



ANNUAL REVIEW 2010

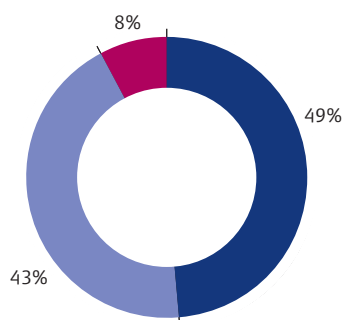
KEY FIGURES 2010

DOMESTIC FINANCING

FINANCING BY PRODUCT

1 Jan–31 Dec 2010
Total MEUR 913.7

■ Domestic guarantees
■ Loans
■ Export guarantees

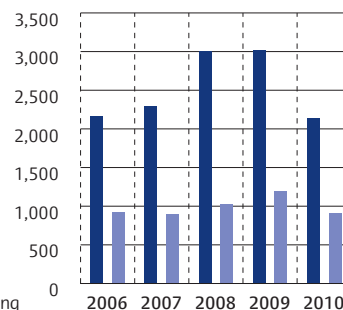


DOMESTIC FINANCING

PROJECTS ENABLED BY FINANCING

MEUR

■ Total projects
■ Share of Finnvera's financing

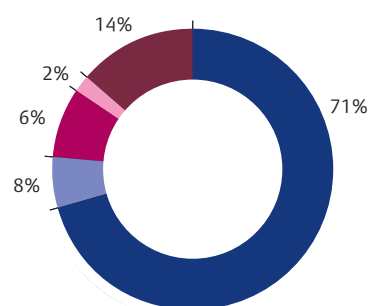


FOREIGN RISK-TAKING

GUARANTEES OFFERED BY BUYER'S SECTOR

1 Jan–31 Dec 2010
Total MEUR 1,899.6

■ Telecommunications
■ Power generation
■ Forest industry
■ Mining and metals
■ Other

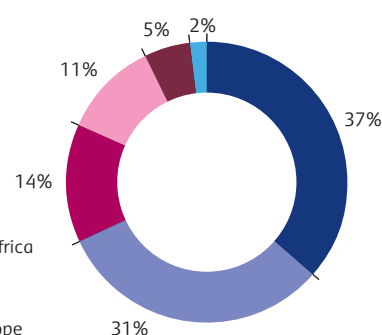


FOREIGN RISK-TAKING

GUARANTEES OFFERED BY REGION

1 Jan–31 Dec 2010
Total MEUR 1,899.6

■ Industrialised countries
■ Middle East and North Africa
■ Asia
■ CIS
■ Latin America
■ Central and Eastern Europe



IMPACTS OF FINNVERA'S ACTIVITIES

	2010	2009	2008	2007	2006
DOMESTIC FINANCING					
Loans, domestic guarantees and export guarantees offered, MEUR	913.7	1,194.7	1,027.8	896.9	926.0
- Financing for assisted areas*	403.8	476.2	437.6	353.7	456.8
Number of starting enterprises created with the help of financing	3,611	3,457	3,307	3,467	3,641
Number of new jobs created with the help of Finnvera's financing	8,994	9,214	12,541	10,907	11,134
Financing/new job, EUR 1,000	102	130	82	82	83
FINANCING OF EXPORTS					
Export credit guarantees and special guarantees offered, MEUR					
- SMEs	100.3	79.6	76.8	38.3	48.8
- Major companies	2,279.3	4,370.2	6,224.0	1,777.8	2,843.8
Total	2,379.6	4,449.7	6,300.8	1,816.1	2,892.6
- Share of foreign risk	1,899.6	4,127.8	4,248.4	1,626.8	2,760.2
Guarantees that came into effect, MEUR					
- SMEs	79.7	73.8	43.0	43.3	40.0
- Major companies	2,562.8	3,686.0	3,801.9	720.7	1,257.9
Total	2,642.4	3,759.8	3,844.9	764.0	1,297.9
- Share of foreign risk	2,642.4	2,446.6	2,719.8	705.7	1,239.8
Exports covered by export credit guarantees, %					
- Share of Finland's total exports	5.8	5.1	2.4	1.9	2.7
- Share of exports to countries with political risk	9.5	8.0	4.4	4.0	6.4
NUMBER OF CLIENTS					
Domestic and export financing together	29,300	28,400	27,500	28,000	28,000

*Assisted areas were revised in 2007

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Finnvera provides financing for the start, growth and internationalisation of enterprises and guarantees against risks arising from exports.

Finnvera is a specialised financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland.

The data presented in Annual Review has not been audited.
The report of the Board of Directors and the Financial Statements 2010 referred to in the Finnish Bookkeeping Act, as well as the auditors' report, are available as a separate Financial Review 2010 at www.finnvera.fi > Finnvera > Publications.

FINNVERA IN BRIEF

Starting a business

Loan or equity financing
for starting a business

Developing a business

Financing for investments and various
situations of change

Growth and internationalisation

Financing for investments and working capital
and for the needs of export trade

Exports

Guarantees against risks
arising from exports

Finnvera provides financing for the start, growth and internationalisation of enterprises and guarantees against risks arising from exports. Finnvera strengthens the operating potential and competitiveness of Finnish enterprises by offering loans, domestic guarantees, venture capital investments, export credit guarantees and other services associated with the financing of exports. The risks included in financing are shared between Finnvera and other providers of financing.

Finnvera is a specialised financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland.

Together with other financiers, Finnvera grants financing for enterprise operations that are based on a good business idea and rest on a healthy foundation. Finnvera provides financing for a fee that varies, depending on the risk involved. Interest subsidies granted by the State of Finland and by the European Regional Development Fund reduce the price paid by clients for financing in areas assisted on regional policy grounds and in the Objective Regions of the EU.

Finnvera can take greater risks than commercial financial institutions because the State of Finland covers some of Finnvera's credit and guarantee losses. The State is ultimately

responsible for the export credit guarantees, export guarantees and special guarantees granted.

Finnvera gives guarantees against political or commercial risks associated with the export transactions of Finnish companies. Finnvera's subsidiary, Finnish Export Credit Ltd, administers the interest equalisation system for officially supported credits. Between 1 January 2009 and 30 June 2011, it can also provide funding for export credits granted on OECD terms.

AN INDUSTRIAL POLICY ACTOR

Finnvera's goal is, by providing financing, to augment starting business, to support small and medium-sized enterprises (SMEs) in situations of change, and to promote enterprise growth, internationalisation and exports. Each year the Ministry of Employment and the Economy sets goals for Finnvera's operations.

Finnvera is expected to meet the goal of economic self-sustainability. This means that, in the long run, Finnvera must be able to cover its own operating expenses, and the credit and guarantee losses at its responsibility, with income received from commercial operations.

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

STRATEGY

MISSION

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

VISION

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

VALUES

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

STRATEGIC GOALS FOR 2015

As part of the MEE Group and in cooperation with our partners:

- We finance the establishment of 3,500 new enterprises annually.
- We finance investments important for SMEs and regional development as well as projects promoting the use of renewable energy and improving productivity.
- We finance growing and internationalising business.
- We invest in starting innovative enterprises. We encourage private capital investments in our investment targets.
- We provide solutions for export financing; these solutions are internationally competitive and benefit the Finnish economy.
- By adopting efficient practices, we improve productivity and customer satisfaction. We ensure internationally competitive know-how through constant development of the work organisation and personnel.

CORPORATE RESPONSIBILITY

Finnvera's operations are grounded in specific legislation, and the company's operations and their results have extensive impacts on enterprise and employment. The Corporate Responsibility Report is published on Finnvera's website at www.finnvera.fi.



MANAGING DIRECTOR'S REVIEW

The global economic tailspin was brought under control in 2010. The monetary and fiscal policy measures taken in various countries helped the economy to regain cautious growth, but many factors are still causing uncertainty.

In Finland, economic activity was still fairly modest in early 2010. Signs of economic growth strengthened as the year progressed, but at the same time new, even surprising crises surfaced in European countries and banks. Moreover, conflicting data on economic prospects in different parts of the world fuelled uncertainty.

It was reported that new, increasingly strict requirements would be introduced to the regulations on banks. Although it will still be years before its entry into force, the Basel III regulatory framework had an immediate effect on banks' operations, which were otherwise being normalised after the crisis. At Finnvera this was manifested as increased demand for export credit guarantees, especially for large export projects with a repayment period of over seven years. One future effect of the Basel III framework may be that, aside from export credit guarantees provided by States, companies will need direct credits or funding for export credits.

DIVERSE DEMAND FOR FINANCING

Finnvera granted less domestic financing than the year before. Even though the financial and economic crisis eased off, relatively few investments were carried out. In consequence, enterprises' overall demand for external financing was fairly low. Starting enterprises were a positive exception: During the year, Finnvera provided more financing for new small enterprises than before.

As the economy began to revive, the demand for counter-cyclical financing shifted towards investments and ownership arrangements. In consequence, Finnvera adjusted the terms of counter-cyclical financing, making them more flexible and better suited to the financing required by growth.

Demand for early-stage venture capital investments was high. On the other hand, venture capitalists had no opportunities to exit, and Seed Fund Vera had to record losses.

Demand for export credit guarantees remained high. However, owing to the concentrated structure of Finnish exports, year-by-year data are not always comparable if large individual guarantee offers fall on a certain year.

RISK-TAKING INCREASED

Within the past few years, Finnvera's outstanding commitments and risk level have increased significantly both in the financing of export transactions and in the financing of domestic operations and internationalisation. Export credit guarantees have covered as much as six per cent of Finland's total exports. Telecommunications networks and ship financing are the two largest sectors. Owing to commitments associated with the building of cruise vessels, the United States tops the list of Finnvera's country exposures. However, the most significant country is Russia, where Finnvera has the greatest number of commitments arising from exports and internationalisation in the SME sector. In particular, Finnvera



is in the picture when internationalising SMEs are granted financing without securing collateral. The collateral risk is two thirds of the total outstanding commitments.

Thanks to the reviving economy, losses in domestic financing were smaller than the year before, despite increased risk-taking. Nor were any major losses recorded in export financing. Owing to the moderate losses and the increased fee and commission income, financial performance for the year was better than had been anticipated.

EXPANDING THE BUSINESS ANGEL NETWORK AND INVESTIGATING EXPORT CREDIT OPTIONS

Based on a report drawn up by an investigator, the Ministry of Employment and the Economy (MEE) made policy decisions concerning public venture capital investments. The division of labour between Finnvera's venture capital investments and Finnish Industry Investment Ltd will remain the same as agreed in 2007. The most important change for Finnvera is the expansion of the business angel network.

A working group appointed by the Minister of Economic Affairs in keeping with the Government Programme is preparing a proposal for a permanent arrangement for export financing based on the issuance of credits. At the same time, the Ministry is studying the possibilities of increasing risk-taking in export credit guarantee activities. The proposal is to be published at the end of February 2011.

CLIENTS' POSITIVE OUTLOOK NOT WITHOUT UNCERTAINTY

At the end of 2010, most of our clients reported on thicker order books and cautiously optimistic views. In domestic financing, we anticipate slightly increasing demand in 2011 provided that companies' investments start to rise.

Demand for export financing is likely to remain at the current level. Our outstanding export credit guarantees are concentrated in a few sectors; this means that our financial performance in the coming years will depend essentially on the materialisation of individual risks. An important question is what types of new orders the Finnish marine industry will be able to obtain in the future. Commitments are expected

to increase in many sectors. However, the total value of commitments is not expected to rise, since the value of current commitments is decreasing at the same time.

FORWARD THROUGH COOPERATION

In 2006, we set the target of having the Finnvera Group's operating system certified by the end of 2010. An ISO 9001 certificate encompassing the whole range of the parent company's operations as well as Veraventure Ltd and Finnish Export Credit Ltd was granted in December. The operating system helps ensure the quality of our services and provides a solid foundation for the completion of development projects.

The new strategy for enterprise clients, introduced by the Ministry of Employment and the Economy, makes it easier to develop common service practices within the MEE Group so that clients' needs can be met with increasing precision. The strategy for enterprise clients calls for more exchange of information among public bodies. To enable this, many of the legal acts concerning Finnvera were amended as of the beginning of 2011.

We will meet future challenges together with our clients and cooperation partners. I'd like to thank them and our own personnel for the past year. Our work for Finnish enterprises was one of the factors that alleviated the impacts of the financial and economic crisis. Many indicators show that, thanks to the success of our client enterprises, we did better than anticipated for 2010.

February 2011,

Pauli Heikkilä



OPERATING ENVIRONMENT

Despite rising production, companies made only modest investments during the period under review. This was clearly reflected in the demand for Finnvera's financing.

Total output was replaced by a growth of over three per cent in 2010, according to preliminary information; this also meant a considerable improvement in the economic situation of Finnvera's client enterprises operating in Finland. There were marked differences in revival rates between sectors, and much production capacity was still unused, in particular among businesses engaged in subcontracting and partial deliveries for the metal industry. Especially Southwestern Finland suffered from a decline in the shipyard industry's orders. In December 2010, the marine industry was named a sector affected by abrupt structural change in 2010–2012.

A steep decline in output froze companies' investments in 2009. Despite growing output, the revival of investments was surprisingly sluggish in 2010. The low level of investments had a major impact on the demand for Finnvera's domestic financing, which was clearly less than in the past. Owing to the improved financial situation, considerably less financing was sought for working capital than during the record year, 2009.

COUNTER-CYCLICAL FINANCING HAS HELPED COMPANIES TO SURVIVE

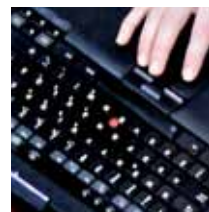
An essential element of the government's stimulation policy is counter-cyclical financing, which Finnvera can still grant to enterprises until the end of 2011. Demand for counter-cyclical financing fell from the previous year because companies

needed less financing for investments and working capital and because banks had improved capacity to finance enterprise activities.

The terms of counter-cyclical financing were revised during the period under review to make them both more flexible and better suited to financing investments and growth. Counter-cyclical financing can be granted to companies that have not more than 2,000 employees. The companies must also have the prerequisites for profitable business. Another condition is that the company's principal financiers are willing to reschedule their claims or grant additional funding. This ensures comprehensive financing for companies.

Finnvera's counter-cyclical financing was introduced on 6 March 2009, at the height of the financial and economic crisis. The value of counter-cyclical financing granted by the end of 2010 totals EUR 293 million; this has helped 810 enterprises to overcome the financial difficulties caused by the recession. According to a study conducted by the OECD, about 40 per cent of the applicant enterprises have been able to avoid severe financial difficulties thanks to counter-cyclical financing.

The venture capital investment market on the whole showed signs of revival after the difficult situation in the previous year. Private venture capital investment companies continued to focus their activities on the later stages of en-



The Ministry of Employment and the Economy commissioned a study on the financing of growth enterprises. On the basis of the investigator's proposals, the Ministry decided, among other things, to expand the marketplace offering business angels investment targets in conjunction with Finnvera.

terprises' life-cycle and also on majority investments. During 2010, early-stage venture capital investments relied largely on public actors.

TEMPORARY ARRANGEMENTS FOR EXPORT FINANCING TO CONTINUE

The strongest impacts of the financial and economic crisis that shook the world in 2008–2009 were felt in wealthy industrialised countries. In 2010 there was an upswing of 2.6 per cent in the national product of these countries while at the same time China, India and the large Latin American countries pulled the national product of the emerging markets to a rise of 6.9 per cent.

The financial markets for capital goods exports worked well all the way up to credit periods of 6–7 years, and demand for export credit guarantees remained high. Owing to the EU rules on State aid, Finnvera as a public export credit agency is not normally allowed to insure short-term risks that private insurance companies are able to insure. Risk-taking by private credit insurance companies increased to some extent during 2010, but a public guarantor was still needed for short-term credit insurance. In consequence, Finland applied for the European Commission's permission to continue the temporary arrangement that had been in force since summer 2009.

In December, the Commission gave Finnvera new, fixed-term permission to guarantee export transactions in EU Member States and in other Western industrialised countries when the repayment period is under two years. The permission is valid until 31 December 2011.

The terms applied to the provision of funding for export credits, which have been in force since the beginning of 2009, were revised in 2010 in order to ensure the competitiveness of Finnish exporters. The period of validity was also extended by six months, until the end of June 2011.

The goal is temporarily to enhance the availability of financing needed by the customers of Finnish exporters of capital goods. In this model, a Finnish or foreign bank financing a foreign buyer can transfer a buyer credit associated with the exports, either in full or in part, to be financed by Finnvera's subsidiary Finnish Export Credit. The arrangement always includes an export credit guarantee granted by Finnvera.

Based on the State's acquisition of funds, Finnish Export Credit is authorised to provide at most EUR 3 billion for the funding of export credits. In addition, another EUR 0.7 billion, guaranteed by the State, can be granted on the basis of Finnvera's acquisition of funds. EUR 0.5 billion has been granted for the financing of domestic ship deliveries. The total sum used so far on the basis of the above authorisations is under EUR 0.6 billion.

IMPACTS OF FINANCING

Each year the Ministry of Employment and the Economy sets industrial and ownership policy goals for Finnvera. Attainment of these goals is measured with various indicators, such as the numbers of start-ups, growth enterprises and new jobs and whether Finnvera's system of financing exports is competitive when compared against corresponding systems in other countries.

The operating environment and business conditions of SMEs continued to be challenging throughout the year under review. The slow growth rate of the economy affected the operations of SMEs in early 2010. The latter half of the year was characterised by market uncertainty caused by debt problems in some countries; this burdened economic development in the euro area and also affected the SME sector.

The economic crisis was reflected in the attainment of Finnvera's industrial and ownership policy goals for 2010, and not all goals were met.

FINANCING FOR MANY START-UPS

In 2010, Finnvera's target was to provide financing for 3,500 starting enterprises. During the year, financing was granted to a total of 3,611 enterprises at the start of their operations; this is over 4 per cent more than in the year before. Nearly 80 per cent of the start-ups that received financing operated in the service sector. Likewise, the numbers of microloans and micro-guarantees intended for small enterprises and the number of loans for women entrepreneurs increased on the previous year.

An essential feature in Finnvera's micro-financing is co-operation with regional enterprise advice organisations and banks. During the year, regional cooperation partners provided nearly 1,400 opinions on eligibility for financing; this sped up the processing of applications for financing submitted by starting enterprises. Cooperation with banks in the provision of financing for small enterprises also developed favourably, and the number of micro-guarantees increased by about 15 per cent on the previous year.

The target set for 2010 was to provide financing for over 1,200 growth enterprises; in the end, Finnvera granted financing to a total of 1,037 growth enterprises (1,246). Because of the economic situation, companies' turnover did not increase, which meant that the target was not reached. A growth enterprise is a small or medium-sized enterprise which, on the basis of corporate analysis, is expected to show an average annual growth rate of at least 10 per cent in its turnover for the next three years.

Finnvera's early-stage venture capital investment continued to be brisk. During 2010, Seed Fund Vera received 250 applications for financing from starting innovative enterprises. The number of projects was the highest in the fund's history.

FINANCING FOR AREAS OF STRUCTURAL CHANGE AND AREAS ELIGIBLE FOR SUPPORT

At the end of 2010, Finland had a total of 11 areas of abrupt structural change. Finnvera's financing for enterprises in these areas totalled EUR 118 million (153 million).

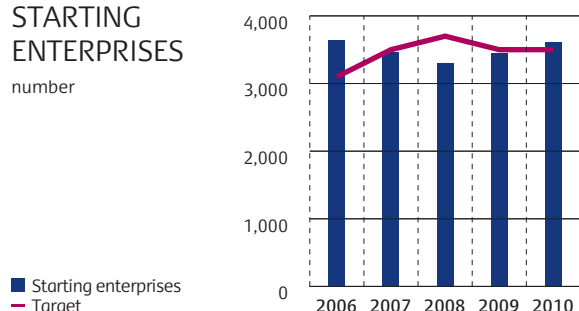
Financing for areas eligible for support on regional policy grounds came to EUR 404 million (476 million), or 15 per cent less than in the previous year, the reason being the small number of investments in these areas, too. Financing granted to areas eligible for support accounted for 44 per cent of all financing granted for domestic operations; this is considerably more than the percentage of the population living in these areas.

By means of its financing, Finnvera helped both to create new jobs and to secure existing jobs. It is estimated that

DOMESTIC FINANCING

STARTING ENTERPRISES

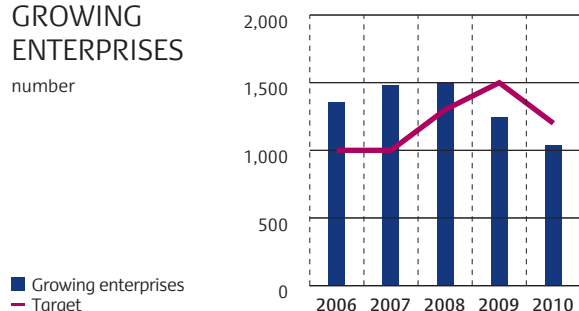
number



DOMESTIC FINANCING

GROWING ENTERPRISES

number

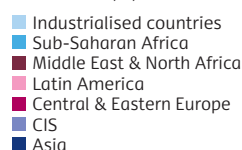


Despite recession Finnvera financed new small enterprises more than on the previous year.

FOREIGN RISK-TAKING

EXPORTS COVERED BY GUARANTEES BY REGION

31 Dec 2010, 3,015.7 MEUR



Finnvera's financing was instrumental in creating 8,994 new jobs (9,214) and in securing 3,338 existing jobs (6,332).

VALUE OF EXPORTS COVERED WITH EXPORT CREDIT GUARANTEES ROSE

For its own part, Finnvera strives to ensure that Finnish exporters have access to an internationally competitive public system for financing exports. In the challenging economic situation during the period under review, the exports of Finnish enterprises continued to be promoted in many ways.

As in the previous year, demand for Finnvera's export credit guarantees was record high. The main factor affecting the high number of applications was the temporary permis-

sion given by the EU to grant short-term credit insurance for exports to industrialised countries. On the other hand, the high total sum stemmed from some individual applications for large-scale exports of capital goods.

The value of exports covered with export credit guarantees totalled EUR 3,016 million (2,270 million). It represented 5.8 per cent (5.1) of Finland's total exports. Countries with political risk accounted for 63 per cent, and industrialised countries for 37 per cent, of the exports guaranteed. The biggest individual target countries for exports were the United States, Russia, Mexico and Brazil. In all, exports to 92 countries were guaranteed.

FINANCING AND RISK-TAKING

By providing financing, Finnvera helps secure favourable conditions for enterprises that have the prerequisites for profitable business.

The Finnvera Group provides its clients with loans, domestic guarantees, venture capital investments, and export financing services, i.e. export credit guarantees, export and special guarantees, and interest equalisation services.

Finnvera makes venture capital investments through its subsidiaries Veraventure Ltd and Seed Fund Vera Ltd. Matkailunkehitys Nordia Oy invests in enterprises operating in the travel sector. Finnish Export Credit Ltd, another of Finnvera's subsidiaries, administers the interest equalisation system pertaining to export credits granted on OECD terms and to ship financing, and temporarily provides funding for export projects until the end of June 2011. The company also promotes exports as a lender in the event that the arrangement leads to more advantageous treatment in taxation.

For further information: www.finnvera.fi > venture capital investments, www.fec.fi and www.nordiamanagement.fi

DEMAND FOR DOMESTIC FINANCING FELL BY ONE-THIRD FROM THE PREVIOUS YEAR

During the period under review, the need for domestic financing was lower than in 2009; this was reflected directly in the demand for Finnvera's financing. The total sum applied for was EUR 1,583 million, or as much as 30 per cent less than the year before. As in 2009, financing was mostly needed for working capital.

Despite the decline in the amount of investments, their relative share of financing increased. The share of investments in machinery and equipment rose from 16 per cent to

20 per cent, which is still an exceptionally low level. The share of immaterial investments rose from three to five per cent.

The loans and domestic guarantees granted totalled EUR 843 million, which was 21 per cent, or EUR 224 million, less than in 2009.

Demand for counter-cyclical financing increased after a quieter period early in the year. During the year, counter-cyclical financing was granted to 303 enterprises, in total EUR 105 million. The main recipients have been enterprises suffering from cyclical difficulties in the metal and woodworking industries.

During the year under review, Finnvera provided more financing than before for changes of ownership in enterprises. The total sum granted for changes of generation and other ownership arrangements increased by 28 per cent on the previous year. Finnvera was involved in ownership arrangements for a total of nearly 1,050 enterprises.

The low level of investments affected the amount of financing granted for projects pertaining to environmental protection and sustainable development. Investment projects associated with renewable energy, in particular, are expected to increase in 2011.

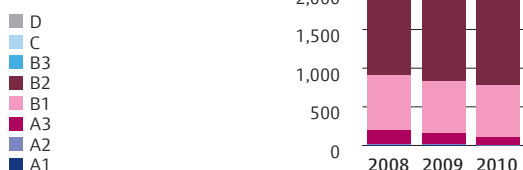
The number of clients in domestic financing continued to rise relatively briskly by a good three per cent, to 29,327 at year's end.

At the end of 2010, Seed Fund Vera had investments in a total of 127 enterprises. During the year, Seed Fund Vera made 17 decisions on initial investments; their total value was EUR 7 million. Decisions on continued investments, totalling EUR 10 million, were made for 57 target enterprises.

DOMESTIC FINANCING

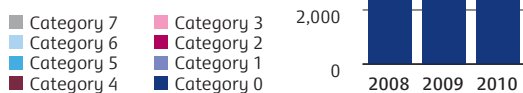
OUTSTANDING COMMITMENTS BY RISK CATEGORY

31 Dec 2010, Total MEUR 3,171.3



FOREIGN RISK-TAKING

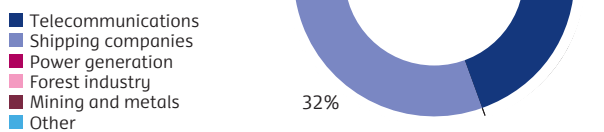
OUTSTANDING COMMITMENTS BY COUNTRY CLASSIFICATION

31 Dec 2010
Total MEUR 8,882.7
(Finnvera + State Guarantee Fund)

In recent years, Finnvera has increased its risk-taking both in the financing of companies' domestic operations and in the financing of export trade.

FOREIGN RISK-TAKING

GUARANTEES THAT CAME INTO EFFECT BY BUYER'S SECTOR

1 Jan–31 Dec 2010
Total MEUR 2,642.4

DEMAND FOR EXPORT CREDIT GUARANTEES REMAINED HIGH

During the financial and economic crisis in 2008–2010, Finnvera's guarantees were also needed for export projects and countries that normally have well-functioning financial markets. Owing to the revision of terms in autumn 2010 and the revival of exports, demand for short-term credit insurance and funding for export credits was brisk. However, few funding projects for export credits were realised because banks were already better equipped to acquire funds and public funding was not needed. Despite offers for guarantees or financing, many projects associated with the exports of capital goods did not materialise during the year or were postponed to a later date.

In euros, demand for export credit guarantees and special guarantees increased 22 per cent on the figure reached the year before. In contrast, the amounts of new guarantee offers and guarantees that came into effect declined when compared against 2009.

Guarantees were sought for exports to 85 countries. Topping the list were the United States, Brazil, Spain and Uruguay. As in previous years, the financial crisis was reflected in the demand for guarantees so that, increasingly often, guarantee applications were also filed for exports of capital goods to industrialised countries. From Finnvera's perspective, Finland's main sectors in the exports of capital goods were telecommunications, the shipyard industry, the forest industry and power generation.

The total sum of export credit guarantee offers given came to EUR 2,380 million (4,450 million), of which foreign risk-taking accounted for EUR 1,900 million (4,128 million). Telecommunications accounted for 71 per cent of all guarantee offers given. The most important individual countries for which guarantees were granted were Spain, Saudi Arabia, Turkey and Russia. Demand for export credit guarantees for exports to Russia and Turkey has always been high: altogether 120 guarantees were granted for exports to Russia, totalling about EUR 180 million; 40 guarantees were granted for exports to Turkey, and their total value was about EUR 197 million. Credit insurance was granted for 30 industrialised countries during the year; this covered the risks of 346 buyers and amounted to a total of EUR 53 million.

The value of guarantees that came into effect totalled EUR 2,642 million (3,760 million); all of this was associated with foreign risk-taking.

The world's biggest cruise vessel "The Allure of the Seas" was delivered from the Turku shipyard of STX Finland Oy in November 2010. Finnvera participated in the pre-delivery and post-delivery financing of this vessel. Altogether 80 per cent of the Allure's sale price was paid with a 12-year buyer credit of USD 1.1 billion, of which Finnvera's Buyer Credit Guarantee covers 95 per cent. Other guarantees that came into effect in 2010 included buyer credits for Softbank of Japan, for Emirates Integrated Telecom of the UAE, for PT Telekomunikasi Selular of Indonesia, and for Seaboard Corporation of the USA for building a floating power plant in the Dominican Republic.

Export financing also involves domestic risk-taking; this is associated with measures to secure working capital for export projects during manufacture or with domestic ship deliveries. By granting a Ship Guarantee, Finnvera participates in the financial arrangements for a new vessel ordered by Viking Line. Finnvera's subsidiary Finnish Export Credit has granted a buyer credit for the financing of this vessel. The credit sum is about EUR 180 million, or approximately 70 per cent of the vessel price. Finnvera has guaranteed 50 per cent of this credit, which is granted on the OECD terms for export credits. The repayment period is 12 years.

The credits granted by Finnish Export Credit are financed by the State of Finland. The State has temporary authorisation to provide funding for export and ship credits.

The Finnish government decided to continue the temporary funding for exports through Finnish Export Credit until the

end of June 2011. In 2010 Finnish Export Credit signed one agreement on the provision of funding for an export credit. The value of the agreement is EUR 77 million. As at the end of 2010, in total EUR 357 million had been used for funding export credits.

INCREASED RISK-TAKING

In recent years, Finnvera has increased its risk-taking both in the financing of companies' domestic operations and in the financing of export trade. Risk-taking is controlled. When companies face challenges, Finnvera cooperates closely with them and with other financiers so that the challenges can be met and profitable business can be resumed.

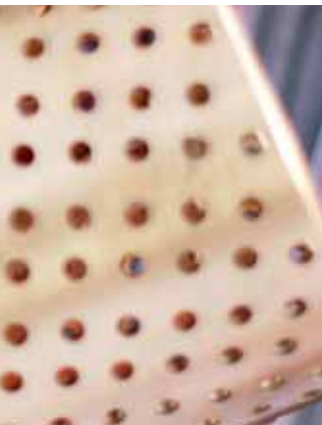
Counter-cyclical financing has increased Finnvera's outstanding commitments and risk level. Finnvera's credit losses have represented 2–3 per cent of the outstanding commitments, i.e. they are about three times higher than the corresponding figures for banks. Approximately 70 per cent of domestic financing is without securing collateral, which means that the collateral lodged does not cover the full amount of the credit or guarantee. The corresponding share of commitments not secured by collateral was 55 per cent in 2000.

In recent years, exports covered by Finnvera's export financing have accounted for an increasing share of all exports. The decline in total exports also affected the increase in this relative share in 2009. In 2010, exports rose by 16 per cent on the previous year. Exports covered by guarantees accounted for 5.8 per cent of total exports and for 9.5 per cent of exports to countries with political risk. The biggest business sectors in export financing were telecommunications, ship financing, and the forest industry. These sectors accounted for 89 per cent of all corporate commitments at the end of 2010.

Few changes were made in Finnvera's country risk ratings during the year. Among the most notable changes was the downgrading of the risk ratings of all three Baltic countries. With the exception of Estonia, Finnvera's outstanding commitments in these countries are small. Two factors increase the portfolio's risk level: on the one hand, demand for financing focuses on large individual projects, on the other hand, the banks involved in the projects are located in countries with relatively high risks, such as Belarus, Bangladesh, Pakistan and Lebanon. However, in these countries the transactions were usually fairly small and the risk periods were short.

BUSINESS AREAS

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





PALVELUKESKUS VAAHTERA KY

Two years ago Eija Rintala decided to exchange her class teacher's job for running her own enterprise. When her mother retired, Rintala took over as the manager of a cleaning service. The new entrepreneur's business idea was to expand the range of operations to include home-help services, especially assistance to old people living at home. This has succeeded well. There is demand for diverse home-help services, even though cleaning services still constitute the core and mainstay of the limited partnership Palvelukeskus Vaahtera Ky.

For starting her business, Rintala needed financing. She turned to her own bank first and then contacted

Finnvera. Finnvera granted Rintala a Loan for Women Entrepreneurs, which in practice enabled her to establish her own firm. She used the loan for purchasing the enterprise, for minor initial investments and for working capital, which made it possible for her to launch operations. Doing business with Finnvera was simple and easy and no guarantors were required for the loan.

A starting entrepreneur's workdays are often long, but on the other hand, the work has a certain freedom and gives the entrepreneur the opportunity to realise herself. Creating long-term customer relations and acting as a human resources manager are suitably challenging tasks for the new entrepreneur.

www.palvelukeskusvaahtera.com

SERVICES TAKE THE LION'S SHARE OF MICRO-FINANCING

The financing granted to small enterprises accounted for 15 per cent of all domestic financing in 2010. The financing granted declined by 9 per cent on the previous year. The main reasons for the decline were the small number of investment projects and the improved capacity of the banking sector to provide financing. However, the volume of Microloans and Loans for Women Entrepreneurs granted rose by 3 per cent on the previous year.

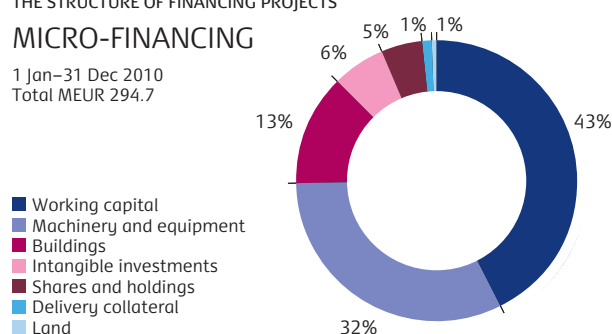
About 34 per cent of micro-financing was used for trade and consumer services, while 27 per cent was used by industrial enterprises and 24 per cent by services to business.

During the year, Finnvera's Telephone Service received nearly 14,000 calls, most of which concerned micro-financing and online services. Altogether 58 per cent of micro-financing applications were received through the online services. This was 14 per cent more than the year before.

THE STRUCTURE OF FINANCING PROJECTS

MICRO-FINANCING

1 Jan–31 Dec 2010
Total MEUR 294.7



Starting a business
is financed by Finnvera.



ST1 BIOFUELS OY

St1 Biofuels Oy, founded in 2006, is a subsidiary of the limited liability company St1 Oy. The company uses waste to produce biofuel for transport purposes.

The idea for the production method was developed by Mika Anttonen, the main shareholder and Chairman of the Board of St1 Oy, and researcher Antti Pasanen, Doctor of Technology. The waste material used by the company in its production reduces carbon dioxide emissions from both transport and waste processing. The fossil carbon dioxide emissions of the fuel made from ethanol are as much as 80 per cent lower than those of petrol.

St1 needed external capital for investments in production facilities and for product development

in line with its growth strategy. The financing offered by Finnvera met the company's needs well, and Finnvera was asked to share the financial burden with the company's principal financier bank. According to St1, Finnvera's financing was important for the implementation of the new production facility project.

Demand for the bioethanol produced by St1 is expected to rise steeply, since its use reduces carbon dioxide emissions from transport in a sustainable and lucrative manner. The commercialisation of the production technology used to make ethanol has global market potential. On the other hand, challenges arise from the fact that each country has different regulations for collecting and processing waste.

www.st1.fi

FINANCING FOR CHANGES OF GENERATION AND OTHER COMPANY ARRANGEMENTS

Financing offered to regional enterprises is often associated with the growth of business, investments and situations of change. During the period under review, the financing offered to regional enterprises amounted to EUR 489 million, or 22 per cent less than the year before. The main reason for the drop was the low level of investments. At the same time, however, the number of new clients increased.

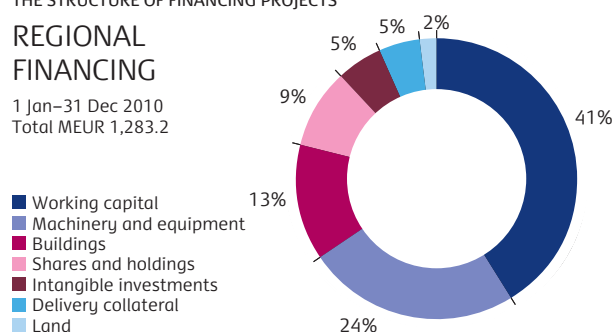
Finnvera's financing was sought actively for changes of generation and other ownership arrangements. In contrast, the number of projects associated with the environmental business was lower than in 2009. A contributing factor was that few investments were made after the recession.

Investments and various situations of change are financed by Finnvera.

THE STRUCTURE OF FINANCING PROJECTS

REGIONAL FINANCING

1 Jan–31 Dec 2010
Total MEUR 1,283.2





TM SYSTEM FINLAND OY

TM System Finland Oy specialises in air systems for industry, which it supplies especially for paper mills on the turnkey principle. In addition, the company provides its customers with services and products in the sectors of heat recovery and energy conservation. The TM Systems Group also includes machine shops in Imatra, Finland and Kunshan, China, as well as subsidiaries in Shanghai, Hong Kong and St. Petersburg.

The past five years have been the most rapid growth period for TM Systems. Thanks to Finnvera's financing, the growing company has been able to establish global presence and expand its business to Asia at an early stage.

In the international projects of TM Systems, financing and payment terms always constitute an element

of business negotiations. It does not pay to submit an offer unless you can present a competitive financing package for the customer at the same time.

Finnvera and the company's principal financier bank have reinforced the growth of TM Systems by contributing to the financing of both regular and very large-scale export projects. Finnvera's tailored credit limit solutions have simplified the company's daily routines and have reduced the amount of paperwork required by projects.

Next, TM Systems will set its sights on the South American markets. It plans to conquer them with the help of its know-how, references and competitive financing solutions.

www.tmsystems.com

FINANCING FOR INTERNATIONAL TRADE

The success of enterprises that base their business on profitable growth and strive to enter international markets is important for Finnvera. Together with venture capitalists, Tekes and other financiers, Finnvera provides financing for enterprises that aim at growth and internationalisation.

Owing to the economic slowdown, growth enterprises' demand for investments declined from the previous year. The financing granted to growing and internationalising enterprises accounted for 29 per cent of all domestic financing granted. The emphasis was on financing for export trade and on the associated needs for working capital.

Cooperation among various actors in Finland's neighbouring areas in Russia continued to be brisk. SMEs were interested in exploring business opportunities, especially in the region of St. Petersburg. For the preparation of projects in Finland's neighbouring areas, companies can receive financial support granted by the Ministry for Foreign Affairs and managed by Finnvera. The total sum granted in 2010 was EUR 0.7 million, divided among 19 projects.

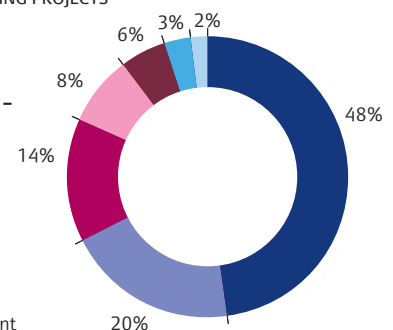
Investments and working capital as well as the needs of export trade are financed by Finnvera.

THE STRUCTURE OF FINANCING PROJECTS

FINANCING FOR GROWTH AND INTERNATIONALI- SATION

1 Jan–31 Dec 2010
Total MEUR 561.6

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





Financial solutions for hedging risks associated with export are offered by Finnvera.



CUPORI

Cupori is a leading supplier of copper tubes for plumbing installations in the Nordic countries and one of the major suppliers of industrial tubes in Europe. Altogether 85 per cent of the company's production is sold to about 30 countries outside Finland, mainly in Europe.

A special feature of the company's business is that the copper is purchased at very short terms of payment. On the other hand, longer payment terms have become an established practice in the sale of copper tubes. In consequence, Cupori constantly has considerable sales receivables in proportion to the company's size.

For a long time, Cupori has made use of Finnvera's Export Receivables Guarantees, especially in its exports to Russia and other European countries outside the EU. Following the European

Commission's temporary permission, these guarantees have also been used within the EU since summer 2009. Finnvera has granted limits to Cupori for 20 European countries. Most of these countries are EU Member States covered by the temporary permission.

Finnvera's guarantees have been of vital importance for the company. Cupori's exports to Russia have increased rapidly, especially in 2010, and effort has been made to increase the guarantee limits correspondingly. For exports to the EU countries, Finnvera has played a crucial role in bridging the gap left by private providers of credit insurance.

Management of credit risks has become more flexible and more extensive when it has been possible to agree on the simultaneous validity of limits granted by private providers of credit insurance and Finnvera.

www.cupori.com



WÄRTSILÄ

In 2010, Wärtsilä received an order from the Jamaican company West Kingston Power Partners for a 66-megawatt power plant. The power plant, to be built in Jamaica's capital, Kingston, will improve the efficiency of power generation in Jamaica. For financing Wärtsilä's export deliveries, Finnvera has granted a buyer credit guarantee for a USD 20 million ten-year export credit. The arranger and the lender for the export credit is The Bank of Nova Scotia Jamaica Limited, a subsidiary of the Canadian bank, The Bank of Nova Scotia ("Scotiabank"). Scotiabank has operated in Jamaica since 1898 and is the largest bank in Jamaica.

The principal arranger of financing for the project is International Finance Corporation (IFC), a member of the World Bank Group. IFC provides financing for private-sector projects promoting employment, basic services and sustainable de-

velopment in developing countries. For the West Kingston Power Partners project IFC negotiated a financing package of USD 100 million. Besides IFC, two commercial banks, four international institutions engaged in development funding, and Finnvera are participating in the financing.

Wärtsilä has long experience of turnkey power plant projects for developing countries where both development financing institutions and export credit agencies play an important role as providers of financing for infrastructure projects. Power plant investments require long credit periods, and the terms agreed for financing have a significant effect on investment decisions. During the past few years, Wärtsilä has applied for export credit guarantees actively, and Finnvera has participated in the financial arrangements for instance in the Caribbean. Owing to the financial crisis, providing funding for export credits has also been important in certain projects.

www.wartsila.com



EXPORT CREDIT GUARANTEES PROTECT AGAINST FOREIGN CREDIT RISKS

Finnvera offers Finnish companies the opportunity to hedge against political and commercial risks associated with export trade. In 2010, the total sum of applications for export credit guarantees rose by 22 per cent on the previous year. Offers for export credit guarantees totalled EUR 2.4 billion. The projects were in the traditional export sectors, such as telecommunications, power generation and the forest industry.

The guarantees that came into effect, in total EUR 2.6 billion, were all associated with foreign risk-taking.

By virtue of the temporary permission given by the EU, short-term credit insurance was sought and granted for exports to 30 industrialised countries, as well as to the traditional countries with political risk. The credit insurance granted totalled EUR 104 million, of which EUR 53 million was granted to 90 applicants for exports to Western industrialised countries.

The interest equalisation offered by Finnish Export Credit Ltd improves the opportunities of financial institutions to arrange internationally competitive, long-term and fixed-interest rate financing for exports. Offers for interest equalisation totalled EUR 6.5 billion.

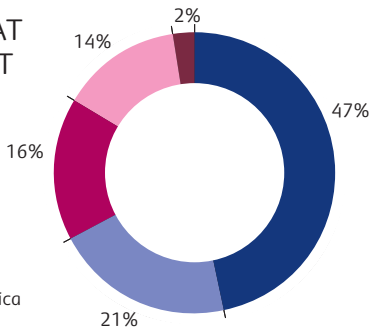
For further information www.fec.fi

FOREIGN RISK-TAKING

GUARANTEES THAT CAME INTO EFFECT BY REGION

1 Jan–31 Dec 2010
Total MEUR 2,642.4

- Industrialised countries
- CIS
- Asia
- Middle East and North Africa
- Latin America





MIRADORE LTD

Founded in 2006, Miradore Ltd is a software development company specialising in the lifecycle management of IT devices made by companies such as Fujitsu and HP.

Miradore's founders contacted Finnvera when the launching of business was still being planned. Investments in the company's equity were financed with the entrepreneurs' own assets and Entrepreneur Loans granted by Finnvera. The entrepreneurs came across a newspaper article about Seed Fund Vera and decided to present their idea to the fund.

The negotiations on financing took about six months. Tekes and the Centre for Economic Development, Transport and the Environment were also involved in the arrangement. The financing package

put together when the company was established included a venture capital investment made by Seed Fund Vera.

The venture capitalist has brought a strict business perspective to the company; this has helped the company to focus on the business and its development. In Miradore, the venture capitalist is seen, above all, as the management's sparring partner, who also seeks and presents key persons for the company's Board of Directors and management.

In addition, Miradore has found contacts and has acquired financing through the business angel network managed by Finnvera.

According to Miradore, cooperation with Finnvera has worked well and has enabled long-range development of the business.

www.miradore.com



INVESTMENTS IN GROWTH-ORIENTED START-UPS

Through its subsidiary, Seed Fund Vera Ltd, Finnvera makes venture capital investments in starting and innovative enterprises that have their sights on the international market. In 2010, the total value of Seed Fund Vera's decisions on initial and continued investments came to EUR 16 million. At the end of 2010, the fund had investments in 127 enterprises.

The goal is to increase the share of private venture capital investments in starting enterprises. The company maintains a network and services for private investors, known as business angels. By the end of 2010, altogether 135 investors had registered for this service, called SijoittajaExtra.

Moreover, through its subsidiary Veraventure Ltd, Finnvera invests in regional funds organised as limited liability companies. The objective is to promote regional industrial policy together with local actors. Effort is made to increase the share of private capital in the funds.

For further information www.finnvera.fi

Matkailunkehitys Nordia Oy invests mainly in enterprises in the travel sector. Finnvera owns 63.52% of the fund. At the end of 2010, the fund had investments in 11 undertakings.

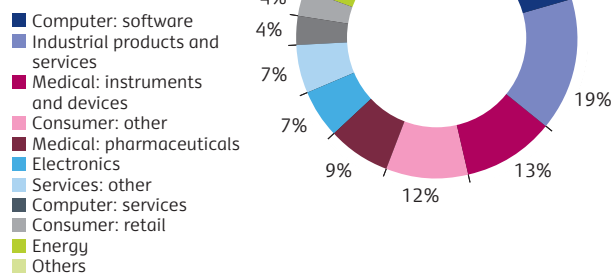
For further information www.nordiamanagement.fi

Finnvera's venture capital investments cover the shortage on the market between the financing of development operations and private equity financing.

EARLY STAGE VENTURE CAPITAL INVESTMENTS

TARGET COMPANIES BY SECTOR

31 Dec 2010



SUMMARY BY BUSINESS AREAS

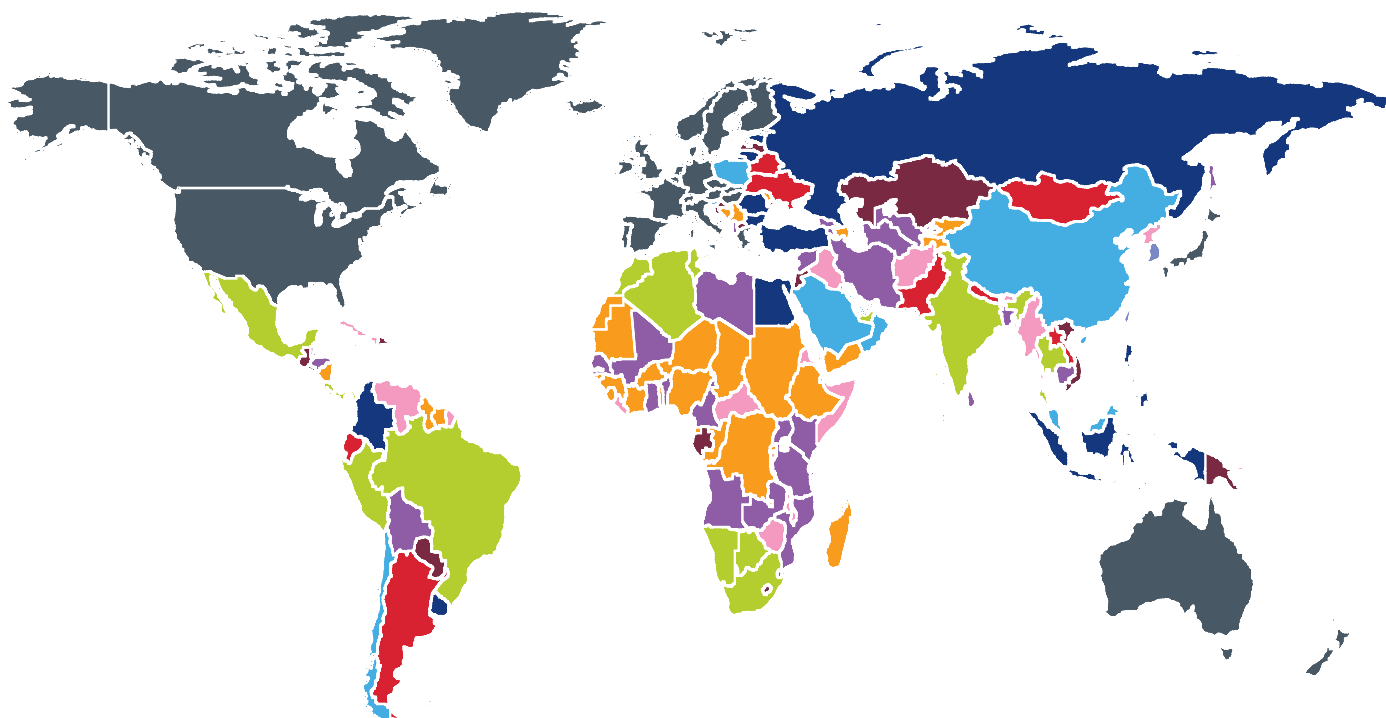
	Loans, domestic guarantees and export guarantees offered MEUR	Export credit guarantees offered MEUR	1 Jan–31 Dec 2010 Total MEUR	Outstanding commitments 31/12/2010 MEUR	Clients 31/12/2010 number
Micro-financing	155.7	1.0	156.7	445.1	19,880
Regional financing	489.3	44.9	534.2	2,066.6	8,242
Financing for growth and internationalisation	268.7	69.7	338.4	902.1	1,085
Financing of exports	–	2,264.0	2,264.0	8,592.1	120
Total	913.7	2,379.6	3,293.3	12,005.9	29,327

FOREIGN RISK-TAKING

Finnvera's country classification

17 Jan 2011

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



SUPERVISORY BOARD

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

Approved at the Annual General Meeting of Finnvera plc on 27 April 2010.

Chairman
Johannes Koskinen
Member of Parliament (The Finnish Social Democratic Party)

First Vice Chairman
Kyösti Karjula
Member of Parliament (Centre Party of Finland)

Second Vice Chairman
Reijo Paajanen
Member of Parliament (National Coalition Party)

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

Lasse Hautala
Member of Parliament (Centre Party of Finland)

Anna-Maja Henriksson
Member of Parliament (Swedish People's Party in Finland)

Jarmo Hietanen
Chairman, The Finnish Association of Business School Graduates

Sinikka Hurskainen
Member of Parliament (The Finnish Social Democratic Party)

Matti Kauppila
Member of Parliament (Left-Wing Alliance)

Leila Kurki
Senior adviser, Finnish Confederation of Professionals STTK

Tapio Mäkeläinen
Director, Labour Market, Federation of Finnish Commerce

Ville Niinistö
Member of Parliament (Green League)

Petri Pihlajaniemi
Entrepreneur, Member of Parliament (National Coalition Party)

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

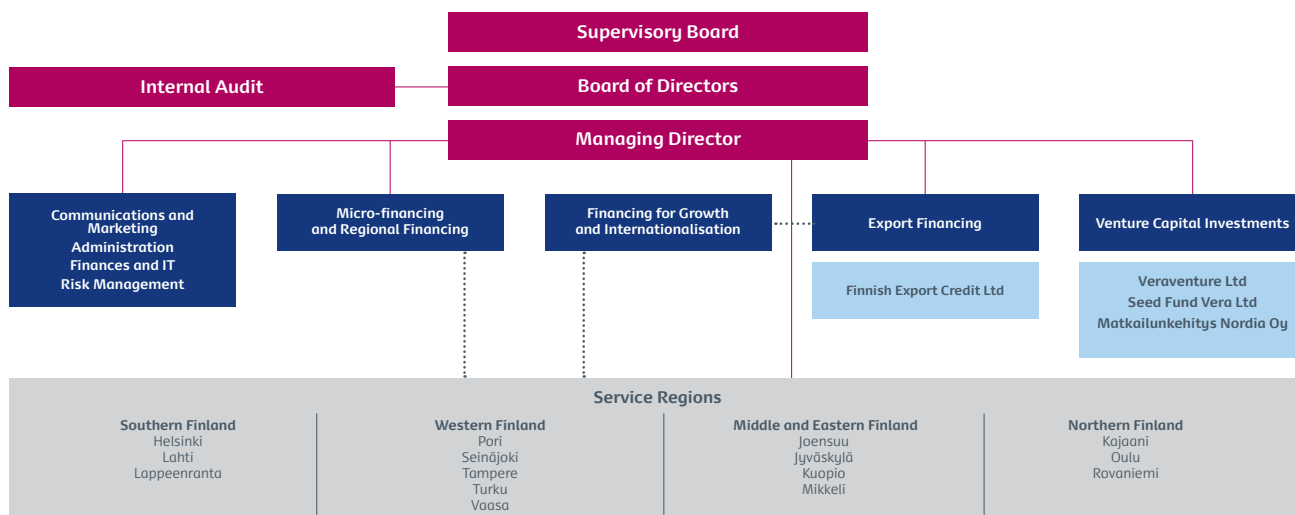
Tuomo Puumala
Member of Parliament (Centre Party of Finland)

Tuija Saari
Liaison Officer, Finnvera plc

Timo Vallittu
Chairman, Industrial Union - TEAM

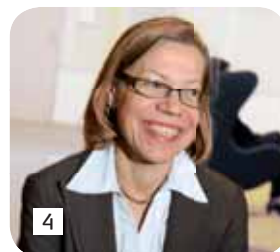
Jarkko Wuorinen
Managing Director, Wiisaudenhammas-yhtiöt

FINNVERA GROUP



..... Risk analysis and credit decisions

BOARD OF DIRECTORS



Chairman
Kalle J. Korhonen,
M.Sc. (Tech.)
(photo 1)

Permanent Under-Secretary of State Kalle J. Korhonen has chaired Finnvera's Board of Directors since 1999. He heads the Corporate Steering Unit at the Ministry of Employment and the Economy. He has held various posts in the Ministry of Trade and Industry since 1973. He worked at the Finnish Consulate in Munich in 1990–1992.

First Vice Chairman
Heikki Solttila, M.Soc.Sc.
(photo 2)

Financial Counsellor Heikki Solttila has been the First Vice Chairman of Finnvera's Board of Directors since 27 April 2010. He heads a unit at the Financial Markets Department of the Ministry of Finance. He has been in the employ of the Ministry of Finance for 12 years; before that, he worked, e.g., for the Bank of Finland, Postipankki, and the Industrialization Fund of Finland.

Second Vice Chairman
Esko Hamilo, B.Soc.Sc.
(photo 3)

Under-Secretary of State Esko Hamilo has been Finnvera's Second Vice Chairman since 1 August 2010.

He has been employed by the Ministry for Foreign Affairs for nearly 40 years, serving, e.g. as Ambassador in Australia and France. Most recently, he worked at the Prime Minister's Office, serving as the Prime Minister's adviser in international affairs for three years.

Members

Pirkko-Liisa Hyttinen, psychologist, Ph.D.
(photo 4)

Pirkko-Liisa Hyttinen has been a member of Finnvera's Board of Directors since 2008. She works as Business Director at Psykologian Tietotaito Oy. Before that, she worked in HR management duties in industry.

Timo Kekkonen, M.Sc. (Engineering)
(photo 5)

Timo Kekkonen has been a member of Finnvera's Board of Directors since 2008. He works at the Confederation of Finnish Industries (EK) as Director responsible for the innovation environment and competences. Before that, he worked at the Ministry of Trade and Industry and the Finnish Innovation Fund Sitra.

Timo Lindholm, M.Soc.Sc., eMBA
(photo 6)

Timo Lindholm has been a member of Finnvera's Board of Directors since 27 April 2010. He has worked as Director at the Federation of Finnish Enterprises for about two years. Before that, he was employed by the OP-Pohjola Group in various analysis tasks for over 20 years, serving as the Chief Economist for the last ten years.

Marja Merimaa, M.A.
(photo 7)

Labour Market Counsellor Marja Merimaa has been a member of Finnvera's Board of Directors since 2008. In 2008–2010, she worked as Acting Director-General at the Employment and Entrepreneurship Department of the Ministry of Employment and the Economy and has been responsible, e.g., for the development of services provided by employment and economic development offices. Before that, she held various posts at the Ministry of Labour.

Janne Metsämäki, LL.M.
(photo 8)

Janne Metsämäki has been a member of Finnvera's Board of Directors since 2008. He works at

the Central Organisation of Finnish Trade Unions (SAK) as Head of Unit responsible for the organisation's economic and industrial policy. Before that, he worked as an advisor to the Minister of Social Affairs and Health and as a legal counsel for the SAK.

Deputy Members

Elise Pekkala, LL.M., LL.M. (Eur.)

Financial Counsellor Elise Pekkala has been a deputy member of Finnvera's Board of Directors since 2004. She works at the Labour and Trade Department of the Ministry of Employment and the Economy.

Kristina Sarjo, LL.M.

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

More detailed presentation at
www.finnvera.fi >
Finnvera > Finnvera in brief >
Organisation > Board of Directors

MANAGEMENT GROUP, CORPORATE MANAGEMENT AND REGIONAL ORGANISATION

The Management Group discusses issues relating to the strategy, policies on the operations and client work as well as ownership steering. The Management Group comprises the Managing Director; the Executive Vice Presidents; the Senior Vice President, Financing for Growth and Internationalisation; the

Managing Director of Veraventure Ltd, the subsidiary responsible for venture capital investments; the Senior Vice Presidents for Finances and IT, Administration and Communications and Marketing; and the Vice Presidents of the service regions. The Management Group meets once a month.

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

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

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

Annamarja Paloheimo, LL.M.
Senior Vice President, Financing
for Growth and Internationalisation

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

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

Risto Huopaniemi, LL.M.
Senior Vice President,
Administration

Leena Jaakkola, M.A.
Senior Vice President,
Communications and Marketing

John Erickson, M.A.
Vice President, Western Finland

Pentti Kinnunen, M.Sc. (Econ. & Bus. Adm.)
Vice President, Northern Finland

Hannu Puhakka, M.Sc. (Tech.)
Vice President, Middle and
Eastern Finland

Kari Villikka, M.Sc. (Tech.)
Vice President, Southern Finland

The Corporate Management Team discusses matters that have a major impact on Finnvera Group's personnel. Besides the members of the Management Group, the Corporate Management Team includes the Managing Director of Finnish Export Credit Ltd, the subsidiary responsible for interest

equalization and export credits, and the Vice President responsible for the administration of property. Personnel organisations are also represented on the team. The Corporate Management Team meets every second month.

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

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

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

Tiina Tuominen, Masters of Laws, Helsinki
Senior Legal Counsel,
Documentation

Jyrki Wirtavuori, LL.M.
Managing Director, Finnish Export
Credit Ltd

More detailed presentation: www.finnvera.fi > Finnvera > Finnvera in brief > Organisation > Management Group and Corporate Management

Finnvera's regional organisation is based on service regions. Vice Presidents of service regions act also as the Directors of Regional Offices in their own regions.

SOUTHERN FINLAND

Vice President

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

Directors of Regional Offices

Satu Mäkelä, M.Sc. (Econ. & Bus. Adm.)
Lappeenranta
Pasi Pirinen, M.Sc. (Tech.)
Lahti

MIDDLE AND EASTERN FINLAND

Vice President

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

Directors of Regional Offices

Tarja Eskelinen, LL.M.
Kuopio
Jukka-Pekka Jordan, M.Sc. (Econ. & Bus. Adm.)
Mikkeli
Asko Saarinen, M.Sc. (Tech.), eMBA
Jyväskylä

WESTERN FINLAND

Vice President

John Erickson, M.A.
Vaasa

Directors of Regional Offices

Kari Hytönen, M.Sc. (Agriculture and Forestry)
Seinäjoki
Juha Ketola, M.Sc. (Tech.)
Tampere
Martti Kytöluhta, M.Sc. (Econ. & Bus. Adm.)
Pori
Seija Pelkonen, M.Sc. (Social Science)
Turku

NORTHERN FINLAND

Vice President

Pentti Kinnunen, M.Sc. (Econ. & Bus. Adm.)
Oulu

Directors of Regional Offices

Pauli Piilma, LL.M.
Kajaani
Kari Tuominen, M.Sc. (Econ. & Bus. Adm.)
Rovaniemi

STATISTICS

DOMESTIC FINANCING

Financing by product (MEUR)	2010	2009	2008	2007	2006
Loans	396.6	593.0	467.6	385.0	396.2
Loans for investments and working capital	233.3	335.1	349.2	264.4	270.7
Counter-cyclical loans	63.5	140.6	–	–	–
Venture capital loans	1.9	3.5	7.4	19.3	12.6
Microloans	37.8	36.4	30.8	28.0	30.0
Loans for women entrepreneurs	25.2	24.4	22.5	19.8	23.2
Entrepreneur loans	27.6	25.5	27.4	26.0	26.6
Environmental loans	2.9	14.5	19.0	14.5	19.3
Development loans	4.4	12.9	11.4	12.9	13.7
Domestic guarantees	446.6	474.4	438.3	415.7	419.4
For investments and working capital	201.3	235.4	255.5	189.8	171.9
Counter-cyclical guarantees	41.8	47.3	–	–	–
For growth and employment	–	–	–	49.4	56.7
For current account with overdraft	80.1	86.6	102.8	85.7	102.6
Micro-guarantees	24.5	21.2	16.3	16.1	16.2
For delivery	98.9	83.9	63.8	74.7	71.8
Export guarantees	70.5	127.4	121.9	96.2	110.4
Export guarantees	70.5	127.4	121.9	96.2	110.4
Total	913.7	1,194.7	1,027.8	896.9	926.0
Financing by sector (MEUR)	2010	2009	2008	2007	2006
Rural trades	13.3	22.3	8.1	8.1	6.7
Industry	538.6	721.0	599.4	516.7	539.9
Tourism	50.9	70.5	61.3	62.3	65.4
Services to business	162.0	216.4	200.2	168.7	166.5
Trade and consumer services	148.9	164.6	158.8	141.1	147.4
Total	913.7	1,194.7	1,027.8	896.9	926.0

DOMESTIC FINANCING

Financing by service region (MEUR)	2010	2009	2008	2007	2006
Southern Finland service region	228.8	327.3	227.8	210.4	247.0
Helsinki	135.4	201.8	138.1	121.7	139.8
Lahti	61.5	63.5	55.8	50.5	62.7
Lappeenranta	31.8	62.0	33.9	38.2	44.5
Western Finland service region	322.0	444.0	413.6	369.9	369.6
Ahvenanmaa	1.1	0.8	0.8	3.2	0.5
Pori	55.3	88.2	70.4	61.2	71.1
Seinäjoki	36.0	51.9	62.4	35.3	29.9
Tampere	95.0	102.7	102.0	106.2	120.7
Turku	78.5	100.0	92.6	87.2	74.4
Vaasa	56.0	100.5	85.3	76.9	73.0
Middle and Eastern Finland service region	193.6	258.4	176.2	175.1	151.1
Joensuu	47.9	60.1	30.0	44.9	29.9
Jyväskylä	56.8	71.2	48.8	45.0	45.3
Kuopio	58.5	87.1	58.3	55.9	50.0
Mikkeli	30.3	39.9	39.1	29.3	25.9
Northern Finland service region	169.3	161.9	210.3	141.4	158.1
Kajaani	69.9	40.4	97.3	24.3	37.1
Oulu	74.2	85.3	72.1	77.9	85.1
Rovaniemi	25.2	36.2	40.9	39.3	35.9
Export financing	–	3.2	–	–	–
Total	913.7	1,194.7	1,027.8	896.9	926.0
Financing by enterprise size (MEUR)	2010	2009	2008	2007	2006
Micro-enterprises	351.9	408.0	399.2	374.1	347.3
Other SMEs	476.6	623.3	588.1	477.9	492.8
Major companies and other business	85.2	163.5	40.5	44.8	85.8
Total	913.7	1,194.7	1,027.8	896.9	926.0

DOMESTIC FINANCING

Outstanding commitments by product (MEUR)

	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Loans	1,806.5	1,736.2	1,445.2	1,416.0	1,408.1
Domestic guarantees	1,065.3	1,007.0	882.8	828.9	806.1
Export guarantees	91.9	110.4	98.3	89.7	93.9
Share capital investments	180.0	180.0	150.7	140.7	117.0
Guarantee receivables	27.7	35.3	17.4	17.6	12.9
Total	3,171.3	3,068.9	2,594.4	2,492.9	2,438.0

Outstanding commitments by sector (MEUR)

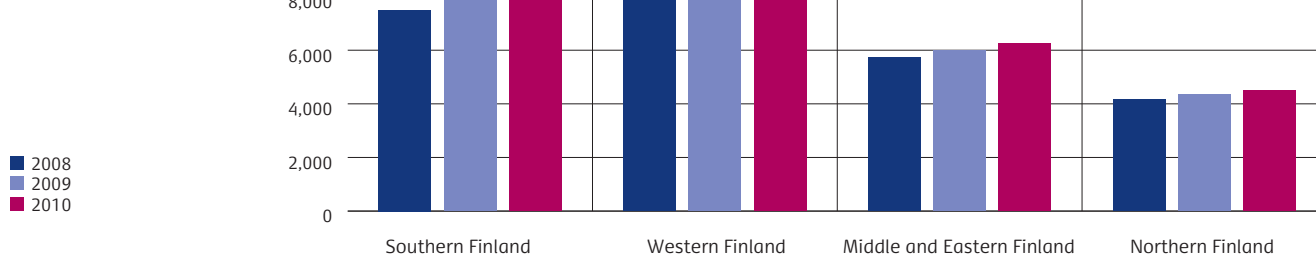
	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Rural trades	36.4	32.1	22.8	21.2	20.5
Industry	1,678.8	1,602.9	1,311.4	1,281.0	1,323.2
Tourism	219.7	204.4	215.3	222.9	211.8
Services to business	787.0	785.3	644.9	595.5	530.3
Trade and consumer services	449.4	444.1	400.0	372.2	352.0
Total	3,171.3	3,068.9	2,594.4	2,492.9	2,438.0

Outstanding commitments by service region (MEUR)

	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Southern Finland service region	679.7	642.4	535.1	525.5	540.9
Western Finland service region	1,111.2	1,101.4	979.0	940.8	928.7
Middle and Eastern Finland service region	628.4	607.9	494.1	474.4	453.7
Northern Finland service region	570.5	535.7	437.8	415.3	402.1
Head Office	178.3	178.3	148.4	136.9	112.6
Export financing	3.2	3.2	–	–	–
Total	3,171.3	3,068.9	2,594.4	2,492.9	3,931.8

DOMESTIC FINANCING

CLIENTS BY SERVICE REGION number



DOMESTIC FINANCING

Clients by enterprise size (number)

	2010	2009	2008	2007
Micro-enterprises	25,855	25,096	24,368	24,886
Other SMEs	3,182	3,066	2,848	2,868
Major companies and other business	80	87	80	89
Total	29,117	28,249	27,296	27,843

New clients (number)

	2010	2009	2008	2007	2006
Micro-enterprises	4,623	4,511	4,055	3,999	4,328
Other SMEs	254	373	265	254	274
Major companies and other business	4	12	1	4	4
Total	4,881	4,896	4,321	4,257	4,606

Export credit guarantees and special guarantees covering the domestic risks of major companies (MEUR)

	2010	2009	2008	2007	2006
Offered, total	480.0	321.8	2,052.5	319.4	132.3
Current guarantees that have come into effect, total	–	1,313.2	1,125.1	58.2	58.1

FOREIGN RISK-TAKING ¹⁾

Guarantees offered by region (MEUR)	2010	2009	2008	2007	2006
Asia	257.1	1,253.9	567.5	67.4	515.8
CIS	210.5	607.6	1,060.3	189.6	379.1
Central and Eastern Europe	32.9	19.5	1.2	–	144.0
Latin America	103.2	536.9	922.1	25.5	147.9
Middle East and North Africa	596.9	527.6	259.9	407.7	260
Sub-Saharan Africa	4.7	13.5	86.2	9.3	28.2
Industrialised countries	694.3	1,169.0	1,351.2	927.3	1,285.2
Total	1,899.6	4,128.0	4,248.4	1,626.8	2,760.2

Guarantees that have come into effect by region (MEUR)	2010	2009	2008	2007	2006
Asia	426.5	599.2	199.1	142.1	181.0
CIS	544.9	78.3	555.3	189.4	406.3
Central and Eastern Europe	9.9	16.6	144.1	–	96.7
Latin America	60.5	480.0	817.9	249.0	154.7
Middle East and North Africa	368.5	152.8	319.8	87.4	222.9
Sub-Saharan Africa	1.5	99.3	4.1	22.7	14.8
Industrialised countries	1,230.7	1,020.3	679.4	15.1	163.4
Total	2,642.4	2,446.5	2,719.7	705.7	1239.8

Guarantees that have come into effect by sector (MEUR)	2010	2009	2008	2007	2006
Telecommunications	1,181.7	854.2	1135.9	164.9	556.3
Forest industry	53.7	213.3	286.7	273.3	315.2
Power generation	271.2	106.6	347.1	47.5	82.8
Shipping companies	845.7	835.4	687.8	–	181.4
Mining and metals	25.2	–	–	–	–
Other	265.0	437.0	262.3	220.0	104.1
Total	2,642.4	2,446.5	2,719.8	705.7	1,239.8

Exports covered by guarantees by region ²⁾ (MEUR)	2010	2009	2008	2007	2006
Asia	534.7	274.0	142.9	115.2	190.3
CIS	285.9	348.4	375.7	314.9	352.6
Central and Eastern Europe	40.6	150.8	–	88.7	23.2
Latin America	602.4	309.5	353.4	226.3	258.5
Middle East and North Africa	378.9	204.4	256.7	142.8	642.7
Sub-Saharan Africa	23.1	63.6	12.2	19.5	1.3
Industrialised countries	1,150.1	918.8	444.6	272.5	161.5
Total	3,015.7	2,269.5	1,585.5	1,179.9	1,630.1

1) Foreign risk-taking = export credit and special guarantees in which the object of the risk is abroad.

2) Exports covered with Buyer Credit, Credit Risk and Letter of Credit Guarantees.

Outstanding commitments by product 31 Dec 2010 ³⁾ (MEUR)

	Offers	Current	Total
Buyer Credit Guarantee	1,193.8	6,665.2	7,859.0
Credit Risk Guarantee	41.2	116.5	157.7
Export Receivables Guarantee	2.7	129.9	132.6
Letter of Credit Guarantee	–	243.5	243.5
Bank Risk Guarantee	–	25.1	25.1
Investment Guarantee	–	83.9	83.9
Bond Guarantee	–	0.4	0.4
Total	1,237.7	7,264.6 ⁴⁾	8,502.3 ⁴⁾

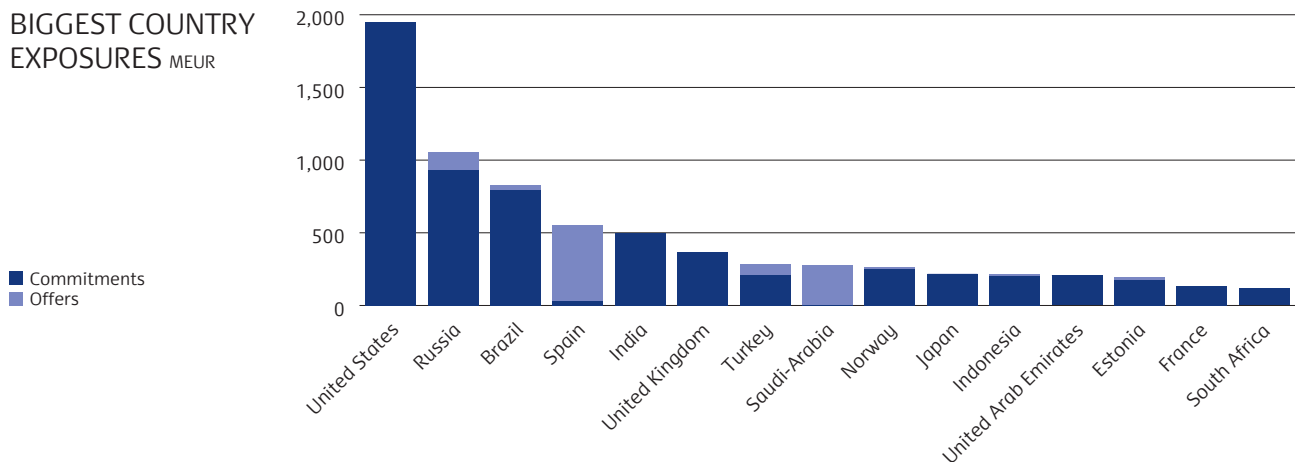
Outstanding commitments by region 31 Dec 2010 ³⁾ (MEUR)

	Offers	Current	Total
Asia	96.7	1,157.9	1,254.6
CIS	114.8	1,002.6	1,117.4
Central and Eastern Europe	17.7	192.7	210.4
Latin America	32.1	1,062.9	1,095.0
Middle East and North Africa	360.6	545.8	906.4
Sub-Saharan Africa	2.9	142.0	144.9
Industrialised countries	612.9	3,160.7	3,773.6
Total	1,237.7	7,264.6 ⁴⁾	8,502.3 ⁴⁾

Outstanding commitments by sector 31 Dec 2010 ³⁾ (MEUR)

	Offers	Current	Total
Telecommunications	997.7	2,616.2	3,613.9
Forest industry	146.4	493.3	639.7
Power generation	31.1	593.3	624.4
Shipping companies	12.8	2,621.3	2,634.1
Mining and metals	12.5	38.3	50.8
Other	37.2	902.2	939.4
Total	1,237.7	7,264.6 ⁴⁾	8,502.3 ⁴⁾

BIGGEST COUNTRY EXPOSURES ^{MEUR}



3) Outstanding commitments = commitments as per coverage; overlapping between guarantees has been eliminated (net commitments).

4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 56.9 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.

THE LIABILITY MANAGED BY FINNVERA

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

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

Liability for guarantees under the Act on the State's Export Credit Guarantees¹⁾ 31 Dec 2010 (MEUR)

	Offers			Current commitments			Total			Book value ²⁾		
	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total
Export credit guarantees												
Buyer Credit Guarantee		1,193.8	1,193.8	48.0	6,726.0	6,774.0	48.0	7,919.8	7,967.8	50.0	6,613.9	6,663.9
Credit Risk Guarantee		41.2	41.2		116.5	116.5		157.7	157.7		137.2	137.2
Export Receivables Guarantee		2.7	2.7		129.9	129.9		132.6	132.6		130.8	130.8
Letter of Credit Guarantee					243.5	243.5		243.5	243.5		240.8	240.8
Bank Risk Guarantee					25.1	25.1		25.1	25.1		28.8	28.8
Investment Guarantee					83.9	83.9		83.9	83.9		85.1	85.1
Bond Guarantees					37.9	37.9		37.9	37.9		37.8	37.8
Finance Guarantee					84.3	84.3		84.3	84.3		80.0	80.0
Export Guarantee		6.8	6.8		91.8	91.8		98.6	98.6		95.2	95.2
Total		1,244.5	1,244.5	48.0	7,539.1	7,587.1	48.0	8,783.5	8,831.5	50.0	7,449.6	7,499.6
Raw Material Guarantee		107.1	107.1					107.1	107.1			
					42.7	42.7		42.7	42.7			
Grand total		1,351.6	1,351.6	48.0	7,581.7³⁾	7,629.7³⁾	48.0	8,933.3³⁾	8,981.2³⁾	50.0	7,449.6	7,499.6

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

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

3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 56.9 million.

Liability for special guarantee activities ⁴⁾
31 Dec 2010 (MEUR)

	Fund	Finnvera	Total
State Guarantees			
Industry Guarantees	0.6	–	1.0
Environmental Guarantees	–	42.7	42.7
Total	0.6	42.7	43.7

The State Guarantee Fund's recovery receivables
31 Dec 2010 (MEUR)

	Total receivables	The Fund's share ⁵⁾	Book value
Based on political risk			
Rescheduled receivables	175.7	145.6	26.9
Other receivables based on political risk	60.0	52.8	0.3
Total	235.7	198.4	27.2
Based on commercial risk	24.8	24.0	2.4
Grand Total	260.5	222.4	29.6

4) Outstanding commitments.

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

KEY FIGURES

Finnvera Group	2010	2009	2008	2007	2006
Turnover, MEUR	215.4	199.0	209.8	199.3	173.9
Operating profit or loss, MEUR	62.0	18.3	9.2	56.4	44.8
% of turnover	28.8	9.2	4.4	28.3	25.7
Return on equity, %	10.5	3.2	1.5	10.3	7.1
Return on assets, %	2.4	0.8	0.5	3.2	1.9
Equity ratio, %	23.8	22.4	30.6	30.8	27.7
Capital adequacy ratio	14.6	15.0	15.7	19.5	18.4
Write-down on receivables, guarantee losses, MEUR	49.2	96.4	86.3	44.8	43.2
Finnvera plc, domestic financing					
Financing granted, MEUR	913.7	1,194.7	1,028.0	896.9	926.0
Outstanding commitments as per the balance sheet at the year's end					
outstanding credits, MEUR	1,731.1	1,663.9	1,382.3	1,368.9	1,371.5
Contingencies					
outstanding guarantees, MEUR	1,065.3	1,007.0	882.8	827.4	804.3
Number of starting enterprises	3,611	3,457	3,307	3,467	3,641
Number of jobs	8,994	9,214	12,541	10,907	11,134
Finnvera plc, export financing					
Export credit guarantees and special guarantees offered, MEUR	2,379.6	4,449.7	6,300.8	1,816.1	2,892.6
Guarantees that came into effect, MEUR	2,642.4	3,759.8	3,844.9	764.0	1,297.9
Contingencies					
Outstanding commitments, MEUR	8,930.2	9,665.0	8,292.5	4,980.2	5,072.3
Finnvera plc, clients					
Domestic and export financing together, number	29,300	28,400	27,500	28,000	28,000

Annual schedule to publish financial data:

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

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