting of corporate responsibility	
<b>G4-33</b>	Approach to external assurance	Reporting of corporate responsibility	The report of 2014 has not been subject to external assurance.
<b>Governance</b>			
<b>Governance structure and composition</b>			
<b>G4-34</b>	Governance structure and committees	Corporate governance	
<b>G4-38</b>	Composition of the highest governance body	Reporting of corporate responsibility	All Board members are independent.
<b>G4-39</b>	Status of the Chair of the highest governance body	Board of Directors	The Chairman of the Board is independent of the executive management.
<b>G4-40</b>	Nomination and selection processes for the highest governance body	Statement on the Corporate Governance and Steering System	
<b>G4-41</b>	Avoidance of conflicts of interest	Corporate governance	
<b>Remuneration and incentives</b>			
<b>G4-51</b>	Remuneration of the highest governance body	Statement on the Corporate Governance and Steering System	



Finnvera annual report 2015 > Finnvera > Corporate responsibility > Reporting of corporate responsibility

<b>Ethics and Integrity</b>		
<b>G4-56</b>	Values and codes of conduct	Personnel and the environment Corporate responsibility at Finnvera

**Specific Standard Disclosures**

<b>Disclosures on Management Approach</b>			
<b>DMA</b>	Generic disclosures on management approach	Corporate responsibility at Finnvera	
<b>Economic Responsibility</b>			
<i>Economic performance</i>			
<b>G4-EC1</b>	Direct economic value generated and distributed	Impact on society	
<b>G4-EC2</b>	Financial implications and other risks and opportunities due to climate change	Responsible financing	
<b>G4-EC4</b>	Financial assistance received from government	Financial Statements	
<i>Indirect economic impacts</i>			
<b>G4-EC8</b>	Significant indirect economic impacts, including the extent of impacts	Impact on society	
<b>Own indicator</b>	Jobs created, growth, internationalisation, exports	Impact on society	
<b>Environmental Responsibility</b>			
<i>Energy</i>			
<b>G4-EN3</b>	Energy consumption within the organisation	Personnel and the environment	
<b>G4-EN6</b>	Reduction of energy consumption	Personnel and the environment	
<i>Emissions</i>			
<b>G4-EN16</b>	Indirect greenhouse gas emissions (scope 2)	Personnel and the environment	Finnvera is going to start measuring greenhouse gas emissions after moving in to the shared premises in 2016.
<b>Social responsibility</b>			
<i>Labour Practices and Decent Work</i>			
<i>Employment</i>			
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover, by age group, gender, and region	Personnel and the environment	
<i>Training and education</i>			
<b>G4-LA9</b>	Average hours of training that the organisation's employees have undertaken during the reporting period, by gender and employee category	Personnel and the environment	
<b>G4-LA10</b>	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Personnel and the environment	
<b>G4-LA11</b>	Percentage of employees who receive regular performance and career development reviews	Personnel and the environment	The entire personnel is encompassed by performance and career development reviews.
<i>Human Rights</i>			
<i>Investments</i>			
<b>G4-HR1</b>	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Responsible financing	
<b>Society</b>			
<i>Anti-corruption</i>			
<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	Responsible financing	

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<i>Political contributions</i>		
<b>G4-S07</b>	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Responsible financing
<i>Compliance</i>		
<b>G4-S08</b>	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	Responsible financing Reporting of corporate responsibility
<i>Product Responsibility</i>		
<i>Product and service information</i>		
<b>G4-PR5</b>	Results of customer satisfaction surveys	Active dialogue with stakeholders
<i>Product portfolio</i>		
<b>G4-FS6</b>	Percentage of the portfolio for business lines by specific region, size, and by sector	Responsible financing Business operations
<b>G4-FS8</b>	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Responsible financing

## CEO's review

### A variable and record-breaking year

Compared against the previous year, the world economy gained a little momentum in 2015. However, the economy did not develop steadily; instead, situations and divergent estimates varied throughout the year. In autumn, the European Commission raised its forecast for the growth of the euro area economy slightly.

From the Finnish perspective, economic growth figures were low, partly even negative. Increasingly, Finland failed to keep up with the growth of the rest of the euro area. During the period under review both the growth rate and the volume of investments fell in Finland. Exports were to no avail, either: according to the preliminary customs statistics, exports declined by about 3 per cent when compared against the previous year.

Although bank regulation has affected the availability of financing, it is not a major problem in Finland. In international comparison, Finland has well-functioning financial markets, and good projects receive financing from banks. Admittedly, the definition of a "good project" is more demanding than before: the company must have credible plans, a good balance sheet structure and adequate collateral. Finnvera is needed as a co-financier in projects especially at the start of enterprise activities and in various situations of change. Internationally, the impact of bank regulation is seen the most in demand for Finnvera's export financing.

### Record-high financing volumes

The new tasks assigned to us added momentum to the year and increased the demand for our financing. We granted markedly more financing to SMEs than the year before. This rise was mainly attributable to our new mandates and to a positive trend in changes of ownership. However, investments did not pick up yet; instead, SME financing continued to be needed mainly for working capital.

The total value of offers pertaining to exports was record high. The orders for ships that followed the ownership arrangements of the Turku shipyard, an event important from the point of view of industrial history, were the absolute highlight of the year and were also visible in our export financing. To provide financing for the buyer, export credit guarantees or, possibly, pre-delivery financing are needed in practice almost always for major shipbuilding projects. In consequence, ship financing will account for an exceptionally large share, or about one third, of our current commitments. The shipyard is an important employer in the Turku region and also has several hundreds of sub-contractors giving work to tens of thousands of people.

Our financial performance for the period under review was the best ever. Particularly pleasing was the clearly improved result of SME financing. Our key figures still reflected the losses from Talvivaara but, on the other hand, we succeeded in the turnaround of a few enterprises that had long suffered from difficulties. The structure of our SME portfolio is now balanced. For the above-mentioned reasons, our commitments in export financing have risen to a record-high level. It is therefore necessary that our balance sheet has buffers accumulated for potential future losses.

### More new tasks

The previous Government gave us new tasks, and the current Government continued along the same lines in its programme. The single biggest issue is to ensure that our export financing remains at the same level as in our principal competitor countries. The features being planned for SME financing include the adoption of mezzanine financing and utilisation of the European Fund for Strategic Investments (EFSI). For changes of ownership, we are developing a completely new financing programme. The intention is to put both of the above-mentioned instruments into use during early 2016.

### We encourage companies to become international

We have constantly developed our operations to be able to meet the needs of our clients in an optimal way. Our goal is to identify growth companies and encourage them to become international. In Team Finland cooperation, the client's interest comes first. The organisations belonging to the network serve enterprises in a uniform manner, without shifting the responsibility from one organisation to another. The Team Finland actors – Finnvera, Finpro, Tekes, and Finnish Industry Investment Ltd – will move to a joint premises in the Helsinki region. By utilising a common service model, spatial design, synergy benefits, and team play, we will be able to do even more for our clients, in a cost-effective manner.

We want to ensure that Finnish companies get the financing they need for their profitable projects. We are not doing this alone: we share financing risks with banks. We continue our efforts to ensure that the economic impacts of our financing on the Finnish economy are as great as possible and are focused on the most important uses in view of industrial policy. We study and measure these impacts, in particular.

Finnvera annual report 2015 > Year 2015 > CEO's review

Warmest thanks to our clients, partners, and all our stakeholders as well as government ministries for their excellent cooperation and for the confidence they have shown in us. Thanks also to all our colleagues at Finnvera for the work they have done for our clients. We succeed together so that Finnish companies would be successful in the competition for growth, exports, and internationalisation.

***"Not one feasible and profitable project should be left without financing."***

**Pauli Heikkilä**  
CEO

Finnvera annual report 2015 > Year 2015 > Operating environment

## Operating environment

### Growth of the world economy was slow

The annual growth of the world economy remained below 3 per cent, and over one percentage point less than at the start of this century. Growth was relatively slow in the largest industrialised countries and did not even reach 2 per cent in the euro area. By contrast, in the United States growth picked up in 2015.

Underlying the lagging growth is the general economic and political uncertainty, the increase in social tensions, and the more pressing refugee number. Not only did the slowdown of the Chinese economy affect supply factors, it also brought down raw material prices and was clearly visible on the emerging markets otherwise, too. The falling raw material prices weaken the countries dependent on their exports: not all have been able to collect buffers in good years that would prepare them for lean years. On the other hand, the major economies importing raw materials benefitted from lower oil prices but suffered from the general uncertainty. In consequence, the availability of financing declined and financing costs rose. These factors clearly contributed to the sluggish growth of the global economy.

From the Finnish perspective, economic growth was extremely cautious, partly even negative. Increasingly, Finland failed to keep up with the growth of the rest of the euro area. Finland's problem is twofold: the industrial structure has not been renewed and the public sector has a large share of the economy. Moreover, productivity has developed weakly. As a result, competitiveness has deteriorated. According to the forecast published by the Ministry of Finance in autumn, Finland's economic growth in 2015 is around zero and falls behind the principal competitor countries, such as Sweden, in the coming years as well. The preliminary customs statistics for January–December showed that Finnish exports of goods had been slow and had declined by 4 per cent. The economic situation posed challenges both to enterprises operating on the domestic market and to export companies. Continued uncertainty in the global economy

dampened the willingness to invest, make growth plans, and take risks.

### Markets provide financing for good projects

Circumstances on the financial market have changed permanently following the financial crisis. Owing to the existing and projected bank regulation, banks concentrate increasingly often on business operations and customer relations that yield the best return on the bank's equity and keep solvency on the level required by the regulatory authorities. Companies receive financing for good projects, but the definition of a good project is more demanding than before: banks participate in the financing if the company can present credible plans, a good balance sheet structure, and adequate collateral.

According to the results of the SME barometer survey conducted in autumn, the general availability of financing has not changed. However, over half of the responding SMEs reported that credit policies and the conditions for obtaining financing had changed. The most important changes reported by the respondents were stricter collateral requirements and higher margins.

With respect to the financing of export trade, some signals have been heard, for instance, from Central Europe that banks would gradually resume the financing of large transactions. However, this has not yet been observed at Finnvera. Owing to the regulations concerning banks' equity ratios, it is not possible for banks to keep hundreds of millions in credits on their balance sheet, and long-term responsibility for the financing of export credits has shifted to Finnvera.

The current situation on the financial market makes it more difficult to arrange financing for the customers of Finnish export companies. Competition is stiff as concerns both the competitive pricing of export products

Finnvera annual report 2015 > Year 2015 > Operating environment

and the arrangement of financing for the buyers of these products.

### The economies of Brazil and Russia monitored closely

In terms of Finnvera's outstanding export credit guarantees, the two most important non-OECD countries are Russia and Brazil. Both countries have suffered from the collapse of raw material prices and their economies had a negative growth rate last year.

The Brazilian economy suffered from low Chinese demand and the corruption scandal that paralysed political executive power. The Brazilian currency reacted quickly to changes in the economic climate. In spite of the record-high domestic interest rates, the value of the Brazilian real declined sharply.

In Russia, falling oil prices led to a change in the value of the rouble. Because of economic sanctions, Russian

companies are unable to finance their investments by means of foreign credits. Many Finnish companies have reported lower demand for their products in Russia.

Country risks are always assessed when guarantee decisions are made. Economic trends in Russia and Brazil are followed very closely. These two countries together account for just under one quarter of all outstanding export credit guarantees.

#### Case: Raisioagro - Export credit guarantees protect Finnish enterprises against risks in Russia

Russia's economic situation and the increased credit loss risks create uncertainty for the exports of Finnish companies. Raisioagro Ltd, a Finnish manufacturer of animal feeds, has exported its products to Russia since the 1990s and has used Finnvera's credit insurance since the early 2000s.

[READ MORE](#)

Finnvera annual report 2015 &gt; Year 2015 &gt; Key figures

## Key Figures

<b>Finnvera Group</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net interest income and net fee and commission income, MEUR	197	189	190	175	158
Administrative expenses, MEUR	44	41	43	43	42
Write-down on receivables and guarantee losses, MEUR	97	98	112	125	87
Credit loss compensation from the State, MEUR	83	64	48	50	32
Operating profit or loss, MEUR	114	101	75	54	62
Profit for the year, MEUR	111	100	75	53	60
Return on equity, %	10.7	10.8	9.3	7.3	9.3
Return on assets, %	1.5	1.8	1.8	1.6	2.4
Equity ratio, %	13.3	15.2	18.4	20.3	24.7
Capital adequacy ratio, Tier 2, % <sup>1)</sup>	19.6	18.6	16.9	16.3	15.5
Expense-income ratio, %	28.3	25.9	27.0	27.6	29.2
Balance sheet total, MEUR	8,418	6,619	4,604	3,808	2,890
Shareholders' equity, MEUR	1,121	1,009	849	772	715
- of which unrestricted reserve, MEUR	871	756	595	513	456
Personnel at year end	396	394	399	411	413
<b>Finnvera plc, SMEs</b>					
Financing granted, MEUR	1,116	1,003	827	933	1,051
Total exposure, MEUR	2,672	2,802	3,020	3,013	3,187
Number of start-up enterprises financed	3,556	3,247	3,473	3,123	3,397
Number of new jobs created	8,624	8,105	8,663	8,660	10,159
<b>Finnvera plc, Large Corporates</b>					
Export credit guarantees and special guarantees offered, MEUR	6,550	5,034	3,327	5,272	3,722
Total exposure, MEUR <sup>2)</sup>	17,048	12,216	10,651	10,889	9,997
<b>Finnvera plc, clients and personnel</b>					
Number of clients, SMEs and Large Corporates together	28,400	28,800	29,700	30,000	29,900
Personnel at year end	381	376	382	393	391

1) The capital adequacy ratio for the years 2011–2012 has been calculated according to the Basel II methods.

2) Includes 64.3 MEUR of domestic financing granted by Large Corporates.

Finnvera annual report 2015 &gt; Year 2015 &gt; Business Operations

## Business Operations

The economic situation posed challenges both to enterprises operating on the domestic market and to export companies. As in the previous year, continued uncertainty in the global economy dampened companies' willingness to invest, make growth plans, and take risks.

However, a positive feature was the upswing in companies' ownership arrangements in 2015. Financing for ownership arrangements increased by more than 30 per cent compared to the previous year. It is estimated that Finnvera is involved in every third company acquisition. Otherwise, despite the improved

Finnvera annual report 2015 > Year 2015 > Business Operations

investment expectations of SMEs, there was no change of course in the allocation of financing. Financing was still needed considerably more for working capital than for investments. It is four years since investments accounted for a larger share of financing offered to SMEs than working capital.

Long-term financing played an important role in negotiations for export-related purchase agreements. Banks were still cautious when financing transactions requiring long repayment periods; in consequence, the role of Finnish Export Credit, in particular, was emphasised. Institutional investors participated in loan arrangements on credit markets slightly more than before but, owing to investors' expectations for returns, demand and supply did not meet in export credits, with a few exceptions.

The possibilities of different-sized enterprises to receive financing from Finnvera improved markedly at the start of 2015, thanks to the decisions made in late 2014. Financing through bond subscriptions, guaranteeing large enterprises' domestic investments relating to exports,

and the possibility to provide financing for enterprises larger than the SME definition applied by the EU diversified the selection of means considerably. Finnvera can grant bigger loans to small enterprises than before as the maximum level of micro-financing was raised to EUR 50,000. For other enterprises, Finnvera normally shares the risks of financing equally with the bank, but in the case of high-impact projects and in the financing of trading, Finnvera's share can be larger than before. Financing can also be granted with less collateral than normally; it is even possible to finance growth with no collateral at all if the enterprise's financial standing is sufficiently solid. For investment projects it is possible, if necessary, to grant financing with a longer repayment period than that allowed by banks.

### Case: Finnvera's first bond subscription

Finnvera's first bond subscription ensured that financing could be arranged for the total investment of over EUR 100 million by Kotkamills.

[READ MORE](#)

## Summary by Business Segment

	Loans, domestic guarantees, and export guarantees offered	Export credit guarantees offered	Total financing offered 1 Jan–31 Dec 2015	Total exposure 31 Dec 2015	Clients 31 Dec 2015
	MEUR	MEUR	MEUR	MEUR	pcs
Locally operating small companies	149	0	149	358	18,299
SMEs focusing on the domestic markets	512	22	534	1,501	9,242
SMEs seeking growth through internationalisation	306	69	375	813	804
Large Corporates	58	6,550	6,608	17,048	102
<b>Total</b>	<b>1,024</b>	<b>6,641</b>	<b>7,666</b>	<b>19,721</b>	<b>28,447</b>





## SMEs

The financing needs of SMEs vary and depend on enterprise and project size and on the stage of the enterprise's life cycle.

A starting enterprise seeks financing for initial investments and launching its operations, such as for the acquisition of the initial inventory or investments in furnishings. The average financing or guarantee for a bank loan granted by Finnvera to a starting small enterprise was EUR 60,000 in the year 2015.

Enterprises operating on the domestic market often seek financing not only for working capital but also for investments in machinery or for various situations of change, such as changes of generation or other ownership arrangements.

A growth enterprise may need financing, for instance:

-  for the acquisition of a machine or equipment
-  for working capital, owing to reasons such as seasonal variations and maintenance of a merchandise inventory
-  for the development of a product or service
-  for expansion on the export market.

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

The financing or guarantee offered by Finnvera for international growth was in 2015 on average EUR 500,000. The largest individual cases of financing may be several millions of euros.

Finnvera shares risks with other providers of financing, and banks play an important role in financial arrangements. Before the financing decision, Finnvera assesses the enterprise as a whole, its potential for success, business, competitiveness, and the ability to manage its financial obligations. The decision on financing and Finnvera's contribution is made on the basis of this analysis.

In 2015, Finnvera received over 12,800 financing applications from SMEs. About 80 per cent of these got a positive decision. Applications may be rejected due to, for example, an insufficient share of the necessary self-financing, problems in the entrepreneur's or enterprise's credit history, a tough competitive situation in the respective sector, or because the enterprise is not considered to have the prerequisites for profitable business.

[Read more about project assessment at Finnvera.](#)

At the end of 2015, the outstanding commitments for SME financing stood at EUR 2.7 billion (2.8).

Despite the uncertain economic situation, the number of client enterprises that went bankrupt or wound up business was smaller than the year before, in total 831 (922).

### Financing for working capital and changes of ownership

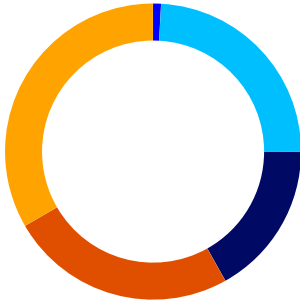
Demand for SME financing was the highest during the first few months of the year. Demand declined during the second half of the year, but the total for the year was higher than the year before. The total value of the projects for which financing was sought came to EUR 2.3 billion. Investments were at a modest level; as in previous years, demand focused on working capital.

Finnvera granted a total of EUR 1,116 million in financing to SMEs and to companies larger than the SME definition used by the EU. Loans and domestic guarantees accounted for EUR 906 million of the financing; this was 19 per cent more than the year before. The factors contributing to this increase included: the mandate granted to Finnvera at the start of 2015 to provide financing for companies larger than SMEs, changes of ownership, which showed an increase after many years, and the restructuring of financing granted earlier. About 950 enterprises received financing for ownership changes. The total sum was EUR 116 million. The value of guarantees granted to SMEs for exports totalled EUR 210 million, or 13 per cent less than the year before.



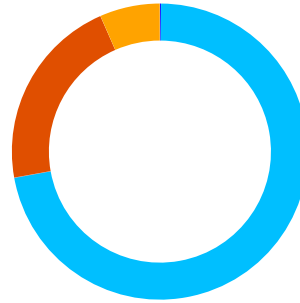
Finnvera annual report 2015 > Year 2015 > Business Operations > SMEs

**Financing granted to local small enterprises in 2015**



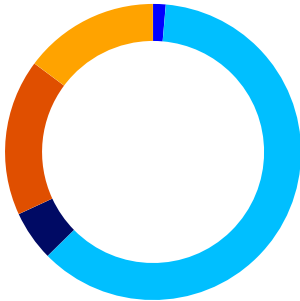
- Rural trades, 1%
- Industry, 24%
- Tourism, 17%
- Services to business, 25%
- Trade and consumer services, 33%

**Financing granted for growth and internationalisation by business area in 2015**



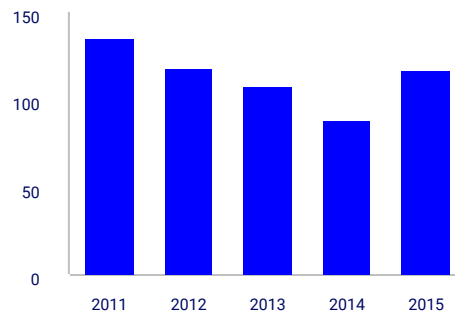
- Rural trades, <1%
- Industry, 72%
- Tourism, <1%
- Services to business, 21%
- Trade and consumer services, 7%

**Financing granted to enterprises operating on the domestic market in 2015**



- Rural trades, 1%
- Industry, 61%
- Tourism, 5%
- Services to business, 17%
- Trade and consumer services, 15%

**Ownership changes**



- Changes in ownership, MEUR



*"Well-functioning markets for ownership changes support dynamics in the SME field and thereby both economic and social development."*

*- Katja Keitaanniemi, Executive Vice President, SMEs*

Finnvera annual report 2015 > Year 2015 > Business Operations > SMEs

A new guarantee, known as the Start Guarantee, was taken into use in April. It is intended for the financing of starting enterprises that have been in business for no more than three years. Altogether 992 enterprises received guarantees for loans granted by banks. The total sum was EUR 45 million.

### Case: KPA Unicon: Customer financing opens doors

KPA Unicon of Pieksämäki, Finland, opened an export window to South Africa. Financial arrangements played a very important part for the success of the export project.

#### READ MORE

Finnvera continued the SME Export Finance Programme, launched in 2012. The aim of the programme is to inform SMEs of the various tools available for financing exports.

[Read more about the SME Export Finance Programme.](#)

Cooperation with Team Finland actors was intensified, and a new service model for domestic operations was taken into use during the year under review. Team Finland concentrates on about 2,000 Finnish enterprises whose strategy is to grow internationally. The range of services includes market analysis, consultancy and training, networks, social relations, visibility and financing both for the development stage and for exports and trading on the market.

### Case: Team Finland assists companies to go international

Companies seeking growth through internationalisation are served by the Team Finland network, which covers all State-funded internationalisation and innovation services.

#### READ MORE

### Reforms of methods and products to continue

Systematic contacting of potential clients was started during the period under review. The feedback was overwhelmingly positive and has already led to a few major financing decisions. The proactive approach is continued by seeking new clients and by going through our clientele to identify enterprises capable of growing or renewing.

The reform of the internal structure, initiated in 2014, was continued. Together with increasing digitisation, its aim is to improve the productivity of work in accordance with the goals set by the owner.

The new tasks assigned to Finnvera in the Government Programme were prepared late in the year. In spring 2016, Finnvera and the Federation of Finnish Enterprises will launch a national ownership change programme and will begin to grant junior financing. It is estimated that the granting of risk sharing guarantees included in the financing programme of European strategic investments can start during the second half of the year.

Finnvera annual report 2015 > Year 2015 > Business Operations > Large Corporates

## Large Corporates

Finnvera promotes the possibilities of Finnish enterprises to engage in export trade and provides internationally competitive services for export companies and for banks financing exports. The solution may be an export credit guarantee to cover export and project risks, the financing and interest equalisation for export credits, or export credit insurance for exports with a short repayment period. Guarantees can be used to minimise political and commercial risks arising from exports, thereby improving the financing options available for export transactions.

Export credits and export credit guarantees are subject to international regulations. The OECD Arrangement sets guidelines for officially supported export credits that have a repayment term of two years or longer. The guidelines concern, for instance, the share of cash payment and the repayment period. Separate regulations have been set for

certain sectors and projects, such as ship credits and renewable energy sector credits. Finnvera investigates the creditworthiness of the buyers and the buyers' country in each case. The precondition for granting guarantees or financing is that the transaction to be financed benefits the Finnish economy.

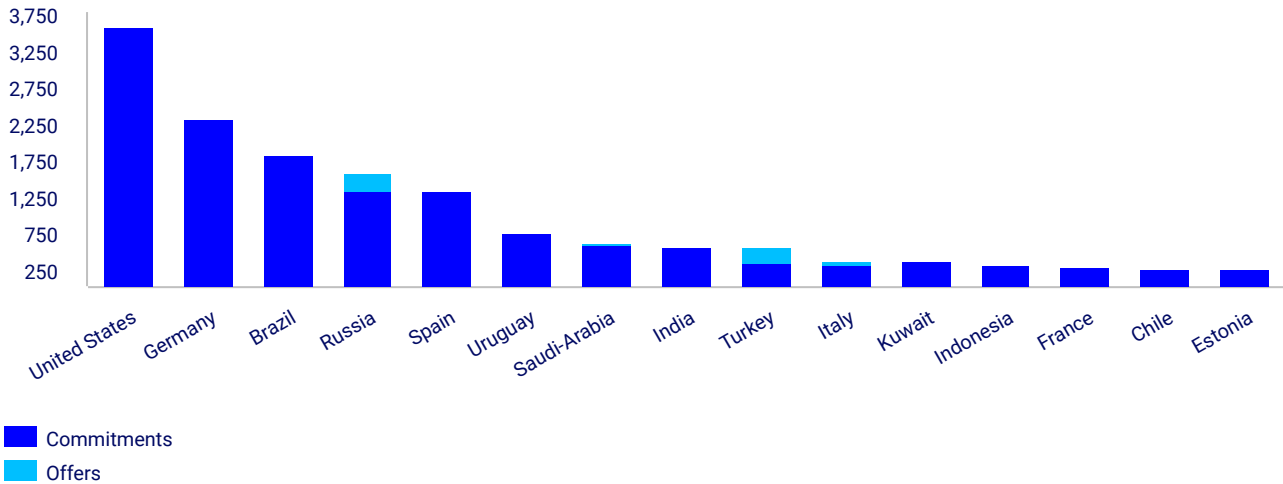
***The export credit guarantees granted by Finnvera do not include financial support. Clients pay a premium that depends on the risk associated with the project.***

Finnvera's subsidiary, Finnish Export Credit Ltd, is able to offer fixed-rate or floating-rate financing for export and ship credits with funding from Finnvera. In addition, Finnish Export Credit manages the interest equalisation system for officially supported export credits, which

improves the opportunities of financial institutions to arrange long-term and fixed-rate financing for exports. In interest equalisation, the bank serving as the arranger of the export credit finances the credit and signs an interest equalisation agreement with Finnish Export Credit.

At the end of 2015, outstanding commitments for export credit guarantees and special guarantees totalled EUR 17.0 billion, which was 39 per cent more than the year before. The increase in outstanding commitments differs from the international trend, where outstanding commitments have fallen.

**The biggest country exposures on 31 Dec 2015, MEUR**

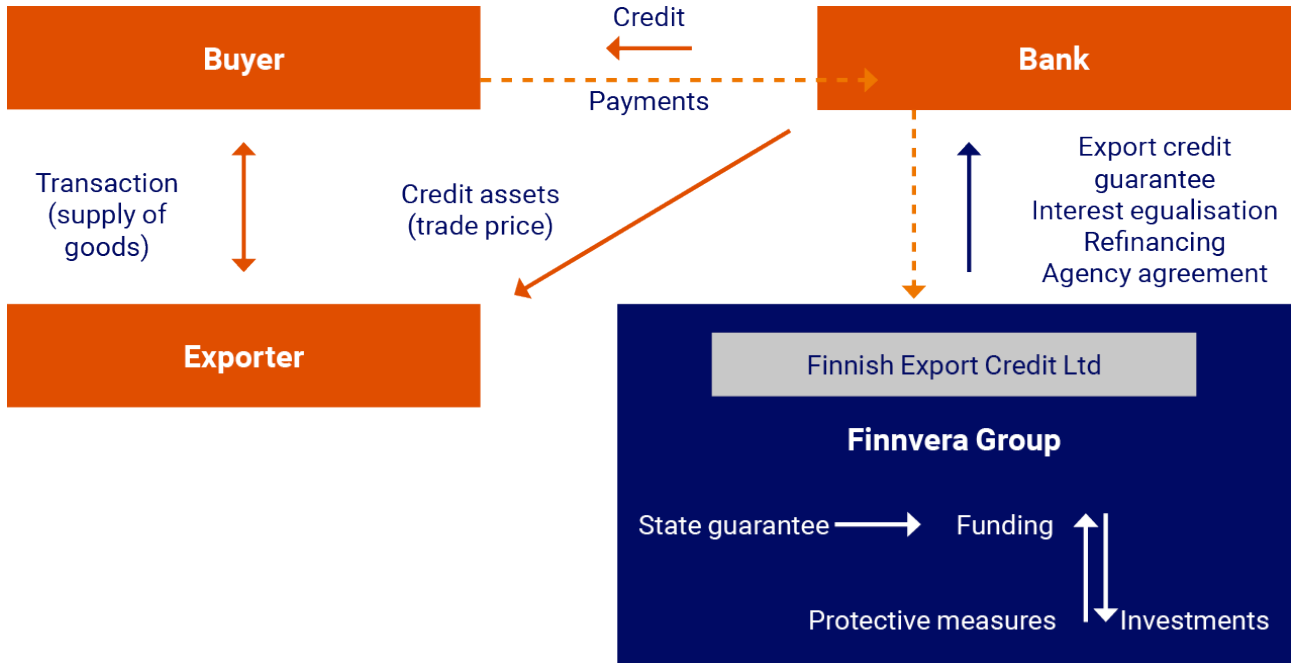


**Financing of export credits in cooperation with banks**

Export credit financing facilitates the arrangement of financing for foreign customers who purchase Finnish capital goods. Banks play a key role in arranging financing for export transactions: the bank selected by

the buyer arranges a long-term export credit on OECD terms for the client. The bank negotiates a credit agreement that meets the terms of Finnvera and Finnish Export Credit and manages the credit. The bank transfers the export credit to Finnish Export Credit for financing. Finnvera's Buyer Credit Guarantee is always a prerequisite for the financing.

### Buyer credits in exports



- Finnvera can grant a guarantee for the export credit, and Finnish Export Credit can finance the credit.
- The bank arranges the export credit, transfers it to Finnish Export Credit, and manages the credit.
- The export credit must comply with the OECD terms, the repayment period must be at least two years, the down payment at least 15 per cent, and instalments must generally be made every six months. The application for financing an export credit must always be submitted before the delivery contract is signed.

#### Case: Finnvera involved in a major forest industry investment

Finnvera is participating in the financial arrangements for the world's first bioproduct mill, to be constructed by Metsä Group in Äänekoski, Finland.

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#### Export credit guarantees and export credits needed for export deals

Demand for guarantees increased by 33 per cent and demand for export credits rose by 20 per cent when

compared against the previous year. Underlying the greater demand was, in particular, the increase in orders in hand at Turku Shipyard. Demand was also brisk in the telecommunications and forest sectors.

The value of export credit guarantees and special guarantees offered rose by 30 per cent, to a total of EUR 6,550 million (5,034). Most of the offers, or 44 per cent, pertained to exports to the EU Member States. North America accounted for 25 per cent and the rest of Europe for 19 per cent. In total, 88 per cent of the export credit guarantees offered concerned the traditional sectors of Finnish capital goods exports, such as shipbuilding, telecommunications, and the forest industry.

Western banks think carefully before granting credits with long repayment periods. This underlines the importance of financing by Finnish Export Credit, in particular. Offers pertaining to the financing of export credits totalled EUR 4,131 million. This is nearly 50 per cent more than the year before. At annual level, the value of export credits offered was the greatest in Finnvera's history. The euro volume of signed credit agreements also rose and was almost twice the volume of the year before.

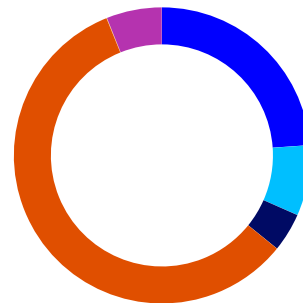


*“Long-term financing offered to the client is a key factor in the business negotiations of many Finnish large companies. A well-functioning export financing system is an element of Finland’s competitiveness.”*

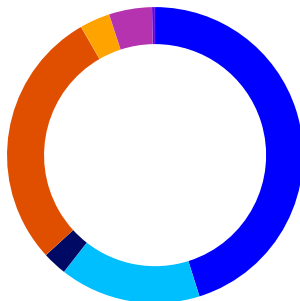
*- Jussi Haarasilta, Executive Vice President, Large Corporates*

The value of export credit guarantees that came into effect during the year increased from the previous year by 41 per cent, to EUR 5,635 million (4,004). Guarantees come into effect when the export transactions have been concluded. The outstanding commitments were divided among 62 countries. For individual countries, the biggest commitments pertained to exports to the United States, Germany, and Brazil. Among individual countries, exports to the United States accounted for the greatest increase in outstanding commitments for export credit guarantees, when compared against the previous year.

**Export credit guarantees that came into effect in 2015 by sector**



**Export credit guarantees that came into effect in 2015 by region**



- EU countries, 45%
- Other Europe, 15%
- South and Central America, 3%
- North America, 28%
- Asia, 3%
- Middle East and North Africa, 5%
- Sub-Saharan Africa, <1%

**Prudent risk-taking to continue in projects to Russia**

Finnvera can cover political and commercial risks in projects carried out by Finnish exporters in Russia.

Finnvera continues to grant export credit guarantees for projects in Russia, but the Russian counterparty’s credit standing is examined increasingly carefully. The exposure trend and repayment times are monitored. Finnvera complies with the sanctions adopted by the EU and the possibilities to participate in projects are assessed on a case-by-case basis.

In terms of Finnvera’s outstanding export credit guarantees, the two most important non-OECD countries are Russia and Brazil. Together they account for about one fifth of the outstanding commitments.

Finnvera annual report 2015 > Year 2015 > Business Operations > Large Corporates

## Continued development of operations

Finnvera's mission is to provide Finnish export enterprises with competitive export financing services. This requires continuous development of operations.

In 2015, Finnvera adopted the Refinancing Guarantee which, for its part, stimulates the operations of the financial market and the private financing of exports. The guarantee helps to develop the Finnish export financing system further, increasing its competitiveness. In line with the decision made during the period under review, the financing options available for small export transactions are developed by improving the uses and terms of financing products. Finnvera had an active dialogue with the Ministry of Employment and the

Economy about raising the authorisations associated with export deals.

Maintaining competitive export financing services also requires active risk management. For instance, Finnvera uses reinsurance as a technique for reducing risks. The development of reinsurance operations was continued during 2015 by supplementing individual reinsurance policies with a portfolio policy that covers several risks. Finnvera is among the first public export credit agencies to take out these more extensive portfolio policies.

Key competitor countries were continuously monitored by comparing Finnvera's services with equivalent systems used in the competitor countries.

# Venture capital investments

Finnvera’s investments are organised through the subsidiaries Veraventure Ltd (100 per cent ownership) and Seed Fund Vera Ltd (94 per cent). In accordance with the policy decision made by the then Minister of Economic Affairs, Jyri Häkämies in autumn 2012, Finnvera is giving up its venture capital investment activities in a gradual and controlled manner. At the same time, Tekes has launched its early-stage venture capital investments.

Finnvera has implemented the Ministry’s policy by selling a total of 14 holdings in early-stage and regional funds within the past two years. Finnvera still has minority holdings in a total of six funds. The fund holdings have been sold to private investors and to Tekes Venture Capital Ltd.

The business angel operations administered by Finnvera were already transferred to the Finnish Business Angels Network (FiBAN) at the beginning of 2013. FiBAN was founded by Finnish business angels in 2011. Finnvera is still negotiating the sale of its holdings in funds organised as limited companies to private parties.

In keeping with the Ministry’s guidelines, Finnvera will also determine the potential divestment models and manners with respect to Seed Fund Vera Ltd. To prepare for its possible exit from the fund, Finnvera will remove the investments and holdings made using ERDF assets from Seed Fund Vera and will place them in a separate fund.

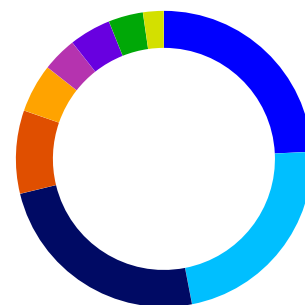
## Early-stage venture capital investments

In accordance with the Ministry’s policy, Finnvera ceased its direct initial investments in early-stage enterprises at the end of 2015. From now on, Finnvera will concentrate on portfolio management and on the preparation of divestments. Finnvera has made venture capital investments in early-stage technology enterprises and in technology-intensive or innovative service enterprises that have the potential for developing into international growth enterprises. By strengthening the enterprises’

equity, the investments have enabled, started, and accelerated the growth of enterprises and their access to international markets. Finnvera’s operations aim at actively increasing shareholder value. Among other things, Finnvera participates in the Boards of portfolio companies. Finnvera serves as a minority shareholder in its portfolio companies, and other providers of financing are always involved in the financing round.

During 2015, Finnvera’s portfolio companies collected about EUR 60 million of new private capital. Between 2006 and 2015, Finnvera made direct venture capital investments in altogether 236 enterprises. In all, private investors have invested about EUR 350 million in the portfolio companies of Seed Fund Vera.

## Early-stage portfolio companies by sector, 31 Dec 2015



<span style="color: blue;">■</span> Computer and consumer electronics, 24%	<span style="color: cyan;">■</span> Business and industry products, 23%
<span style="color: darkblue;">■</span> Life Sciences, 24%	<span style="color: orange;">■</span> Communications, 9%
<span style="color: yellow;">■</span> Energy and environment, 5%	<span style="color: purple;">■</span> Consumer services, 4%
<span style="color: magenta;">■</span> Consumer goods and retail, 5%	<span style="color: green;">■</span> Business and industrial services, 4%
<span style="color: limegreen;">■</span> Chemicals and materials, 2%	

## Case gallery



### **Finnvera enables the growth and internationalisation of VRT Finland Oy**

Founded in 2010, VRT Finland is a company specialising in sonar inspections of underwater structures. Markets exist everywhere in the world where structures are built under water.

[Learn more about the company by watching a video.](#)



### **Finnvera's first bond subscription**

Finnvera's first bond subscription ensured that financing could be arranged for the total investment of over EUR 100 million by Kotkamills. The investment is used to convert a paper machine so that it will produce packing board instead of magazine paper.

"The financing package ensured continued production for the Kotkamills plant that employs 500 people. Finnvera's anchor role in the subscription ensured that the bond issue could be carried out. The development of the bond market and the diversification of financing sources are extremely important for enterprises of this size class," says Markku Hämäläinen, CEO of Kotkamills.

The fact that Finnvera can subscribe bonds improves enterprises' possibilities to obtain financing from the market. Finnvera makes its bond subscriptions at market price. A normal enterprise analysis is conducted when the project is being reviewed.



### **KPA Unicon: Customer financing opens doors**

KPA Unicon of Pieksämäki, Finland, opened an export window to South Africa. Financial arrangements played a very important part for the success of the export project.

Selling equipment means engineers talking about the structure and properties of the equipment. When financing is also discussed in the sales setting with the buyer, one gets a seat at the same table with the persons who actually decide on the deals.

"A financing offer combined with sales opens doors and is really an important factor. At the same time the seller learns to understand the customer's business better," says Mikko Marttala, CFO of KPA Unicon.

Alongside selling, for some years KPA Unicon has offered its customers financing solutions worked out together with banks and Finnvera. "Today, financing begins to be a prerequisite for entering any competitive bidding at all."

A couple of years ago, exports accounted for 99 per cent of KPA Unicon's turnover, but now the figure is smaller. The company believes that imports to Russia and the rest of the CIS countries will revive.

"In terms of risks, our situation is now healthier because we had to look for new markets. Once the decision is made, results start to appear. Our future target is that one third of our turnover comes from Finland, one third from the CIS countries and one third from other export markets. A precondition for our existence is that we have exports," Marttala sums up.



Finnvera annual report 2015 > Year 2015 > Case gallery



Valtioneuvoston kanslia / Sakari Piippo

### Team Finland assists companies to go international

Companies seeking growth through internationalisation are served by the Team Finland network, which covers all State-funded internationalisation and innovation services. The network also promotes investments to Finland and the image of Finland abroad. The principal actors are organisations in the administrative branches of the Ministry of Employment and the Economy, the Ministry for Foreign Affairs, and the Ministry of Education and Culture that produce services for enterprises.

“A company is no longer sent from one service point to the next and does not need to spend time digging up several service-providers. After the initial contact made by the company or the Team Finland actors, an expert Team Finland team analyses the client’s needs and proposes which financial and expert services could be the most useful for the company at various stages of internationalisation. Team Finland’s network-based approach enhances both the quality of services offered to enterprises and the use of public resources allocated to the promotion of exports and investments,” says Petri Peltonen, Under-Secretary of State (as of 1 February) at the Ministry of Employment and the Economy.



TEU / Aleksi Malmert

### Finnvera’s branch office in Jyväskylä granted the award for Finland’s best summer job employer

The competition “Finland’s best summer job employer” is held every year by the student members of Akava, the Confederation of Unions for Professional and Managerial Staff in Finland. The winner in 2015 was Finnvera’s branch office in Jyväskylä. The branch office was entered in the competition by Eerika Västi, a student of economic sciences, who worked in Jyväskylä in summer 2015.

According to Västi, the best features about her summer job were good orientation to the work and a friendly work community that emphasised caring. Supervisors regularly asked how things were going and were genuinely interested in suggestions for development. Orientation, carried out together with Finnvera’s branch office in Tampere, also made it possible to get to know the other summer worker in the region and to share experiences. Västi also considered it important that she was given more responsibility as she learned more. She worked for the summer under Account Manager Heli Liinanki.

In its decision, the award jury praised Finnvera for its inspiring atmosphere conducive to development and for encouraging, motivating, and guiding young workers. The appreciation of young people was seen especially in the supervisors’ positive approach and in the way summer workers were oriented to their duties.

The award “Finland’s best summer job employer” was granted for the eighth time. The competition aims to draw attention to good practices in summer employment. Both university students and employers can present proposals for recognition as “Finland’s best summer job employer”.

Finnvera annual report 2015 > Year 2015 > Case gallery



### **Finnvera involved in a major forest industry investment**

Finnvera is participating in the financial arrangements for the world's first bioproduct mill, to be constructed by Metsä Group in Äänekoski, Finland. Valued at EUR 1.2 billion, the investment project is the largest ever carried out by the forest industry in Finland.

Finnvera provides guarantees for about half of the debt needed for equipment purchases from Finland. Finnvera's guarantee covers 80 per cent of a credit of EUR 400 million. Apart from Finnvera, six commercial banks, the Swedish Export Credits Guarantee Board (EKN) and the European Investment Bank are also participating in the financial arrangements.

"Our project is based on a careful overall assessment of the profitability of the pulp business and the long-term market situation. Financing is a central element of the whole project, and the fact that both Finnvera and the State of Finland are participating in sharing the financing risk significantly reduced the limit load of commercial banks. The loan guaranteed by Finnvera is an important component of overall financing. Conforming to the OECD terms, the loan has a sufficiently long maturity and in general offers competitive terms. Finnvera plays one of the key roles in the financing package," says Kari Jordan, President and CEO of Metsä Group.

According to Jordan, the goal in equipment purchases was to ensure that the technology, delivery reliability, and commercial terms were the best available. It is positive that the leading technology suppliers for the pulp industry are companies operating in Finland.

"It is important that Finland has a competitive organisation promoting exports and an operating model that levels the playing field between companies operating in Finland and their competitors. Here Finnvera is doing good work, and the amendment made to the Act on the State's Export Credit Guarantees in 2014 is an example of dynamic development to secure the prerequisites for exports," says Kari Jordan.

"The project will have a positive impact on Finnish exports, as it is expected to boost exports by EUR 0.5 billion annually. The investment also has substantial effects on employment," Executive Vice President Jussi Haarasilta says.

Finnvera annual report 2015 > Year 2015 > Case gallery



## Raisioagro - Export credit guarantees protect Finnish enterprises against risks in Russia

Russia's economic situation and the increased credit loss risks create uncertainty for the exports of Finnish companies. Raisioagro Ltd, a Finnish manufacturer of animal feeds, has exported its products to Russia since the 1990s and has used Finnvera's credit insurance since the early 2000s. Sales Director Erik Norrgård of Raisioagro explains that successful trading in Russia requires, in particular, trust between the seller and the buyer.

Thanks to its long experience, Raisioagro has managed to find reliable and well-established partners in Russia, but the company also has experience of situations where the buyer has not paid as agreed. When the buyers' insolvency became evident, Finnvera's export credit guarantees eased Raisioagro's situation. On the basis of the guarantees, Raisioagro was paid compensation for the sales receivables it did not repatriate.

For an enterprise engaged in foreign trade, consideration of buyer risks and the buyer's solvency is part of risk management. Unprotected risks may become fatal for the enterprise's cash flow and profitability.

### Differences in corporate culture and legislation create challenges

According to Erik Norrgård, exports to Russia are complicated by the corporate culture, where it is very difficult to obtain access to companies' managers. In addition, the rapid growth and indebtedness of companies pose risks to commerce. Norrgård recommends that enterprises planning exports to Russia take out guarantees. It is also advisable to prepare thoroughly for the initial investigation and for any barriers to sales that might exist. Restrictions posed by the customs and other authorities often come unexpectedly.

"It's good to be prepared for the fact that, in particular, buyers associated with primary production do not necessarily buy anything without some sort of a limit. The risk must always be weighed case-by-case. The Russians are a proud people, and it is good for neighbours across the border to recognise these realities for commerce. Especially in these times, Finnvera and other additional assistance is needed in exports to Russia."

# Introduction

## Transparency of operations as the goal

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

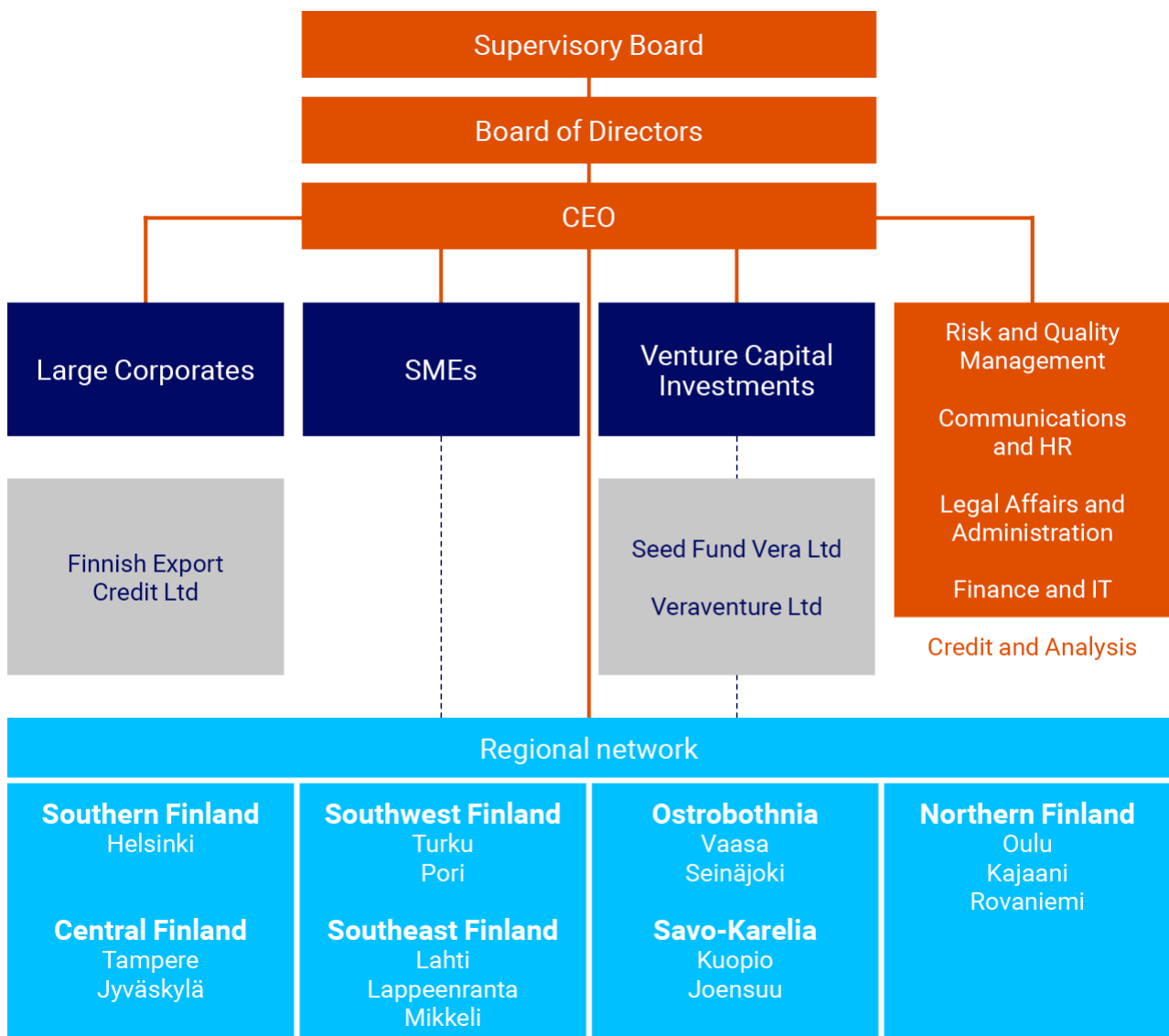
At Finnvera, the goal of good governance is to ensure transparency throughout the organisation. Finnvera's Board of Directors approves the main principles and guidelines steering the operations. The principles of good conduct, confirmed by the Board of Directors, guide the

personnel to act so that they reinforce Finnvera's role as a specialised financing company.

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

- [Statement on the corporate governance and steering system](#)
- [Principles of good conduct](#)
- [Guidelines for ensuring impartiality](#)
- [Guidelines on insider information](#)

## Finnvera Group



Finnvera annual report 2015 > Corporate governance > Introduction

Responsibility for Finnvera's administration and operations is vested in the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Chief Executive Officer.

**The General Meeting of Shareholders** can make decisions on issues assigned to it by law and the Articles of Association. It elects the members of the Supervisory Board and the Board of Directors, as well as the Chairs and Vice Chairs of both bodies.

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

**The Board of Directors** is responsible for the company's administration and for the proper organisation of activities. The Board approves the company's strategy

and annual plans, the half-year report, and the annual financial statements, as well as the risk management principles. The Board advances the company's development and ensures that the operations conform to law and meet the goals set by the owner. The Board also decides important individual cases of financing. The Board supervises and monitors the company's executive management and appoints and dismisses the CEO and other members of the senior management. The Board has appointed the Inspection Committee and the Remuneration Committee from among its members to assist the Board in managing its tasks.

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

Read more about [Finnvera's governance and organisation](#).

Finnvera annual report 2015 > Corporate governance > Operating principles

## Operating principles

### Policies observed by Finnvera

The key guidelines, principles, and policies observed by Finnvera in its operations include the following:

- ▄ Ownership policy
- ▄ Country and guarantee policy
- ▄ Credit policy
- ▄ Risk management principles
- ▄ Environmental policy and publicity policy in export credit guarantee operations
- ▄ Personnel policy outlines
- ▄ Ethical guidelines
- ▄ IT policy outlines
- ▄ Communications policy outlines
- ▄ Principles for cooperation agreements
- ▄ Guidelines and procedures for procurement.

### Finnvera's goals in 2015

The Ministry of Employment and the Economy monitors and supervises Finnvera's operations. Every fourth year the Ministry sets industrial and ownership policy goals for Finnvera that can be adjusted yearly. When determining these goals, attention is paid to the Finnish Government Programme, the Ministry's corporate strategy, the policy objectives concerning the Ministry's branch of administration, and the goals of EU programmes.

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

In 2015, we reached nine out of the 12 goals set for us by the Ministry of Employment and the Economy.

### Attainment of industrial policy and ownership policy goals in 2015

● Goal achieved
 ● Goal not achieved
 ● Not realised

Goal	
The turnover of client enterprises seeking growth through internationalisation increases by 50 per cent between 2011 and 2015.	<span style="color: grey;">●</span>
Finnvera improves the availability of financing for mid-cap companies in line with the credit and guarantee loss commitment that becomes effective at the start of 2015.	<span style="color: green;">●</span>
The financing granted to large enterprises outside national assisted areas excluding the compensation for losses, is at most 10 per cent of all financing granted by Finnvera.	<span style="color: green;">●</span>
Finnvera adopts new instruments (export credit guarantees for domestic investments in machinery and equipment serving exports; Finnvera's guarantees for the refinancing of export credits granted by banks).	<span style="color: green;">●</span>
Finnvera and the Ministry of Employment and the Economy continue to develop the system of financing exports and ships so that Finnish exporters will have at their disposal an export financing system with as competitive terms and instruments as possible.	<span style="color: green;">●</span>
Finnvera gradually gives up venture capital investments. During 2015, the Ministry and Finnvera draw up a plan showing how and within what timeframe the commitments for venture capital investments are transferred from Finnvera.	<span style="color: green;">●</span>
Finnvera, Finpro, and Tekes and, whenever applicable, the ELY Centres and Finnish Industry Investment Ltd adopt a joint model for providing services to enterprise clients by the end of 2015.	<span style="color: green;">●</span>
The recognisability and image of Finnvera's services remain at a high level in the service image survey conducted by the Ministry of Employment and the Economy.	<span style="color: grey;">●</span>
Finnvera actively monitors the financing options offered to enterprises by the European Union, evaluates them, and whenever necessary, presents proposals for their utilisation in Finland.	<span style="color: green;">●</span>
Finnvera conducts its business so that the income from operations covers the expenses of operations over a period exceeding a business cycle. For SME financing the review period is ten years and for export financing 20 years.	<span style="color: green;">●</span>
Finnvera operates efficiently and can show constant improvement in the efficiency of operations and in the productivity of work. The productivity of work improves on average 4 per cent annually during the review period. The rewards system is developed.	<span style="color: orange;">●</span>
Finnvera's capital adequacy ratio in domestic financing varies between 12 and 20 per cent.	<span style="color: green;">●</span>

# Risk management

## The importance of risk management and the areas of responsibility

Risk management is of central importance for maintaining Finnvera's ability to take risks, managing equities, and for attaining economic objectives in the long-run. The goal of risk management, for its part, is to ensure the prerequisites for implementing the company's strategy.

Finnvera's Board of Directors and Executive Management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management, and risk policies. The Board and its Inspection Committee receive quarterly reports on the Group's overall risk position and any changes that have taken place.

As the business units and Group companies answer for the day-to-day management of business and for risk management measures, they also bear the primary responsibility for internal control and risk management. These risk management measures have been incorporated into the processes of the operating system and are implemented by the entire organisation.

Finnvera's risk control, compliance and other support operations, which are independent of the company's business operations, support the business units in their risk management and internal control. Risk control is responsible for developing risk management methods, issuing guidelines for operations, monitoring the Group's risk position, and for reporting to the Board of Directors and to the Executive Management.

## Risk management procedures

Finnvera's Board of Directors confirms the principles of the Group's risk management, the goals of risk-taking, the policies to be observed, the outlines of risk-taking, and decision-making powers.

Finnvera's risks can be grouped as follows:

- ▀ Risks pertaining to credits and guarantees
- ▀ Operational risks
- ▀ Liquidity and market risks
- ▀ Other risks.

The willingness to take risks by risk type is defined so that the equities and other risk buffers available are at an adequate level in view of the risk level of the operations planned. With respect to credit risks, the willingness to take risks depends on various factors, including the amount of credit loss compensation paid by the State for each type of enterprise. The adequacy of equities is assessed regularly.

Operational risks pertaining to financial reporting are identified, assessed, and controlled as part of operational risk management.

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 practised within the Group.



Finnvera annual report 2015 > Corporate governance > Supervisory Board

## Supervisory Board

Finnvera's Supervisory Board consists of a minimum of eight and a maximum of 18 members. The General Meeting elects the members as well as the Chairman and Vice Chairman. The Supervisory Board has a term of one year.

The fees paid to the members comply with the policy issued by the Government on fees paid to the administrative bodies of State-owned companies. The fees paid in 2015 totalled EUR 58,000.

### Supervisory Board on 31 December 2015

Chairman, up to 31 August 2015

**Johannes Koskinen**, LL.M.

Chairman of the Supervisory Board, Johannes Koskinen, resigned from membership and chairmanship of the Supervisory Board as of 1 September 2015, when he assumed the post of a Director in the European Bank for Reconstruction and Development. No new chairman was elected for the remainder of the term.

Vice Chairman

**Lauri Heikkilä**, Ph.D. (The Finns Party)

Members:

**Paula Aikio-Tallgren**, Entrepreneur,  
Virvatuli-Valaisimet Oy

**Eeva-Johanna Eloranta**, Member of Parliament (Finnish Social Democratic Party)

**Mika Harjunen**, Information Security Manager,  
Finnvera plc

**Lasse Hautala**, Member of Parliament (Centre Party)

**Olli Koski**, Chief Economist, Central Organisation of Finnish Trade Unions – SAK

**Leila Kurki**, Senior Adviser, Finnish Confederation of Professionals STTK

**Esko Kurvinen**, Engineer (National Coalition Party)

**Ann-Louise Laaksonen**, Vice Chairman, Finnish Business School Graduates

**Anna Lavikkala**, Labour Market Director, Finnish Commerce Federation

**Veli-Matti Mattila**, Chief Economist, Federation of Finnish Financial Services

**Lea Mäkipää**, Member of Parliament (The Finns Party)

**Antti Rantakangas**, Member of Parliament (Centre Party)

**Hanna Sarkkinen**, Member of Parliament (Left Alliance)

**Osmo Soininvaara**, Licentiate of Social Sciences (Green League)

**Tommi Toivola**, Senior Adviser, Financing, Confederation of Finnish Industries EK

**Sofia Vikman**, Member of Parliament (National Coalition Party)



## Board of Directors

Finnvera's Board of Directors consists of at least six members and at most nine members. The General Meeting elects the members for a term of one year at a time.

The Inspection Committee of the Board of Directors assists the Board in its supervisory tasks. The Board of Directors selects the Inspection Committee's members and chairman from among the Board members, for a term of one year at a time. The Inspection Committee elected after the Annual General Meeting of 2015 consists of Kirsi Komi (Chair), Marianna Uotinen, Pirkko Rantanen-Kervinen and Antti Zitting.

The Remuneration Committee assists Finnvera's Board of Directors in managing issues pertaining to the

appointment, terms of employment and salaries of senior executives, and the rewards and incentive systems applied to the management and personnel. The Board of Directors selects the Remuneration Committee's members and chairman from among the Board members, for a term of one year at a time. The Remuneration Committee elected after the Annual General Meeting of 2015 consists of Markku Pohjola (Chair), Harri Sailas, and Pekka Timonen.

The fees paid to the Board members comply with the policy issued by the Government on fees paid to the administrative bodies of State-owned companies. The fees paid in 2015 totalled EUR 147,000.

### Members on 31 December 2015:



**Markku Pohjola**  
(1948), Chairman, B.Sc. (Econ.)

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



**Pekka Timonen**  
(1960), First Vice Chairman, LL.D.

Pekka Timonen has been a member of Finnvera's Board of Directors since 2013. He worked as a researcher and teacher at the University of Helsinki in 1984–2001 and served as a senior adviser in ownership steering affairs for the Ministry of Trade and Industry in 2001–2007, was Director General of the Ownership Steering Department at the Prime Minister's Office in 2007–2012 and has served as Director General of the Labour and Trade Department at the Ministry of Employment and the Economy since the start of 2013.



**Marianna Uotinen**  
(1957), Second Vice Chairman, LL.M.

Marianna Uotinen has been a member of Finnvera's Board of Directors since 2013. She has served as a Specialist Counsel for Financial Markets Regulation at the Ministry of Finance since 2007. In 1985–2001 she worked first at Nordea and in 2001–2006 at Nokia Corporation, holding, among others, advisory and supervisory positions related to financing and securities markets.

Finnvera annual report 2015 > Corporate governance > Board of Directors



**Kirsi Komi**  
(1963), LL.M.

Kirsi Komi has been a member of Finnvera’s Board of Directors since 2013. She also has a seat on the Boards of the following companies: Metsä Board Corporation, Bittium Corporation, Citycon Oyj, Martela Corporation, Patria Plc (Vice Chair), Docrates Ltd (Chair), and the Finnish Red Cross Blood Service (Chair). In 1992–2010, Komi was employed by Nokia Corporation, first as a legal counsel, then as Vice President and Director, Legal Affairs at Nokia Networks, and most recently as Director of Legal Affairs and a member of the Executive Board at Nokia Siemens Networks.



**Pirkko Rantanen-Kervinen**  
(1949), B.Sc. (Econ.)

Pirkko Rantanen-Kervinen has been a member of Finnvera’s Board of Directors since 2013. She is also a member of the Boards of Raisio plc and LocalTapiola Mutual Insurance Company, and she chairs the Board of LocalTapiola Uusimaa. In 1974–2010, Rantanen-Kervinen held various executive posts at Saga Furs Oyj, most recently as CEO.



**Harri Sailas**  
(1951), B.Sc. (Econ.)

Harri Sailas has been a member of Finnvera’s Board of Directors since 2015. He worked as President and CEO of Mutual Pension Insurance Company Ilmarinen in 2007–2015. Before that he held executive posts at Nordea and its predecessor banks, most recently as Director of the Helsinki Regional Bank and as Deputy CEO of Nordea Bank Finland. Sailas also chairs the Boards of Directors of Alko Inc. and Finavia Corporation.



**Antti Zitting**  
(1956), M.Sc. (Tech.)

Antti Zitting has been a member of Finnvera’s Board of Directors since 2015. Until 2014 he worked as an entrepreneur in Sacotec Components Oy and serves currently as Chairman of the Boards of the Sacotec companies. Zitting is also a member of the Boards of the following companies and organisations: Sten&Co Oy Ab, Federation of Finnish Technology Industries, TT Foundation; and the Board for the Centenary of Finland’s Independence 2017 – Finland 100. In addition, he chairs the Board of the Technology Industries of Finland Centennial Foundation.

# Management Group and Corporate Management Team

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

## Management Group

The Management Group discusses issues relating to Finnvera's strategy, the policy outlines for business and client work, and ownership steering. The Management Group meets every second month.

The Management Group comprises the Chief Executive Officer, the Deputy CEO, the Executive Vice Presidents responsible for the financing of SMEs and for large corporates, as well as the Senior Vice Presidents for Finance and IT, Legal Affairs and Administration, Corporate Communications and HR, and Risk and Quality Management.

Finnvera's organisation was revised as of 1 October 2015. Following the revision, Deputy CEO Topi Vesteri heads Finnvera's new Credit Decision Unit and Executive Vice President Jussi Haarasilta is responsible for leading the Large Corporates Unit. At the same time, a new Risk and Quality Management Unit was established and HR affairs were incorporated into the Communications Unit. The head of the Risk and Quality Management Unit is also a member of the Management Group.

## Members on 31 December 2015

**Pauli Heikkilä** (1962)  
D.Sc. (Tech.)  
Chief Executive Officer

**Topi Vesteri** (1956)  
LL.M.  
Deputy CEO, Credit Decision Unit

**Jussi Haarasilta** (1973)  
LL.M., M.Sc. (Econ.)  
Executive Vice President, Large Corporates

**Katja Keitaanniemi** (1973)  
Lic.Sc. (Tech.)  
Executive Vice President, SMEs

**Ulla Hagman** (1969)  
M.Sc. (Econ.)  
Senior Vice President, Finance and IT

**Risto Huopaniemi** (1975)  
LL.M.  
Senior Vice President, Legal Affairs and Administration

**Tarja Svartström** (1971)  
M.Sc.  
Senior Vice President, Corporate Communications and HR

**Merja Välimäki** (1962)  
M.Sc. (Econ.)  
Chief Risk Officer, Risk and Quality Management

## Corporate Management Team

The Corporate Management Team discusses matters that have a major impact on the Finnvera Group's personnel. Besides the members of the Management Group, the Corporate Management Team includes the Managing Directors of Finnvera's subsidiaries and the Regional Director of Savo-Karelia. The Corporate Management Team also includes representatives of the personnel organisations. The Corporate Management Team meets every second month.

## Members on 31 December 2015

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

**Anita Muona** (1957)  
LL.M. (Helsinki)  
Managing Director, Finnish Export Credit Ltd

**Hannu Puhakka** (1959)  
M.Sc. (Tech.)  
Regional Director, Savo-Karelia

**Sirpa Arpiainen** (1955)  
MHT  
Finance Assistant, Representative of the personnel organisation Erityisrahoituksen ammattilaiset ERA Pro

**Heikki Lähdesmäki** (1961)  
M.Sc. (Econ.)  
Finance Manager, Representative of the personnel organisation Finnveran Akavalaiset

**Päivi Mylläri** (1965)  
BBA  
Adviser, Recovery; Representative of the personnel organisation Finnveran toimihenkilöt

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## Regional organisation

Finnvera's regional organisation consists of seven regions with a total of 15 branch offices. We serve our clients comprehensively throughout Finland.

### **Southern Finland**

Helsinki  
Regional Director Markus Laakkonen, LL.M.

### **Central Finland**

Jyväskylä, Tampere  
Regional Director Juha Ketola, M.Sc. (Tech.)

### **Southwest Finland**

Pori, Turku  
Regional Director Seija Pelkonen, M.Soc.Sc.

### **Southeast Finland**

Lahti, Lappeenranta, Mikkeli  
Regional Director Mirjam Sarkki, M.Sc. (Econ.)

### **Ostrobothnia**


Seinäjoki, Vaasa  
Regional Director Kari Hytönen, M.Sc.

### **Savo-Karelia**

Joensuu, Kuopio  
Regional Director Hannu Puhakka, M.Sc. (Tech.)

### **Northern Finland**

Kajaani, Oulu, Rovaniemi  
Regional Director Juuso Heinilä, M.Sc. (Tech.), M.Sc. (Econ.)

The image features a light gray background with two large, solid blue abstract shapes on the right side. The shapes are rounded at the top corners and have a diagonal cut at the bottom, creating a sense of movement and depth. The top shape is smaller and positioned higher than the bottom shape, which is larger and more prominent.

Finnvera improves and diversifies financing opportunities available for Finnish enterprises by offering loans, guarantees, venture capital investments, and export credit financing. As a State-owned company, Finnvera supplements the financial markets and with its operations, promotes the development of enterprises, areas, and exports.