



# **Finnvera in brief**

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3 June 2010



# Finnvera plc

- A specialised financing company owned by the State of Finland that promotes the competitiveness of Finnish enterprises
- Supplements the financial market
  - Loans and guarantees
  - Export credit guarantees
  - Venture capital investments
  - No grants
- Private financing is always given priority



# Finnvera plc

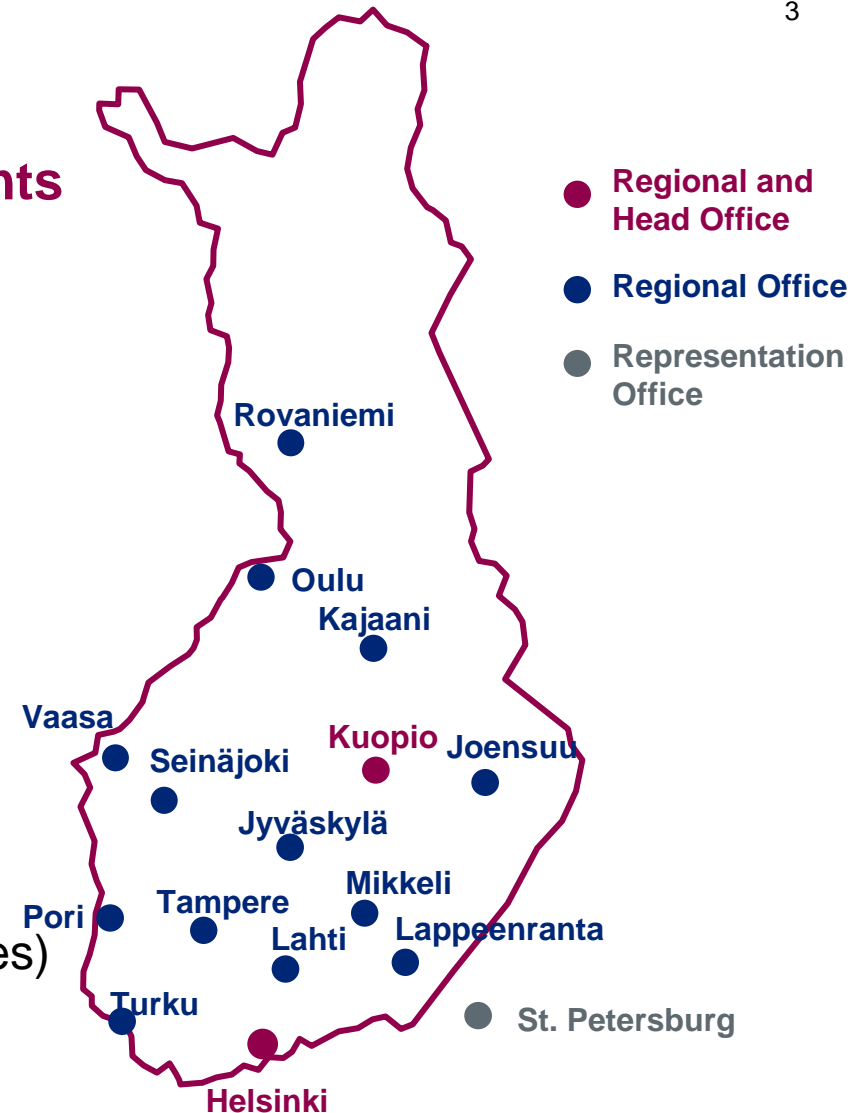
- **Finnvera's outstanding commitments**

- Domestic financing
  - loans and guarantees EUR 3.1 billion
- Export financing
  - export credit guarantees, export guarantees and special guarantees EUR 10.1 billion

- **29 000 clients**

- Micro-enterprises (1-9 employees) ca. 19,000
- SMEs (10-249 employees) ca. 3,200
- Large enterprises (over 250 employees) ca. 200
- Entrepreneur Loan clients ca. 6,000

- **Personnel 400**



# Finnvera's Financing



**Microfinancing**



**Regional financing**



**Growth and internationalisation**



**Export financing**

## Domestic financing

### Venture capital investments

Seed Fund Vera Ltd

Veraventure Ltd

Matkailunkehitys Nordia Oy

## Export credit guarantees

### Interest equalisation, refinancing

Finnish Export Credit Ltd

## Clients

3 June 2010

# Finnvera plc

- Subject to a fee, Finnvera's financing is priced depending on the risks involved.
- Finnvera acquires its funds by issuing bonds on the financial market.
- The State covers some of the losses in domestic financing – higher capacity to take risks.
- Finnvera can only finance business that has the potential of being profitable.
- Finnvera does not compete with banks; instead, it shares risks.



## How does Finnvera operate?

- Grants risk financing
  - Loans and mezzanine financing products to enterprises and entrepreneurs
  - Domestic guarantees and export credit guarantees to enterprises and financiers
- Finances enterprises, in particular, during start-up and growth
- Works in cooperation with other financiers by supplementing their financing and by sharing risks
- Acts as an intermediary for interest subsidy granted by the EU and the government to Finnish SMEs
- Manages regional venture capital investments
  - Subsidiaries: Veraventure Ltd and Aloitusrahassto Vera Oy

# Where does the money come from?

In addition to the share capital

- Loan capital from the financial market
  - Annual acquisition of funds totals about EUR 300 million
  - Major lenders include the European Investment Bank
- Regional interest subsidy and special interest subsidy on industrial policy grounds from the State; in addition, interest subsidy from the European Regional Development Fund
  - Directly reduces the financing costs of SMEs
  - Enables loans for regional policy and industrial policy purposes
- The State's partial compensation for credit and guarantee losses
  - On average 50%
  - Regionally graduated percentage in accordance with the division into national assisted areas

## How does Finnvera's Export Financing work?

- Finnvera issues export credit guarantees to Finnish exporters and export financiers when a Finnish interest is present
- Covers credit risks associated with export trade
  - Improves the financing options available for exports
- Works in close cooperation with other export financiers and international Export Credit Agencies
- Finnvera's Export Financing unit also manages the risk portfolio in relation to projects of SME's and companies with growth and internationalisation prospects. This is undertaken in cooperation with Finnvera's regional offices and other business Units
- Finnvera is the official Export Credit Agency of Finland (ECA)



# The State's role in Finnvera's operations

- **Legislation**
- **The State is responsible for the company's operations**
  - through the share capital invested
  - through commitments to compensate for losses and to provide interest subsidy (domestic financing)
  - through the State Guarantee Fund (export credit guarantees)
- **Monitoring and control**
  - The Ministry of Employment and the Economy supervises the company's operations
  - ownership and industrial policy goals set by the Ministry of Employment and the Economy

## Recent changes due to the financial crisis

- **The ceilings on outstanding commitments were raised twice**
  - Domestic: From EUR 2.6 billion to EUR 3.2 billion and then again to EUR 4.2 billion
  - Export credit guarantees: From EUR 7.9 billion to EUR 10 billion and then again to EUR 12.5 billion
- **Adoption of counter-cyclical loans and guarantees**
  - Within the limits of the above domestic ceiling
- **A new refinancing model into force**
  - Finnvera's subsidiary Finnish Export Credit Ltd can use at most EUR 3.7 billion for refinancing export projects
- The authorisation granted to Finnish Export Credit to conclude **interest equalisation** agreements and to give offers concerning export and ship credits was raised from EUR 5 billion to EUR 6 billion

# Counter-cyclical Loans and Guarantees

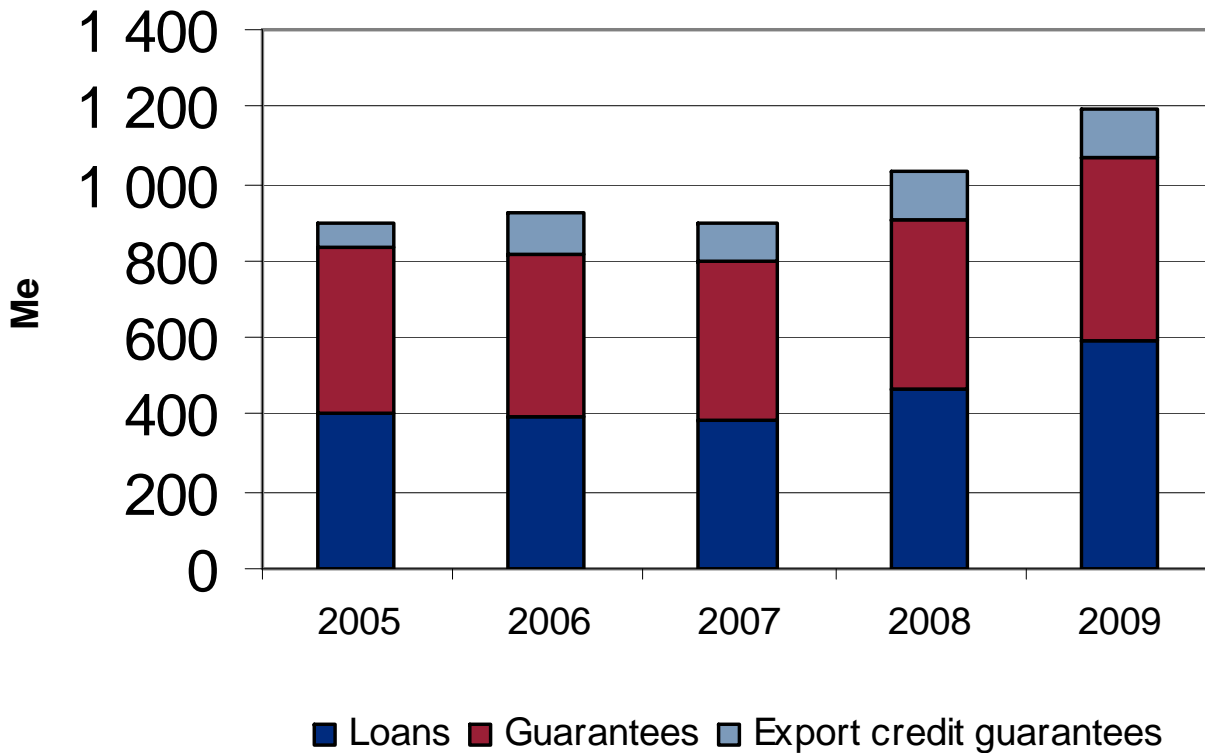
- **Counter-cyclical products are in use during the period 2009–2011**
  - The amount granted per year is about EUR 300 million (EUR 900 million in three years)
- **Intended for enterprises**
  - whose profitability and liquidity have suffered because of the downturn following the financial crisis
  - that employ at most 1,000 people
    - special reasons for financing a company with over 1,000 employees
- **Once the economic situation has improved, the enterprise must have potential for profitable business**
- **Uses**
  - working capital to secure liquidity
  - investments to secure competitiveness
- **Higher compensation for credit losses from the State**
  - enabling greater risks

## Refinancing programme of export credits

In use during the period 2009–2010

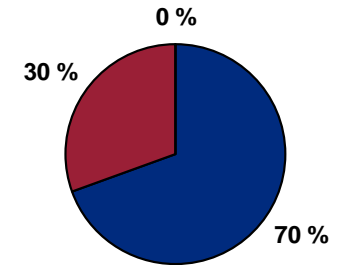
- A buyer credit or a part thereof may be financed by way of an assignment by Finnvera's subsidiary Finnish Export Credit Ltd in the event that the export transaction, could be materially hampered, due to non-availability of funding on competitive terms.
- Finnish Export Credit Ltd can refinance export transactions up to 3,7 billion euros.
- Each export credit shall be supported by an export credit guarantee issued by Finnvera plc.

# Decisions on domestic financing

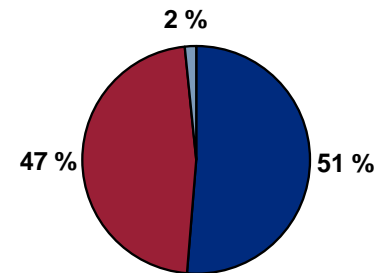


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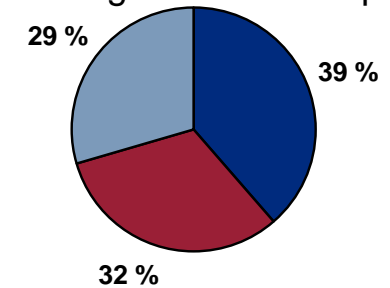
Small enterprises



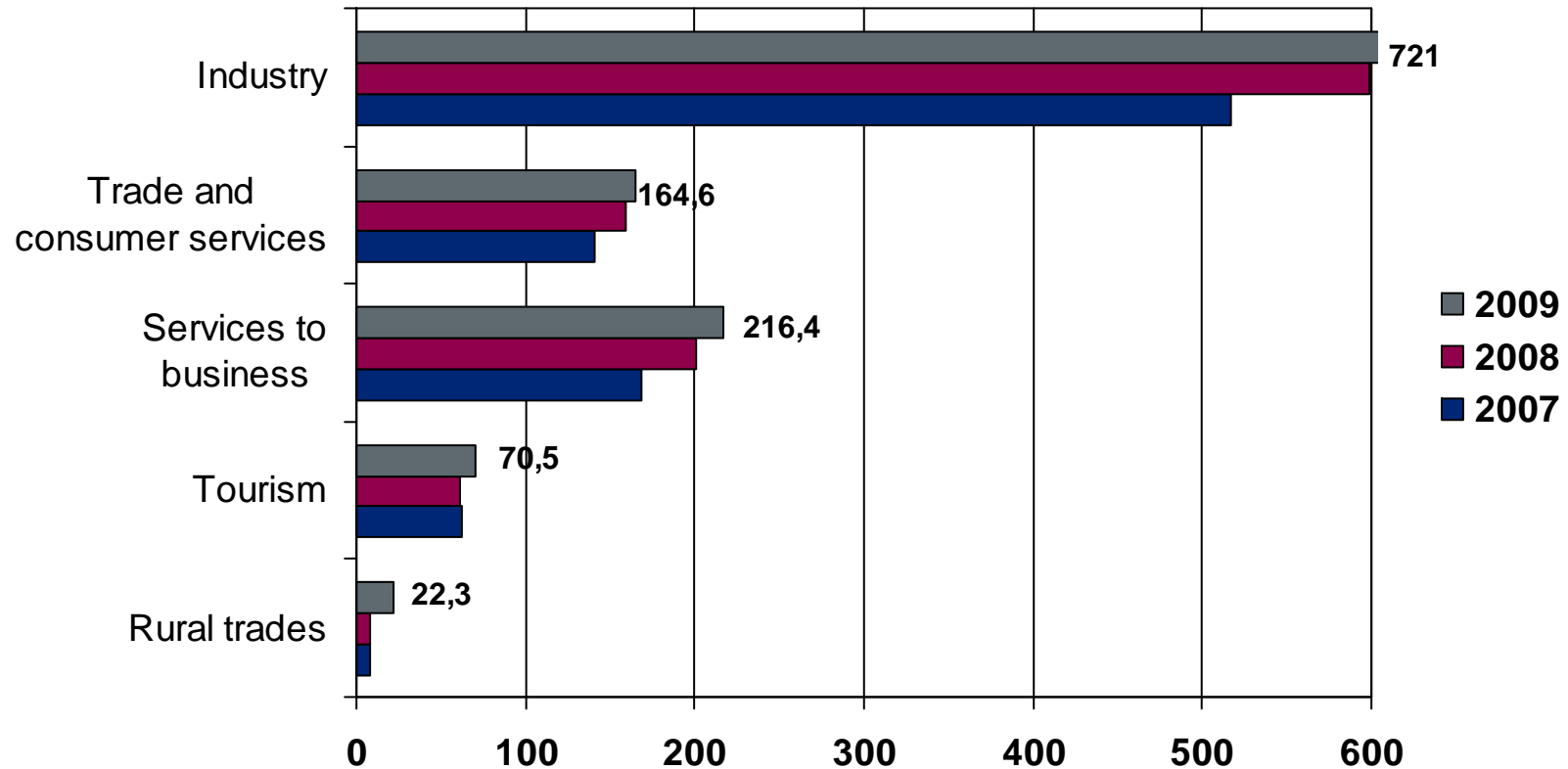
Regional enterprises



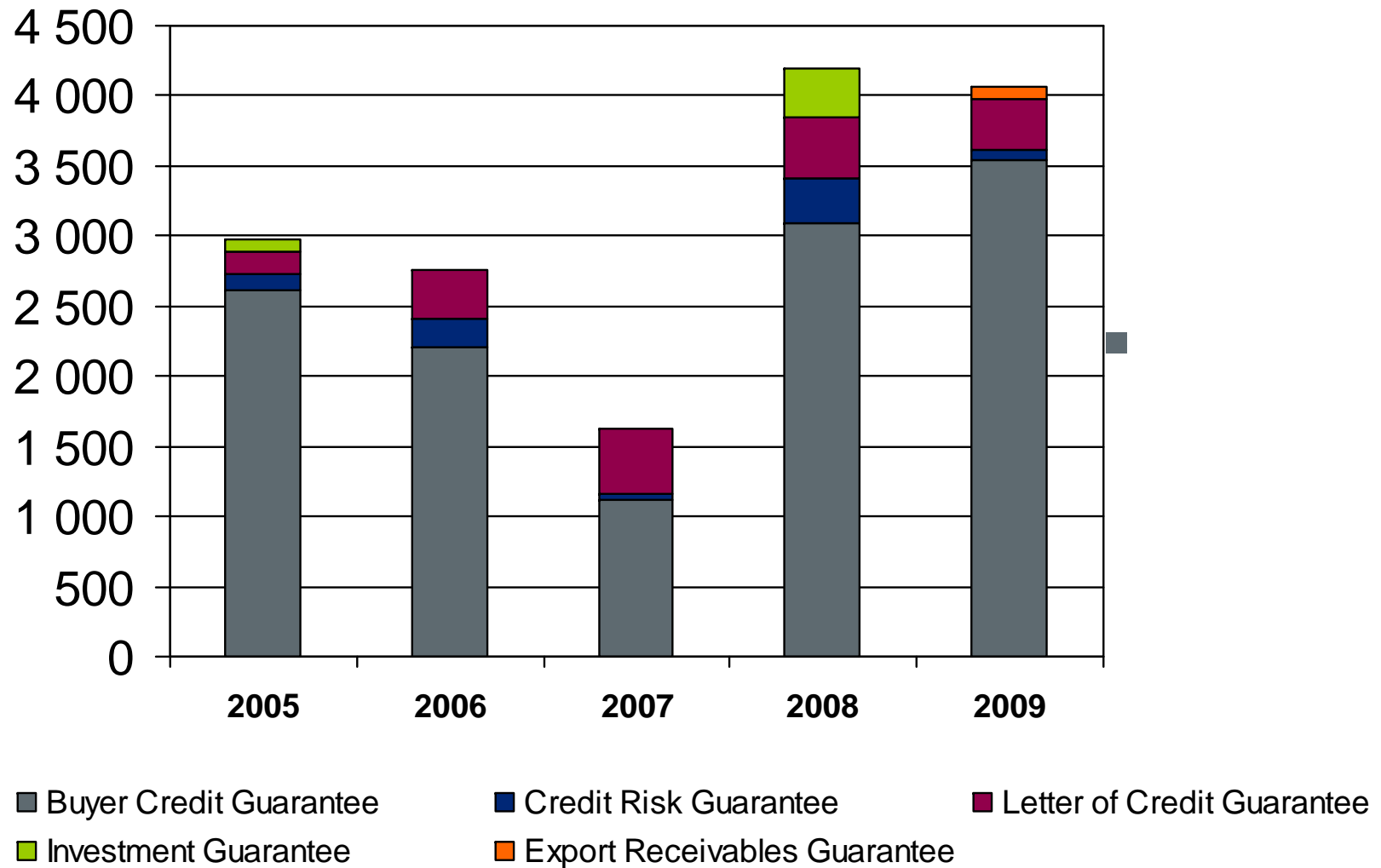
Growing and int'l enterprises



# Domestic financing by sector

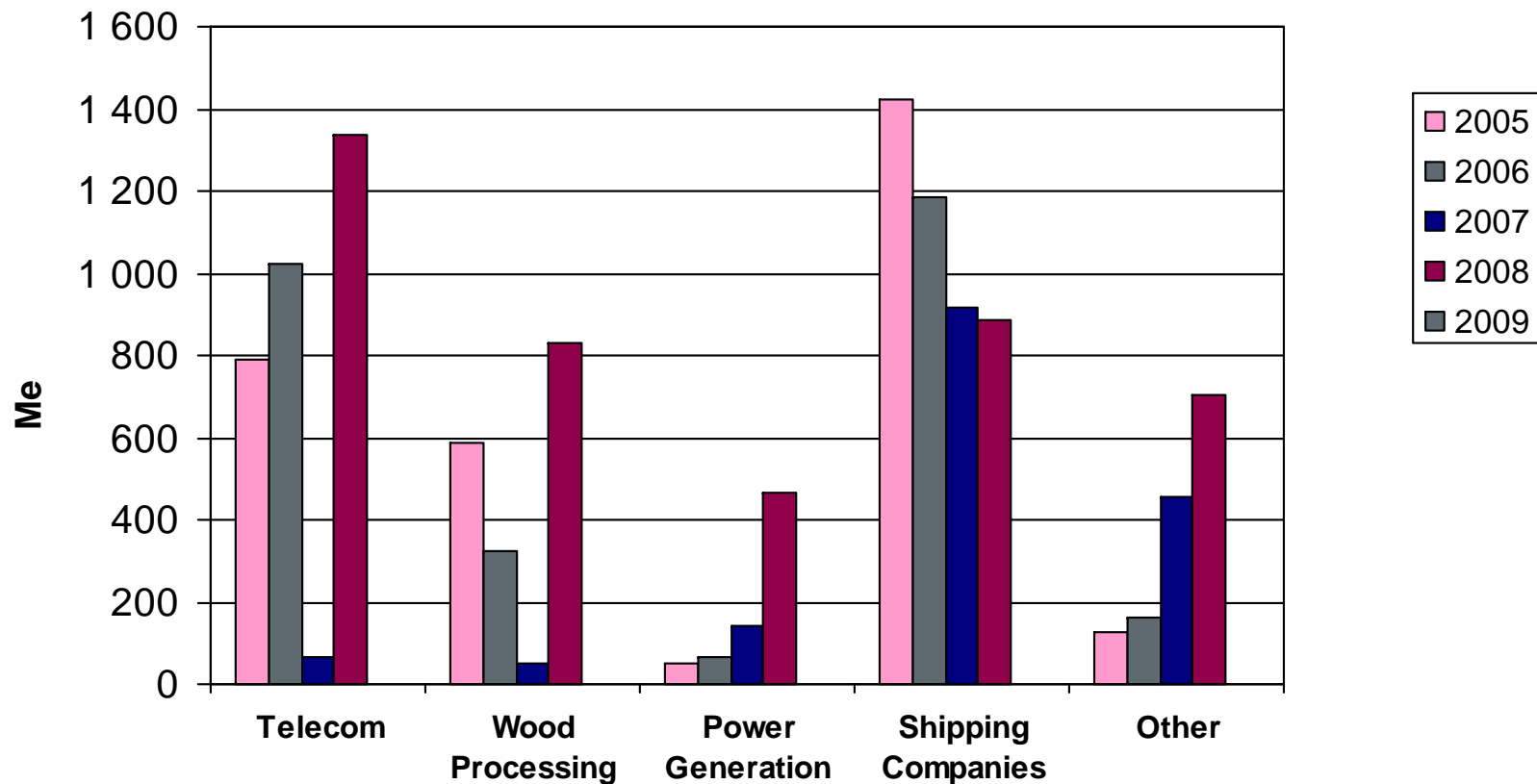


## Export credit guarantees offered



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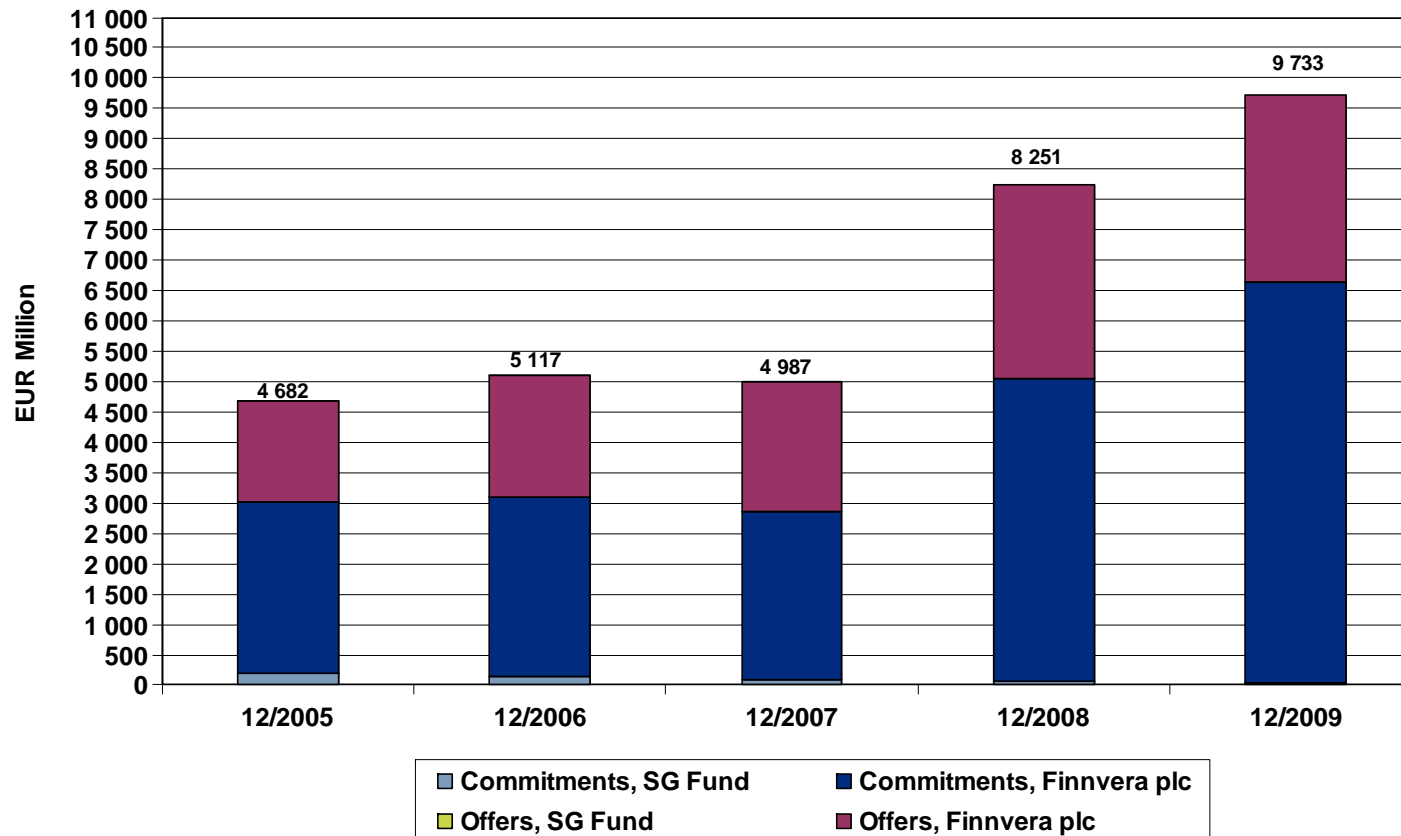
## Guarantees offered, by the buyer's sector



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# Export Credit Guarantee liabilities 2005–2009



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# Thank you!

[www.finnvera.fi](http://www.finnvera.fi)

Online Services: [online.finnvera.fi](http://online.finnvera.fi)

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