

FINANCIAL REVIEW

2009





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# Report of the Board of Directors

The global economic crisis that started in 2008, and the subsequent changes on the financial market, had a major impact on the demand for Finnvera's financing products in 2009. Finnvera was well prepared to meet enterprises' increasing needs for financing since these needs had been expected. Through decisions taken already in late 2008, the State of Finland had greatly improved Finnvera's financing options.

The legislation on Finnvera and the Government's commitment to compensate Finnvera for credit and guarantee losses determine the maximum amount of credits and guarantees encompassed by this commitment. The maximum sum was raised twice during the year under review: from EUR 2.6 billion to EUR 3.2 billion at the start of the year and further to EUR 4.2 billion in June 2009. With these higher sums, the Government wanted to ensure that, if demanded by the economic situation, the Ministry of Employment and the Economy could authorise Finnvera to grant the loans and guarantees necessary to meet enterprises' growing needs for financing in view of the volume of operations. The authorisation to grant export credit guarantees was raised from EUR 7.9 billion to EUR 10.0 billion at the start of the year and further to EUR 12.5 billion in June. These sums will be reviewed again once the situation on the financial market has normalised.

Development of a refinancing model for exports began in autumn 2008, and a legislative amendment to this effect was completed at the end of 2008. The model was adopted at the beginning of 2009.

As of March 2009, Finnvera has been able to offer counter-cyclical loans and guarantees to help enterprises over the difficulties caused by the economic crisis. In June 2009, the European Commission gave Finnvera temporary permission to grant short-term export credit guarantees for exports to Western industrialised countries as well.

During the year, Finnvera financed enterprises' domestic operations by nearly EUR 1.2 billion, which was 16 per cent more than the year before. Counter-cyclical financing was granted to over 500 enterprises, in total EUR 187.9 million. Financing was needed, in particular, for working capital. The volume of investments financed decreased from the previous year.

In 2009, the numbers of export credit guarantee applications, new guarantee offers and guarantees that came into effect were the second highest within the past decade. The total sum of offers for export credit guarantees fell by about one third, but owing to the availability of credit in-

surance, the number of offers nearly quadrupled. Offers for export credit guarantees totalled EUR 4.4 billion.

## **The refinancing model for export companies refined**

The temporary refinancing model for exports is meant to ease the availability of financing for the customers of Finnish exporters of capital goods. This arrangement is in force until the end of 2010. The total amount of refinancing that can be granted is EUR 3.7 billion.

During spring 2009, companies gave feedback concerning the terms applied to refinancing; they were considered to be too strict. With the consent of the Ministry of Employment and the Economy and the Ministry of Finance, the terms were revised in autumn to make them more competitive.

## **Counter-cyclical financing to overcome the recession**

The decision to develop counter-cyclical financing products was made in February 2009, and Counter-cyclical Loans and Guarantees were taken into use in March 2009. Counter-cyclical financing can be granted between 2009 and 2011. The total sum available is EUR 900 million.

Initially, Finnvera was able to grant Counter-cyclical Loans and Guarantees to companies that have at most 1,000 employees. In autumn 2009, the Ministry of Employment and the Economy approved an amendment to the terms of counter-cyclical financing. In consequence, companies employing up to 2,000 people were also included in the scheme. Companies with over 2,000 employees may also be entitled to counter-cyclical financing, but this requires a special decision by the Ministry.

## **Authorisations to grant financing raised further**

In July 2009, Finnvera's authorisation to grant non-subsidised loans and guarantees was raised by EUR 210.0 million, to EUR 860.0 million. Moreover, in the second supplementary budget for 2009, the State raised the authorisation to grant special loans by EUR 10.0 million, to EUR 124.3 million. The authorisation for regional subsidised loans totalled EUR 128.3 million during the period under review. Together, the authorisation to grant subsidised and non-subsidised loans and guarantees came to EUR 1,112.6 million.

As from 1 March 2009, the Government amended the commitment given to Finnvera concerning the partial compensation for credit and guarantee losses. The

counter-cyclical financing products introduced during the report year were added to the commitment. The commitment is in force until further notice, but not longer than 31 December 2012.

## **Short-term export credit guarantees allowed for industrialised countries**

In keeping with the European Union's rules on State aid, Finnvera – as a public export credit agency – has not been able to insure risks that could be insured by a credit insurance company on the private market. The global economic crisis reduced the ability of private credit insurance companies to take risks to such an extent that in February 2009 Finland filed an application for short-term credit insurance operations with the European Commission.

In June 2009, the Commission granted Finnvera temporary permission to guarantee export transactions to EU Member States and to other Western industrialised countries when the payment term is under two years. The permission is valid for export deliveries until 31 December 2010.

## **Internationalisation financing for SMEs revised**

The terms of Internationalisation Loans and Guarantees were revised on the basis of recommendations presented by a working group appointed by the Ministry of Employment and the Economy in 2008. The terms of loans and guarantees granted for promoting internationalisation were harmonised with those of Finnvera's other financing products.

In July, the Ministry for Foreign Affairs granted an additional appropriation of EUR 500,000 from the State budget for SMEs that are preparing projects for gaining a foothold in Northwest Russia in 2009–2010.

## **Equities strengthened**

In its first supplementary budget for 2009, the State took measures to improve the availability of venture capital for starting, quickly growing and expanding enterprises. Finnvera took out a subordinated loan of EUR 30 million from the State and, in August 2009, invested it in its subsidiaries, Seed Fund Vera Ltd and Veraventure Ltd.

Owing to the increasing numbers of outstanding commitments, binding credit offers, and credit losses in domestic financing, Finnvera's capital adequacy declined. The State's second supplementary budget for 2009 included a subordinated loan of EUR 50 million for strengthening Finnvera's equity. The Board of Directors decided to withdraw this loan in December 2009.

### Financing principles revised

The principles applied to the financing of renewable energy projects were revised in February 2009; the goal being to augment these projects in accordance with the strategy of the Ministry of Employment and the Economy. The terms of the Environmental Loan were revised so that the increasing challenges of environmental protection and the mitigation of climate change would be taken into account better. The new terms were adopted in October.

In the OECD Arrangement on Officially Supported Export Credits, the sector understandings on renewable energies and water projects and on nuclear power were amended in June. The maximum repayment term of projects in these sectors was raised from 15 years to 18 years. In addition, agreement was reached on a new way to calculate the fixed CIRR interest rate for credits exceeding 12 years.

### Several amendments to State aid rules

For calculating and monitoring State aid, Finnvera adopted new State aid programmes for enterprise-specific support and guarantees. These programmes are based on the relaxed rules for alleviating the financial crisis approved by the European Commission. The measures are temporary and valid until 31 December 2010.

On 3 June 2009 the Commission approved the programme for enterprise-specific support as a national programme that can be used by all authorities and organisations granting public support to enterprises. The support is an alternative to *de minimis* aid, which is limited to EUR 200,000. In practice, the new temporary support will replace *de minimis* aid until the end of 2010. The amount of temporary support is calculated separately for each enterprise. The calculation includes any support that the same enterprise has received from any public body between 1 January 2008 and 31 December 2010. During this period, the maximum permissible support per enterprise is EUR 500,000.

The support programme for guarantees, approved by the Commission on 12 June 2009, enables Finnvera, in special cases, to grant guarantees that cover 90 per cent of a limited loan sum.

Loans or guarantees granted by Finnvera may involve imputed aid if the interest on a loan received by an enterprise, or the commission on a guarantee given to an enterprise, falls below the reference rate determined by the Commission and applied to the case in question. In such a situation, Finnvera is required to comply with the rules of the support programme.

On 28 January 2009, the European

Commission approved the notification on financing pertaining to Finnvera's subsidiary Seed Fund Vera Ltd.

### Development of operations

Finnvera carried out its strategic annual planning in increasingly close cooperation with the Ministry of Employment and the Economy and with other actors in the MEE Group, in line with the corporate steering model. The steering model defines the strategic goals of the Ministry and its administrative branch with respect to various customer segments and services.

In its own operations in 2009, Finnvera focused especially on the revision of customer service modes and on the harmonisation and intensification of financing processes.

Turnaround management and corporate renewal for viable enterprises in financial difficulties gained much more importance during the year. Since 2002, Finnvera has participated in the activities of the Turnaround Management Association (TMA) of Finland. During the year, five experts from Finnvera took part in the certified TMC training organised by the association. At Finnvera, turnaround management and corporate renewal is coordinated by the Unit of Financing for Growth and Internationalisation. Each service region has one or two turnaround management experts.

The Ministry of Employment and the Economy, together with Tekes, launched the Vigo programme to boost the development of fast-growing young enterprises. The aim is to involve the best, internationally experienced top experts in enterprise development for transforming start-ups into new growth enterprises. To this end, the programme will establish 'start-up accelerators' where professionals coach start-ups for rapid growth and increased investment-readiness. The goal is to vitalise the Finnish venture capital market and attract international accelerator players and venture capitalists to Finland. Within Finnvera, the main responsibility for the programme rests with Veraventure Ltd. Within the parent company, responsibility rests with the Regional Office of Helsinki.

For the first time in Finnvera's history, an outside quality expert was commissioned to perform evaluations in two Regional Offices and in Export Financing. The necessary development projects were launched on the basis of the recommendations received. Besides these external evaluations, annual internal evaluations were carried out in two Regional Offices, in accordance with Finnvera's own quality system.

In April, Finnvera and Tekes agreed on the exchange of client data. The objective

is to facilitate the processing of applications in both organisations. Both parties can request information from one another when the processing of a financing application requires data on the client enterprise's business, financial status or personnel. Information may also be requested for the harmonisation of public financing. Clients are asked for permission in writing before any information is passed.

The new Regional Office of Helsinki, merging the operations of the formerly separate Regional Offices of Helsinki and Uusimaa, started on 1 January 2009.

### History of specialised financing

The history of the organisations that have managed the State's specialised financing in Finland was published in May 2009. The book, entitled "Valtion raha vauhditti" and written by Docent Timo Herranen, D.Soc. Sc., describes specialised financing from the 1960s to 2007.

### Business trends

#### Financial performance

The consolidated financial statements and the parent company's financial statements for 2009 have been drawn up in accordance with the International Financial Reporting Standards (IFRS). The income statement is presented as one statement (statement of comprehensive income) in accordance with the revised IAS 1 Presentation of Financial Statements, which Finnvera adopted on 1 January 2009.

The Finnvera Group's profit for 2009 came to EUR 17,734,296.75 million (8,135,052.56 million). The Group companies and associated companies had an effect of EUR -6.7 million on the profit (-7.1 million). The factor contributing the most to the increase in profit was the rise of EUR 18.6 million in fee and commission income, of which Finnvera plc accounted for EUR 18.3 million. In addition, the Group's share of the associates' financial performance improved by EUR 8.2 million, from EUR -8.1 million in 2008 to EUR 0.1 million in 2009. The figure for 2008 was largely explained by the fact that the Finnish Fund for Industrial Cooperation Ltd (Finnfund) was no longer included in the Group. The fair value of Finnfund cannot be determined reliably; the shares have therefore been valued at the original acquisition price. The parent company's share of impairment losses increased by EUR 6.7 million. Moreover, gains and losses for items carried at fair value totalled EUR -4.5 million (-0.2 million in 2008), mainly owing to the decrease in the fair value of equity investments.

The parent company's profit was EUR 24,397,302.11 million, or EUR 9,167,639.52 million more than in 2008.

### *Interest income and interest expenses*

The interest income of Finnvera plc includes interest subsidy of EUR 16.9 million, passed on by the parent company directly to its clients, and other interest subsidy of EUR 0.4 million. The sums are presented as items of their own in the income statement.

The interest subsidy from the State and from the European Regional Development Fund (ERDF) totalled EUR 17.3 million (17.7 million), of which the State accounted for EUR 8.4 million and the ERDF plus the associated national interest subsidy for a total of EUR 8.9 million.

Owing to the falling interest levels, both the interest income received from clients and the interest expenses paid by the Group decreased. The mean interest rate that clients paid for loans was 2.65 per cent on 31 December 2009 (5.94), while the mean interest rate for borrowing was 0.98 per cent (4.33).

### *Fee and commission income and expenses*

The Group's fee and commission income totalled EUR 78.3 million. This was EUR 18.6 million more than in the previous year.

Fee and commission income includes EUR 51.2 million as commissions received by the parent company for export credit guarantee and special guarantee operations, EUR 18.3 million as other guarantee commissions, EUR 6.2 million as handling fees for loans and guarantees, and EUR 2.6 million as other commissions for the Group's financing operations.

Fee and commission expenses totalled EUR 1.2 million (1.0 million), of which the expenses of reinsurance operations were EUR 0.9 million.

### *Gains and losses from items carried at fair value*

The fair value changes in liabilities and derivatives carried at fair value in the Group totalled EUR 2.3 million, while fair value changes in venture capital investments amounted to EUR -6.4 million. Foreign exchange losses arising mainly from changes in the exchange rate of the U.S. dollar totalled EUR 0.5 million.

### *Other income*

Gains on the sale of shares and holdings amounted to EUR 0.8 million; the dividends received totalled EUR 1.2 million. A total of EUR 0.3 million in impairment losses was entered on shares.

Net income from investment property, EUR -0.1 million, consists of income and expenses on real property that is not in the Group's own use.

Other operating income includes the

management fee of EUR 0.3 million paid by the State Guarantee Fund for management of the 'old' portfolio of export credit guarantees and special guarantees arisen before 1999, a fee of EUR 0.6 million for the management of the ERDF financing, EUR 0.7 million in rental income, and EUR 1.7 million written off under the terms of a subordinated loan received from the State for a share investment in Seed Fund Vera Ltd.

### *Impairment losses on receivables, and credit and guarantee losses*

The parent company's credit and guarantee losses totalled EUR 65.7 million (64.1 million). EUR 5.0 million of losses entered earlier was cancelled; thus, net losses came to EUR 60.7 million (59.8 million). In addition, the parent company's income statement includes an increase of EUR 24.2 million in impairment losses; thus, the total sum entered in the income statement for the parent company's impairment losses on credits and guarantees was EUR 84.9 million. Compensation by the State and the ERDF for the credit losses realised totalled EUR 32.2 million or 53 per cent. Thus, Finnvera's share of the impairment losses on credit and guarantees was EUR 52.7 million.

Claims paid by virtue of export credit guarantees and special guarantees came to EUR 4.9 million. Funds recovered and the change in recovery receivables totalled EUR 1.0 million. Provisions for guarantee losses increased by EUR 5.8 million; thus, the net claims shown by the income statement came to EUR 9.7 million.

In the consolidated income statement, the impairment losses on receivables and the guarantee losses totalled EUR 64.2 million (57.9 million), of which credit losses incurred by the subsidiaries accounted for EUR 1.7 million (2.3 million).

### *Other expenses*

The Group's administrative expenses totalled EUR 42.7 million (41.1 million), of which personnel expenses accounted for 68 per cent. The parent company's administrative expenses totalled EUR 39.7 million (38.6 million), of which personnel expenses accounted for 69 per cent. Other operating expenses were costs associated with depreciation and real property.

### **Separate results**

The separate result of export credit and special guarantee activities referred to in §4 of the Act on the State Guarantee Fund (444/1998) totalled EUR 33.1 million. Correspondingly, the result of Finnvera plc's other activities totalled EUR -8.7 million. The separate income statements are presented under Notes to the Financial Statements, note no. 30.

### **Balance sheet**

At year's end, the consolidated balance sheet total was EUR 2,539.4 million, while the parent company's balance sheet total came to EUR 2,194.0 million. Among the subsidiaries, Seed Fund Vera Ltd, showing a balance sheet total of EUR 88.4 million, and Finnish Export Credit Ltd, showing a balance sheet total of EUR 356.9 million, had the greatest effect on the consolidated balance sheet.

At year's end, Finnvera's credit portfolio totalled EUR 1,663.9 million, which was EUR 281.6 million more than at the start of the year. The Group's credit portfolio came to EUR 1,992.5 million. During the year, Finnvera plc's outstanding domestic guarantees increased by EUR 124.2 million, to EUR 1,007.0 at year's end. The book value of the outstanding commitments, as referred to in the Act on the State's Export Credit Guarantees, amounted to EUR 7,930.2 million (6,372.0 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given) totalled EUR 9,665.0 million (8,292.5 million).

The parent company's non-current liabilities at year's end totalled EUR 1,410.7 million. Of this sum, EUR 861.3 million consisted of bonds. The liabilities include subordinated loans of EUR 43.4 million received by Finnvera from the State for investment in the share capitals of Seed Fund Vera Ltd and Veraventure Ltd, and a subordinated loan of EUR 50.0 million granted for strengthening the capital adequacy of Finnvera plc. In addition, the balance sheet includes EUR 8.5 million in derivative liabilities. These arise from interest rate and currency swaps and pertain to non-current liabilities. Liabilities increased by EUR 450.7 million during the year. The Group's non-current liabilities totalled EUR 1,739.9 million.

Other liabilities include a debt of EUR 27.6 million owed to the State. This debt pertains to the subsidies that were received for the acquisition of shares in subsidiaries and that must be repaid as per contract terms.

The fair value reserve shows the difference between the fair value and acquisition value of publicly quoted shares and investment funds, in total EUR -1.0 million for the Group.

Finnvera's balance sheet has two separate funds: one is used for covering future losses incurred in domestic operations and the other for covering future losses incurred in operations involving export credit guarantees and special guarantees. Losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the fund

for export credit guarantee and special guarantee operations on the company's balance sheet does not have sufficient assets. The State Guarantee Fund serves as a buffer between Finnvera and the State's budget funding in the event that operations involving export credit guarantees and special guarantees give rise to a deficit that the company's own fund can no longer cover.

As at 31 December 2009, the fund for domestic operations had EUR 133.9 million and the fund for export credit guarantee and special guarantee operations had EUR 153.3 million.

### Capital adequacy and acquisition of funds

At the end of 2009, the capital adequacy ratio of the Finnvera Group was 15.0 per cent. According to the target set, the capital adequacy ratio should be at least 12 per cent.

At the end of 2009, Finnvera plc's capital adequacy stood at 14.4 per cent. Capital adequacy has been calculated using the Basel II standard method. To improve capital adequacy, Finnvera received a subordinated loan of EUR 50 million from the State.

The parent company's long-term borrowings totalled EUR 529.6 million, which includes EUR 80.0 million of subordinated loans from the State. In all, EUR 148.2 million in non-current loans was paid back during the year. The Group's acquisition of funds amounted to EUR 821.4 million.

### Group structure and its changes

During the year, the company acquired Veraventure Ltd's shares for EUR 22.5 million and Seed Fund Vera Ltd's shares for EUR 7.5 million. The investment increased Finnvera's holding in Seed Fund Vera Ltd to 92.6 per cent. The funds for the investments were received as subordinated loans from the State.

Besides the parent company, the Finnvera Group comprised the following companies owned 100 per cent by Finnvera on 31 December 2009: Spikera Oy, Veraventure Ltd, and Finnish Export Credit Ltd. In addition, the Group included Matkailunkehitys Nordia Oy, where Finnvera's holding was 63.5 per cent, Seed Fund Vera Ltd., where Finnvera held 92.6 per cent of the shares, and one company providing services for business premises.

There were six associated companies, of which five were Finnvera's business property companies.

The principles of Finnvera's risk management are described in the notes to the financial statements.

### Attainment of industrial policy and ownership policy goals

The Act on the State-owned Specialised Financing Company (443/1998) contains provisions on Finnvera's economic operating principles.

In defining the company's industrial policy goals, attention has been paid to the industrial policy strategy of the Ministry of Employment and the Economy and to the objectives of EU programmes.

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

### Corporate Governance

#### Personnel

At the end of the year, Finnvera plc had 411 employees, of whom 390 held a permanent post and 21 a fixed-term post. The Group had 432 employees.

When Finnvera's subsidiary, Spikera Oy, wound up its operations at the end of 2008, its employees transferred to Finnvera as of 1 January 2009.

The salaries and bonuses paid to the personnel totalled EUR 21.7 million. Of this sum, bonuses accounted for EUR 0.4 million. They were based on the attainment of the goals set for 2008. During the report period, the Board of Directors decided to abolish the bonus system and replace it with an incentive pay system.

On 21 November 2009, the Board of Directors appointed Risto Huopaniemi Senior Vice President, Administration, of Finnvera plc. He is also a member of the Management Group.

The following Directors of Regional Offices were appointed during the year:

Asko Saarinen, M.Sc. (Tech.), eMBA, began in the post of Director of Jyväskylä Regional Office on 1 January 2009. Before his appointment, he had served as Director of Finnvera's Regional Office in Seinäjoki.

Kari Hytönen, M.Sc. (Agriculture and Forestry), began in the post of Director of Seinäjoki Regional Office on 12 January 2009. He came to Finnvera from Nordea Bank, where he worked as Director of the Corporate Service Unit for Southern Ostrobothnia.

Tarja Eskelinen, LL.M., began in the post of Director of Kuopio Regional Office on 16 February 2009. She transferred to Finnvera from the post of HR Director at Lujatalo Oy.

Juha Ketola, M.Sc. (Tech.), was appointed Director of Tampere Regional Office as of 1 August 2009. Before his appointment, he worked as Deputy Director of Finnvera's Regional Office in Vaasa.

Executive Vice President Topi Vesteri

was elected Chair of the Medium/Long Term Committee of the Berne Union at the Union's 75th anniversary Annual General Meeting.

#### Supervisory Board

Johannes Koskinen, Member of Parliament, was re-elected Chairman of the Supervisory Board by the Annual General Meeting of Finnvera on 7 May 2009. Kyösti Karjula, Member of Parliament was re-elected First Vice Chairman and Reijo Paaanen, Member of Parliament, Second Vice Chairman. The new members on the Supervisory Board are Ville Niinistö, Member of Parliament, Kirsi Åkerlund, Advocate, and Tuija Saari, Liaison Officer.

KPMG Oy Ab was elected as Finnvera plc's regular auditor with Raija-Leena Hankonen, Authorised Public Accountant, as the principal auditor.

#### Board of Directors

The Annual General Meeting decided to reelect the current Board of Directors.

The members of the Supervisory Board and the Board of Directors are presented on page 23–24 of the Annual Review 2009 and at [www.finnvera.fi](http://www.finnvera.fi) > Finnvera > Finnvera in Brief > Organisation.

### Future prospects and impending risks

Demand for financing is expected to slow down in early 2010, as enterprises are reluctant to make investments. Most sectors have plenty of unused capacity for increasing production. Rising demand on the export market will gradually revive several industry sectors.

The number of difficulties and bankruptcies may increase in 2010, especially among SMEs operating on the domestic market.

Orders for exports will start to revive gradually. However, the revival will be slow and will vary from one sector to another. In many sectors, the launching of new investments is postponed by overcapacity or sufficient capacity. Finnvera's relative share of export financing will remain greater than the average, but, owing to the reactivation of the commercial financial markets, we no longer expect to reach the record-high volumes of 2008 and 2009.

On the basis of the existing offers and the projects under processing, the principal outstanding commitments for export credit guarantees that come into effect in 2010 will be associated with the exports of telecommunications networks and ships.

According to the current estimate, the result for 2010 is likely to remain at the same level as in 2009. However, if more risks materialise than has been anticipated, the situation may change considerably.

# Key Indicators Describing the Group's Financial Development

EUR million	2009	2008	2007	2006	2005
Operating profit or loss	18	9	56	45	46
Return on equity %	3.2	1.5	10.3	7.1	7.4
Return on assets %	0.8	0.5	3.2	1.9	2.0
Equity ratio %	22.4	30.6	30.8	27.7	27.1
Capital adequacy ratio	15.0	15.7	19.5	18.4	18.1
Expense-income ratio	0.3	0.3	0.3	0.4	0.4

Key indicators for the years 2006–2009 have been calculated in accordance with the IFRS.

## Formulas for the key indicators:

Operating profit or loss

Directly from the income statement

Return on equity % (ROE)

$$\frac{\text{Operating profit/loss} - \text{income taxes} * 100}{\text{Equity} + \text{minority interest} + \text{accumulated appropriations deducted by the deferred tax liability (average of the beginning and the end of the year)}}$$

Return on assets % (ROA)

$$\frac{\text{Operating profit/loss} - \text{income taxes} * 100}{\text{Total assets in average (average of the beginning and the end of the year)}}$$

Equity ratio %

$$\frac{\text{Equity} + \text{minority interest} + \text{accumulated appropriations deducted by the deferred tax liability} * 100}{\text{Total assets}}$$

Capital adequacy ratio

In 2008 and 2009 calculated according to Basel II standard method  
Until 2007 calculated in accordance with the Financial Supervision Regulation no. 106.7.

Expense-income ratio

$$\frac{\text{Administrative expenses} + \text{other operating expenses}}{\text{Net interest income} + \text{net fee and commission income} + \text{gains/losses from financial instruments carried at fair value} + \text{net income from investments} + \text{other operating income}}$$



# The Board of Directors' Proposal for Measures Concerning the Profit for the Financial Period

The parent company's profit for the financial period was EUR 24,397,302.11.

The Board of Directors proposes that, by virtue of Section 4 of the Act on the State-Owned Specialised Financing Company, the profit be transferred to unrestricted equity funds as follows:

Profit from domestic operations to the fund for domestic operations	EUR -8,681,697.89
Profit from export credit guarantee and special guarantee operations to the fund for export credit guarantee and special guarantee operations	EUR 33,079,000.00
	<hr/>
	EUR 24,397,302.11

# Consolidated Comprehensive Income Statement

(EUR 1,000)	Note	1 Jan–31 Dec 2009		1 Jan–31 Dec 2008	
Interest income	1				
Loans		66,094		85,190	
Subsidies passed on to customers		16,852		17,173	
Export credit guarantee and special guarantee receivables		123		165	
Guarantee receivables		694		2,601	
Other		4,713	+ 88,476	7,783	+ 112,913
Interest expenses	1		- 29,774		- 50,813
Other interest subsidies	1		+ 401		+ 519
<b>Net interest income</b>	1		<b>+ 59,104</b>		<b>+ 62 618</b>
Net fee and commission income	2		+ 77,034		+ 58,619
Gains and losses from financial instruments carried at fair value through profit or loss	3		- 4,536		- 235
Net income from investments	4				
Shares and participations		1,721		1,633	
Debt securities		4			
Investment property		-51		-97	
Associates		65	+ 1,739	-8,091	- 6,556
Other operating income	5		+ 3,721		+ 3,079
Administrative expenses					
Employee benefit expenses	6				
Wages and salaries		22,916		21,457	
Social security costs		6,152		6,160	
Other administrative expenses	7	13,615	- 42,683	13,529	- 41,147
Other operating expenses	8		- 11,932		- 9,252
Net impairment loss on financial assets	9				
Loans and guarantees		86,700		80,030	
Credit loss compensation from the state		-32,205		-28,353	
Export credit guarantees and special guarantees		9,678	- 64,173	6,253	- 57,930
<b>Operating profit</b>			<b>+ 18,274</b>		<b>+ 9,196</b>
Income tax expense	10				
Current tax expense		1,442		575	
Deferred tax expense		-902	- 539	487	- 1,061
<b>Profit for the period</b>			<b>+ 17,734</b>		<b>+ 8,135</b>
Components of other comprehensive income					
Change in the fair value of shares			- 385		- 3,218
<b>Total comprehensive income for the year</b>			<b>+ 17,349</b>		<b>+ 4,917</b>
Distribution of profit for the period					
Attributable to					
Equity holders of the parent company			+ 18,210		+ 7,656
Minority interest			- 4 76		+ 479
			+ 17,734		+ 8,135
Distribution of total comprehensive income for the year					
Attributable to					
Equity holders of the parent company			+ 17,326		+ 4,884
Minority interest			+ 23		+ 32
			+ 17,349		+ 4,917

# Consolidated Balance Sheet

## ASSETS

(EUR 1,000)	Note		31 Dec 2009		31 Dec 2008
Loans and receivables from credit institutions	11		167,566		81,018
Loans and receivables from customers	12				
Loans		1,992,500		1,410,205	
Guarantee receivables		32,501		15,845	
Receivables from export credit guarantee and special guarantee operations		4,417	2,029,419	2,089	1,428,140
Investments	13				
Debt securities		175,979		97,496	
Associates	28	40,895		41,958	
Other shares and participations	28	74,870		95,504	
Investment property		1,249	292,993	2,695	237,653
Derivatives			8,536		2,197
Intangible assets	14		3,540		8,460
Property, plant and equipment	15				
Properties		8,021		7,671	
Other tangible assets		2,148	10,169	2,393	10,064
Other assets	16				
Credit loss receivables from the state		9,371		12,692	
Other		5,429	14,800	6,857	19,549
Prepayments and accrued income	17		11,570		16,348
Tax assets	18		853		209
			<b>2,539,446</b>		<b>1,803,639</b>

## LIABILITIES

(EUR 1,000)	Note		31 Dec 2009		31 Dec 2008
Liabilities to credit institutions	19	418,154		416,307	
Liabilities to other institutions	19	367,064		78,401	
At fair value through profit or loss	20	861,256		488,758	
Derivatives	21	11,191		74,408	
Provisions	22	38,535		18,469	
Other liabilities		58,210		46,850	
Accruals and deferred income	23	121,037		110,594	
Tax liability	18	1,602		2,535	
Subordinated liabilities	24	93,394	1,970,442	15,136	1,251,459
<b>Equity</b>	25				
Equity attributable to the parent company's shareholders					
Share capital		196,605		196,605	
Share premium		51,036		51,036	
Fair value reserve		-1,000		-614	
Unrestricted funds					
Fund for domestic operations	133,931			141,348	
Fund for export credit guarantee and special guarantee operations	153,289			130,642	
Other	59			59	
Retained earnings	23,086	310,365		20,480	292,528
Minority interest		11,998	569,004	12,625	552,181
			<b>2,539,446</b>		<b>1,803,639</b>

# Consolidated Statement of Changes in Equity

Equity attributable to the parent company's shareholders

(EUR 1,000)	Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantee and special guarantee operations	Other reserves	Retained earnings	Total	Minority interest	Total equity
<b>Balance at 1 January 2008</b>	<b>196,605</b>	<b>51,036</b>	<b>2,604</b>	<b>144,906</b>	<b>95,379</b>	<b>59</b>	<b>44,640</b>	<b>535,229</b>	<b>9,278</b>	<b>544,507</b>
Total comprehensive income for the year			-3,218				8,135	4,917	511	5,428
Transfers into funds				-3,459	35,317		-31,858	0	0	0
Adjustments				-99	-54		-437	-590	2,836	2,246
<b>Balance at 31 December 2008</b>	<b>196,605</b>	<b>51,036</b>	<b>-614</b>	<b>141,348</b>	<b>130,642</b>	<b>59</b>	<b>20,480</b>	<b>539,556</b>	<b>12,625</b>	<b>552,181</b>
<b>Balance at 1 January 2009</b>	<b>196,605</b>	<b>51,036</b>	<b>-614</b>	<b>141,348</b>	<b>130,642</b>	<b>59</b>	<b>20,480</b>	<b>539,556</b>	<b>12,625</b>	<b>552,181</b>
Total comprehensive income for the year			-386				17,734	17,348	-453	16,895
Transfers into funds				-7,417	22,647		-15,230	0	0	0
Adjustments							102	102	-174	-72
<b>Balance at 31 December 2009</b>	<b>196,605</b>	<b>51,036</b>	<b>-1,000</b>	<b>133,931</b>	<b>153,289</b>	<b>59</b>	<b>23,086</b>	<b>557,006</b>	<b>11,998</b>	<b>569,004</b>

# Consolidated Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
<b>Cash flows from operating activities</b>		
Withdrawal of loans granted	-881,468	-390,457
Repayments of loans granted	263,211	321,730
Purchase of investments	-10,753	-7,212
Proceeds from investments	4,703	290
Interest received	70,632	90,010
Interest paid	-33,297	-49,946
Interest subsidy received	18,892	18,102
Payments received from commission income	91,291	86,323
Payments received from other operating income	40,801	36,391
Payments for operating expenses	-34,450	-32,400
Claims paid	-49,699	-29,325
Taxes paid	-1,560	11,623
<b>Net cash from operating activities (A)</b>	<b>-521,697</b>	<b>55,129</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment and intangible assets	-1,194	-2,674
Profit from the assignment of tangible and intangible assets	541	3,335
Purchase of other investments	0	0
Proceeds from other investment	117	107
Dividends received from investments	1,086	1,845
<b>Net cash used in investing activities (B)</b>	<b>550</b>	<b>2,613</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	0	3,000
Proceeds from loans	821,364	145,823
Repayment of loans	-158,408	-168,201
Dividends paid	-190	-74
<b>Net cash used in financing activities (C)</b>	<b>662,766</b>	<b>-19,452</b>
<b>Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>141,619</b>	<b>38,290</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>243,518</b>	<b>205,228</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>385,137</b>	<b>243,518</b>
<b>Cash and cash equivalents at the end of period</b>		
Receivables from credit institutions	167,565	81,018
Debt securities	175,979	97,496
Investments in short-term interest funds	41,593	65,004
	<b>385,137</b>	<b>243,518</b>

# Notes to the Consolidated Financial Statements

## Summary of Significant Accounting Policies

### Basic information of the company

Finnvera provides financing for the business of small and medium-sized enterprises (SMEs), for exports and internationalisation, and helps implement the government's regional policy objectives.

The Group's parent company is a Finnish limited liability company established in accordance with Finnish law and domiciled in Kuopio. Its registered address is Haapaniemenkatu 40, 70111 Kuopio. The Board of Directors approved the financial statements on 19 March 2009.

Copies of the consolidated financial statements are available on the Internet, at [www.finnvera.fi](http://www.finnvera.fi), or in the Group's head offices at Haapaniemenkatu 40, 70110 Kuopio and Eteläesplanadi 8, 00100 Helsinki.

### Accounting principles for the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2008 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

In 2009, Finnvera adopted the following IFRSs:

- IFRS 8 Operating Segments. According to the standard, segment reporting is based on internal reporting for the management and on the accounting principles followed therein. IFRS 8 also requires that an entity provides information on its products, services, geographical areas and major customers. Adoption of IFRS 8 has not changed the information presented on segments, because the segments published by the Group previously were already based on in-house reporting, and the Group carries out operations only in Finland.
- Revised IAS 1 Presentation of Financial Statements. The amendments mainly affected the presentation of calculations in the financial statements (the income statement and the calculation indicating how the shareholders' eq-

uity has changed).

- Amendments to IFRS 7 Financial Instruments: Disclosures – Improving the notes on financial instruments. The amendments expanded the scope of disclosures about the fair value measurements of financial assets and liabilities, and disclosures about liquidity risk.
- Revised IAS 23 Borrowing Costs. The revised standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The standard revision has had no effect on the consolidated financial statements.
- Improvements to IFRSs, May 2008. The amendments apply to a total of 34 standards. Within this process, small and less urgent changes to IFRSs are grouped together and implemented once a year. The changes have not had any essential effect on the consolidated financial statements.
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations. According to the amendment to the standard, when the fair value of equity instruments granted is determined, all non-vesting conditions must be taken into account. The accounting treatment of cancellations has also been specified. The amendment to the standard has had no effect on the consolidated financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and to IAS 32 Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation. The amendments concern certain puttable equity instruments and their classification as equity in certain situations. The amendment to the standard has had no effect on the consolidated financial statements.
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives. The amendments clarify the accounting treatment of embedded derivatives when an item included in financial assets is reclassified out of the fair value through profit or loss category. The amendment to the stand-

ard has had no effect on the consolidated financial statements.

- IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate and IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The interpretations have had no effect on the consolidated financial statements.

The consolidated financial statements are prepared on the historical cost convention except for the available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss. The financial statements are presented in euros, rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires that the management make certain estimates and assumptions and use judgment in application of the accounting principles. The estimates and assumptions affect the amounts of assets and liabilities as well as the disclosure of contingent liabilities on the balance sheet, and the amounts of income and expenses in the income statement. The estimates and assumptions are based on the best available information at the time of closing the books. The actual results may differ from the estimates made.

In the accounting principles' section 'Accounting principles requiring the management's judgment and the key sources of estimation uncertainty', information is provided about the accounting principles in which the management's judgment or the key sources of estimation uncertainty may have the greatest effect on the figures presented.

## Principles of consolidation

### Subsidiaries

The consolidated financial statements include the financial statements of the parent company and all its subsidiaries. Subsidiaries are entities controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial or operating policies of a subsidiary so as to obtain benefits from its activities. When subsidiaries are acquired, they are consolidated from the date of acquisition up to the date when the control ceases.

In accordance with the exemption granted under IFRS 1, the carrying amounts

arising from business combinations prior to the IFRS transition date 1 January 2006 have not been restated. The Group has not entered into business combinations after the date of transition.

Intra-group transactions, receivables and liabilities as well as unrealised profits and intra-group profit distributions are eliminated in the consolidation.

#### **Minority interest**

Minority interest is reported as a separate item within the equity of the consolidated balance sheet and in the profit for the period in the consolidated income statement.

#### **Associates**

Associated companies are entities in which the Group has significant influence but not control over the financial and operational policies of the entity. Significant influence generally exists when the Group has 20 to 50 per cent of the voting shares of the entity. Associated companies are consolidated by using the equity method of accounting.

Equity investments made by Finnvera through its subsidiaries are treated in the alternative manner allowed by IAS 29 Investments in Associates at fair value, as investments recognised through profit or loss. Changes in fair value are entered in the income statement during the period of the change.

#### **Transactions denominated in foreign currencies**

Transactions denominated in foreign currencies are recognised using the exchange rates prevailing at the dates of the transactions, and assets and liabilities denominated in foreign currencies are converted using the exchange rate at the balance sheet date. Foreign exchange gains and losses arising on conversion are recognised in the income statement item Gains and losses from financial instruments carried at fair value.

#### **Recognition of income and expenses**

##### **Net interest income**

Interest income and interest expenses are recognised in the income statement over the maturity of the contract using the ef-

fective interest rate method. All fees received and paid, interest points that are an integral part of the effective interest rate of the contract, as well as transaction costs and any other premiums or discounts are taken into consideration in calculating the effective interest rate. Interest and commission subsidies received from the State are recognised correspondingly over the maturity of the contract using the effective interest rate method.

##### **Fees and commission income and expenses, net**

Credit and guarantee fees are recognised in the income statement over the maturity of the contract. Other commission income and expenses are usually recognised when the service is rendered.

##### **Gains and losses from financial instruments carried at fair value**

Gains and losses (both realised and unrealised) from derivatives, liabilities measured at fair value and venture capital investments as well as exchange rate differences are presented under the income statement item Gains and losses from financial instruments carried at fair value.

##### **Net income from investments**

Gains and losses from shares, participations and debt securities classified as available for sale, impairments of these items as well as income and expenses arising from investment properties are presented under the item Net income from investments.

The item Net income from investments also presents the net income from associates and the dividends received. Dividends are recognised as income in the period in which the right to receive the payment is established.

##### **Government grants**

Finnvera receives interest and provision subsidies from the State as well as compensation for credit losses that have arisen from credits which Finnvera has granted on certain regional policy grounds agreed with the State. Credit and guarantee loss compensations are paid for credits and guarantees that have been granted without protective security.

Interest and provision subsidies are recognised over the maturity of the contract using the effective interest rate meth-

od, and compensations received for credit losses are recognised when the contractual right to receive them is established.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand receivables from credit institutions.

#### **Financial instruments**

##### **Classification**

Financial assets and financial liabilities are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities.

##### **Financial instruments at fair value through profit or loss**

Financial items at fair value through profit or loss comprise financial assets and financial liabilities held for trading, derivatives held for trading as well as financial liabilities designated at fair value through profit or loss.

Financial items at fair value through profit or loss comprise derivatives and those liabilities designated at fair value through profit or loss for which the interest rate risk or the currency risk has been hedged using these derivatives.

Finnvera applies the fair value option in accordance with IAS 39 Financial Instruments: Recognition and Measurement to the above mentioned items that are accounted for as an aggregate in accordance with the company's risk management strategy.

Fair value changes in assets at fair value through profit or loss are recognised in the income statement under the item "Gains and losses from financial instruments carried at fair value".

Venture capital investments made by the Group are classified as financial assets at fair value through profit or loss upon initial recognition. Such investments are measured at fair value and the resulting change in fair value is recognised in the income statement as incurred. (For the fair value of venture capital investments; see the section Determination of fair value).

### Loans and receivables

Contracts with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Upon initial recognition, loans and receivables are measured at fair value plus any directly attributable costs. Subsequently these items are measured at amortised cost using the effective interest method.

### Available-for-sale financial assets

Non-derivative financial assets that are classified as available for sale or that do not belong to any other category of financial assets, are classified as available-for-sale financial assets.

In Finnvera, debt securities, as well as shares and holdings other than those held for venture capital investment activities, are classified as available-for-sale financial assets. Upon initial recognition, these assets are measured at fair value plus any transaction costs directly attributable to the acquisition. Subsequently available-for-sale financial assets are measured at fair value and the change in fair value is recognised directly in equity in the fair value reserve. If there is objective evidence of impairment on an asset classified as an available-for-sale financial asset, the accumulated loss recognised in equity is entered in the income statement.

### Other financial liabilities

Other financial liabilities comprise other liabilities to credit institutions and customers, as well as debt securities in issue, that are not classified as financial liabilities at fair value through profit or loss.

State subsidies and grants received for the purpose of acquisition of subsidiaries are also classified as other financial liabilities based on the repayment obligation relating to these assets in certain situations.

Financial liabilities are recorded in the balance sheet at the amount of the consideration received, adjusted for any transaction costs incurred, and are measured at amortised cost using the effective interest method.

Finnvera treats the zero-interest subordinated loans granted to the Group by the State at nominal value due to their special nature and the related special clauses.

IAS 32 Financial Instruments: Presentation and Disclosure defines a financial liability as a contractual obligation to deliver financial assets to another entity and an equity instrument as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Impairment losses on receivables and credit and guarantee losses

An impairment loss is recorded on loans and receivables when there is objective evidence of impairment as a result of one or more loss events and this has an impact on future cash flows to be received.

Objective evidence of a customer's capability to fulfil obligations is based on the risk classification of customers, past experience and estimates made by the management about the effect of delayed payments on the accruing of receivables.

Impairment is assessed individually and collectively. Receivables where the customer's total risk exposure is significant are assessed individually. For the purposes of assessing receivables collectively, the receivables are divided into subgroups that are similar in terms of credit risk.

An impairment loss is recognised if the present value of the future cash flows discounted at the receivable's original effective interest rate is lower than the carrying amount of the receivable. The amount recovered at the realisation of the collateral, as well as the credit loss compensations received from the State, are taken into account in the assessment.

An impairment loss is recognised as a realised loss when the customer has been found indigent in the liquidation proceedings or the receivable has been written off in either a voluntary or statutory loan arrangement.

### Determination of fair value

Fair value of financial instruments is determined on the basis of published price quotations on an active market. If a published price quotation in an active market does not exist for a financial instrument

in its entirety, but active market exists for its components, fair value is determined on the basis of relevant market prices for the component. If the market is not active or the security is unlisted, fair value is determined by using generally accepted valuation techniques.

The fair values of financial liabilities at fair value through profit or loss and derivatives are determined through discounted cash flows.

Fair values of venture capital investments are determined using an applicable valuation method and in accordance with the guidelines of the European Venture Capital Association (EVCA). The effect of any options and conversion options on the value of the ownership is taken into consideration when determining the fair value. If a reliable determination of fair value is not possible, venture capital investments are measured at cost less any impairment losses.

### Recognition and derecognition of financial assets and financial liabilities

Loans and receivables are recognised in the balance sheet when a customer takes out a loan; available-for-sale financial assets and derivatives are recognised using trade date accounting; and financial liabilities at fair value through profit or loss are recognised when the consideration is received.

Financial assets are derecognised from the balance sheet when the contractual right to the asset expires or when the rights are transferred to another party. Financial liabilities are derecognised when the related obligations are fulfilled.

### Leases

Leases are classified as finance leases and operating leases. The classification is based on whether the substantial risks and rewards incidental to ownership are transferred to the lessee. Finnvera does not have leases classified as finance leases.

Finnvera enters operating leases both as a lessee and a lessor. Lease payments under operating leases are recognised as income or expense on a straight-line basis over the lease term. Operating



leases are mostly contracts relating to premises.

## Intangible assets

Intangible assets include the development costs of IT applications and software, as well as other intangible assets if their cost can be measured reliably and it is probable that the Group will gain economic benefits from the assets.

Intangible assets are carried at historical cost less accumulated amortisations and impairment losses. Intangible assets are amortised over their estimated useful life that is five years.

## Property, plant and equipment

Property, plant and equipment comprise the properties in own use as well as the machinery and equipment. Properties in which a significant part of the floor area is used by Finnvera or its subsidiaries are classified as properties in own use.

Property, plant and equipment are carried at historical cost less accumulated depreciations and impairment losses. Property, plant and equipment are depreciated over their estimated useful lives as follows:

Property	30–40 years
Machinery and equipment	5–7 years

## Impairment of intangible assets and property, plant and equipment

At every balance sheet date, the carrying amounts of the intangible assets and property, plant and equipment are reviewed to determine whether there are indications of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is entered into the income statement when the carrying amount of an asset exceeds its recoverable amount.

## Investment property

Investment property is held to earn rental income and for capital appreciation. Investment property is carried at historical cost less accumulated depreciations

and impairment losses (cost model). The useful lives and depreciation bases for investment property are the same as for corresponding properties in own use. The fair value of investment property is disclosed in the notes. The fair values are based on information from actual sales of corresponding property in a corresponding location and in a similar condition on the market as well as on rental value calculated on the basis of market information. For major property items, the valuation is based on a valuation carried out by an independent assessor.

## Provisions

### Employee benefits

Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions into a pension insurance company and has no legal or constructive obligation to pay further contributions. Obligations resulting from a defined contribution plan are expensed in the period to which they relate. The cost of providing defined benefit plans is charged to the income statement over the working lives of the employees participating in the plan on the basis of actuarial calculations. The pension plan assets measured at fair value at the balance sheet date are deducted from the present value of the pension obligation to be recognised in the balance sheet taking into account the recognised actuarial gains and losses. Actuarial gains and losses are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan to the extent that such gains and losses exceed the greater of 10 % of the present value of the defined benefit obligation or 10 % of the fair value of any plan assets.

### Provisions for export credit guarantee losses

A provision for export credit guarantee losses is recognised when the Group has a present legal or constructive obligation to pay a guarantee indemnity, realisation of the obligation is probable and it can be estimated reliably.

### Provision for domestic guarantee losses

A provision for guarantee losses is recognised in accordance with the same principles as the impairment losses recognised on loans and receivables either individually or collectively by groups of receivables.

## Income taxes

Income taxes in the consolidated income statement consist of current tax based on the taxable profit for the period and deferred tax. The tax expense is recognised in the income statement except for deferred tax relating to items charged or credited directly to equity when that tax is itself charged or credited directly to equity.

Deferred taxes are calculated for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are determined using tax rates enacted by the balance sheet date.

The amendment to the Income Tax Act enacted by Parliament entered into force through the Government's Decree issued on 20 December 2007. The amendment made Finnvera plc exempt from income taxation as from 1 January 2007.

## Accounting principles requiring the management's judgment and the key sources of estimation uncertainty

To a certain extent, the preparation of financial statements requires the making of judgments. In Finnvera, the essential judgments concern the determination of the fair value of financial instruments and investment property, the impairment testing of loans and receivables, and the provision to be made for guarantee commitments.

In determining the fair value of financial instruments, it is essential to assess the method for determining the fair value and the verifiability of the market parameters. The assessment of the fair values of investment property is affected by the expected future yield, the location of the property as well as general cost trends.

The impairment testing is based on estimates on future cash flows to be received. The provision to be made for guarantee commitments is based on the management's assessment of the probable amount of expenditure that needs to be covered by the provision.

## Events after the balance sheet date

### Application of new IFRSs

In 2008 and 2009, the IASB published the following new and amended standards and interpretations. They are applied as of the effective date of each standard and interpretation. If the effective date is not the first day of a financial period, they are applied as of the beginning of the next financial period following the effective date.

- Revised IFRS 3 Business Combinations (applied to financial periods starting on 1 July 2009 or thereafter). Important amendments have been made to the standard. The amendments expand the scope of application of IFRS 3 and affect, for instance, the goodwill recognised on acquisitions and the sale of business. A contingent consideration is measured at fair value and its resulting changes are recognised in profit or loss. Acquisition-related costs, such as consultants' fees, are not capitalised; instead, they are accounted for as expenses. The non-controlling owners' share can be measured separately for each transaction either at fair value or as a relative share of the entity's net assets.
- Revised IAS 27 Consolidated and Separate Financial Statements (applied to financial periods starting on 1 July 2009 or thereafter). The amendments to the standard affect the accounting treatment of company acquisitions and company sales in stages. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. Such arrangements with non-controlling interests do not give rise to goodwill or gains or losses recognised in profit or loss. If a parent loses control of a subsidiary, any investment retained in the former subsidiary is recognised at its fair value through profit or loss. A corresponding accounting treatment is also applied to associates and jointly controlled entities. In the future, subsidiaries' losses can be attributed to the non-controlling interest even when they

exceed the amount of the non-controlling interest's investment.

- IFRS 9 Financial Instruments (applied to financial periods starting on 1 January 2013 or thereafter). IFRS 9 is part of the IASB project aimed at replacing IAS 39 Financial Instruments: Recognition and Measurement. The new standard deals with the measurement of financial assets in terms of classification. The rest of the guidelines in IAS 39 concerning impairment of financial assets and hedge accounting are still in force. The EU has not yet adopted IFRS 9.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (applied to financial periods starting on 1 July 2009 or thereafter). The amendments pertain to hedge accounting. They concern hedging against unilateral risks and inflation risks. The Group assesses that the amendment will have no effect on future financial statements.
- IFRIC 17 Distributions of Non-cash Assets to Owners (applied to financial periods starting on 1 July 2009 or thereafter). The interpretation gives guidance on how an entity should recognise non-cash assets distributed as dividends to owners.
- IFRIC 18 Transfers of Assets from Customers (applied to financial periods starting on 1 July 2009 or thereafter). The interpretation clarifies how entities recognise items of property, plant and equipment or cash assets that the entities receive from customers and must use either to connect the customers to a distribution network (such as electricity network) or to provide the customers with ongoing access to a supply of goods or services or to do both. The amendment will have no effect on the Group's future financial statements.
- Improvements to IFRSs, April 2009 (applied generally to financial periods starting on 1 January 2010 or thereafter). The amendments apply to a total of 15 standards. Their effects vary from one standard to the next. The EU has not yet adopted the amendments. The Group assesses that the amendments will have no major effect on the future financial statements.
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (applied to financial periods starting on 1 January 2010 or thereafter). The amendments to the standard provide additional guid-

ance on the accounting treatment of share-based payment transactions between group entities. The EU has not yet adopted the amended standard. The Group assesses that the amendments will have no major effect on the future financial statements.

- Amendment to IAS 32 Financial Instruments: Presentations – Classification of Rights Issues (applied to financial periods starting on 1 February 2010 or thereafter). The amendment addresses the accounting treatment (classification) of rights, options or warrants that are denominated in a currency other than the functional currency of the issuer. The EU has not yet adopted the amendment to IAS 32. The amendment has no effect on the consolidated financial statements.
- Revised IAS 24 Related Party Disclosures (applied to financial periods starting on 1 January 2011 or thereafter). The amendments simplify the requirements concerning disclosures in the financial statements of State-controlled entities and expand the definition of 'related party'. The EU has not yet adopted the revised standard. The amendments have an effect on the information presented in the financial statements.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applied to financial periods starting on 1 January 2011 or thereafter). With the introduction of the amendments, prepayments made for a defined benefit asset can in some cases be entered as an asset item on the balance sheet instead of an expense entry, when the arrangement includes a minimum funding requirement. The EU has not yet adopted the amendments to the interpretation. The Group assesses that the amendments will have no major effect on the future financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applied to financial periods starting on 1 July 2010 or thereafter). The interpretation provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. IFRIC 19 is applied retroactively. The EU has not yet adopted the interpretation. The Group assesses that the amendments will have no major effect on the future financial statements.

## Risk Management

Finnvera operates as a financier supplementing the financial markets and takes higher credit risks than financiers operating on commercial grounds.

Risk management is of central importance for the maintenance of Finnvera's ability to take risks and for the attainment of economic objectives in the long run. The company's Board of Directors and the top management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the outlines for risk-taking. For its part, the goal of risk management is to ensure prerequisites for implementing the company's strategy. In keeping with its role, Finnvera uses financing to support the operations of enterprises in the phases of start-up and growth, as well as to promote the exports and internationalisation of companies.

The State of Finland compensates Finnvera for some of the losses that arise in domestic financing. Using revenues from its operations, Finnvera must cover its own share of any domestic credit and guarantee losses arisen from one economic cycle to the next. In regard to export credit operations, foreign country, bank and enterprise risks are secured by the State Guarantee Fund and the State of Finland. In the long term, profits from operations must cover the expenses and guarantee losses arising from operations. Finnvera's goal is to take credit risks in a controlled manner in line with its operating principles, and to hedge against other risks or to minimise them. Some of the investments in subsidiaries are capital investments made by the State through the parent company, while some is capital invested directly by the parent company.

Domestic risk-taking is guided by means of the credit policy and risk-taking goals specific to each business area. These take into account, for instance, differences in the clientele and in the operating environment. The risk-taking goals are based on the targets set for Finnvera vis-à-vis

its ownership policy, profitability and effectiveness. Risk-taking pertaining to export credit guarantees is guided by means of the country and guarantee policies ratified by the Board of Directors. In addition, a hedging policy has been approved for export credit operations. In consequence, part of the credit risk may be hedged, among others, with credit derivatives or guarantee swap contracts.

The subsidiaries that are involved in venture capital investment carry out, for their own part, strategic policies focusing on start-ups and growth companies in order to increase risk-taking. The parent company manages the risks arising in a subsidiary by ownership steering and by including the subsidiaries within the scope of Group risk management and internal auditing.

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

### Credit and guarantee risks

The risk of a credit loss arises when a debtor or another counterpart does not meet its obligations in full. In domestic financing, the reason for a credit loss may be the insolvency of a corporate client. In the case of export credit guarantees, a guarantee loss may stem from the inability or unwillingness of a country, bank or corporate client to meet their payments.

Management of credit risks in domestic operations is based on the assessment of credit risks for each enterprise. Finnvera applies a risk classification system of eight categories, which is based on long-term observation of insolvency events for each risk category. The scale in use has seven categories for operat-

ing enterprises and one category for insolvent enterprises. When a decision on financing is made, the account manager is responsible for assessing the credit risk, for applying the risk classification and for drafting the financing proposal. The risk rating of Finnvera's client companies is updated at least every second year. The value of any available collateral is also assessed and updated in a similar way.

Finnvera monitors its risk-taking monthly with a diversified set of indicators. The main indicators in Finnvera's risk management are as follows: distribution of current commitments and the change in commitments by risk category; payment delays and non-performing assets; the anticipated statistical value of credit losses, describing the amount of risk-taking in terms of outstanding commitments and the financing granted; and the credit losses that have materialised.

For granting export credit guarantees, Finnvera classifies countries into eight categories. The classification is based on methods used by export credit agencies and on country risk assessment. Since there may be considerable differences between individual countries, even within the same category, risk-taking is based on a separately defined country policy. Various factors affect the determination of the country category: assessment of the country's ability to manage its external liabilities; expectations of the future trend of the country's economy; and political stability and the legislative framework. Finnvera keeps a close eye on the economic and political situations of countries and makes adjustments to country categories and to the risk-taking policy depending on the changes that have occurred. The category of each country is checked at least once a year.

The taking of bank risks is based on an assessment of each country's banking system and on the risk analyses and risk ratings of individual banks. On the basis of both qualitative and quantitative factors, a risk-taking outline is determined for each individual bank, depending on the risk category. The risk rating of banks is updated whenever needed and always when new projects are introduced.

The taking of enterprise risks is based on an analysis of the enterprise's management, business and finances. The analysis can be concise in the case of small and short-term guarantees. The analysis results in internal risk classification of eight categories, which partly corresponds to the risk classification method used by international rating agencies. The classification is updated when new projects are introduced and at least once a year.

The Risk Management Unit is responsible for coordinating the development and maintenance of the risk classification systems as well as for the follow-up of the functionality of the classification systems.

#### **Basel II**

Finnvera calculates its official capital adequacy by using the Basel II standard method, although Finnvera is under no official obligation to adopt the Basel II Framework methods. When assessing its capital adequacy internally, Finnvera uses techniques complying with Basel II and based on clients' probable solvency.

It has been ensured through legislation that, in the capital adequacy calculations of banks, the risk weight of Finnvera's guarantees is the same as that of the State of Finland, which was determined at zero as per 31 December 2009.

#### **Interest rate and currency risks**

Interest rate and currency risks associated with Finnvera's refinancing are managed by reconciling the terms of borrowing and lending, for instance, by means of interest rate and currency swaps. Limits have been set for the consequent interest rate and currency risks. These limits are monitored actively, and the Board of Directors receives reports on them on a regular basis. The effect of market risks on Finnvera's performance is deemed to be small.

Provision has been made for any claims that may need to be paid in dollars by virtue of export credit guarantees granted. The associated currency risk has been reduced by keeping an amount of liquid assets in dollar accounts corresponding to the amount of expected losses denominated in dollars.

#### **Liquidity risk**

Finnvera has arranged long-term refinancing by using several sources of financing. The availability of refinancing can also be secured by making use of guarantees granted by the State. Liquidity is managed by using short-term investment instruments that must meet the criteria set for credit rating.

The potentially high claims arising from export credit guarantee operations may lead to an unexpected need for liquidity. Finnvera has entered into contractual arrangements with the State of Finland to prepare for the realisation of such liquidity risk.

#### **Operational risks**

An operational risk is a risk of loss caused by insufficient or inoperable internal processes, systems, human resources or external events. Operational risks also include legal risks and the risk of damage to reputation.

The management of operational risks has been developed systematically since 2006. Systematic collection and registration of materialised risk occurrences started at the beginning of 2007. These risks and other risks deemed to be potential are assessed continuously for the probability of their materialisation and for their severity. The management of operational risks and the related work are carried out together with the work for developing processes. Safeguards are taken against operational risks, for instance, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

#### **Venture capital investments**

Within the Finnvera Group, venture capital investments are carried out by Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy. Investments made in these companies are included within the scope of Finnvera plc's credit risk monitoring.

The risk management carried out by the subsidiaries engaged in venture capital investment is based on limiting the size of investments, on sharing the risk with other investors, and on sufficient distribution of the investment portfolio.

The companies engaged in venture

capital investment comply with the recommendations of the European Venture Capital Association (EVCA) in valuing the venture capital investments and investments in short-term interest funds. After the transition to IFRS, these investments are measured to fair value in accordance with the above-mentioned recommendations.

#### **Capital management**

Due to the nature of the business, Finnvera plc must ensure that the amount of equity is sufficient in relation to the credit risks taken. Equity and retained earnings have been allocated to the fund for domestic operations and to the fund for export credit guarantee and special guarantee operations. Finnvera plc's domestic financing includes the credit and guarantee loss compensation paid by the State. At present, the credit and guarantee loss compensation varies between 35–80% of the existing loan and guarantee portfolio. In regard to export credit guarantee operations, the State of Finland is responsible, e.g. through the State Guarantee Fund, for the losses arisen during the financial period that have exceeded the assets in the fund for export credit guarantee and special guarantee operations.

As at 31 December 2009, the fund for domestic operations totals EUR 133.9 million and the fund for export credit guarantee and special guarantee operations EUR 153.3 million.

In internal accounting, the adequacy of equity is assessed in relation to credit risks to be taken and to the existing credit risks by using, among others, an indicator representing economic capital, as well as by estimating the amounts of credit losses arising in potential extreme situations.

## Finnvera Group

### 1. Credit risks

Receivables (EUR 1,000)	31 Dec 2009	31 Dec 2008
Loans and receivables from credit institutions	167,566	81,018
Loans and receivables from customers	1,734,924	1,428,140
Debt securities	175,979	97,496
Derivatives	8,536	2,197
<b>Total</b>	<b>2,087,005</b>	<b>1,608,851</b>
Finnish Export Credit's receivables, EUR 294,495 thousand, guaranteed by Finnvera, have been deducted from 'Receivables from customers' in the Group.		
<b>Contingencies (Note 26)</b>	<b>11,626,227</b>	<b>9,541,423</b>

### 2. Receivables from customers and guarantees whose value has not impaired

Risk class (EUR 1,000)	31 Dec 2009	%	31 Dec 2008	%
A1	805	0 %	1,199	0 %
A2	19,164	1 %	22,353	1 %
A3	104,418	3 %	121,598	5 %
B1	498,648	16 %	488,239	21 %
B2	1,779,735	59 %	1,244,937	54 %
B3	480,730	16 %	336,428	15 %
C	91,387	3 %	58,698	3 %
D	61,519	2 %	37,458	2 %
<b>Total</b>	<b>3,036,406</b>	<b>100 %</b>	<b>2,310,910</b>	<b>100 %</b>

### 3. Concentrations

#### 3.1. Receivables from customers and guarantees by industry

(EUR 1,000)	31 Dec 2009	31 Dec 2008
Rural trades	25,245	15,812
Industry	1,830,364	1,237,607
Tourism	195,620	198,717
Services to business	569,485	492,591
Trade and consumer services	415,691	366,183
<b>Total</b>	<b>3,036,406</b>	<b>2,310,910</b>

#### 3.2. Commercial commitments of the export credit guarantee operations by industry

(EUR 1,000)	31 Dec 2009			31 Dec 2008		
	Offered	In force	Total	Offered	In force	Total
Telecommunications	1,675,777	2,041,543	3,717,321	187,500	1,486,073	1,673,573
Forest industry	138,938	700,278	839,216	450,381	654,508	1,104,889
Power generation	11,227	39,373	50,600	16,785	65,941	82,726
Shipping companies	562,880	2,402,944	2,965,824	1,341,040	1,640,391	2,981,431
Metal industry and ore mining	42,896	191,492	234,388	5,294	115,638	120,932
Other	120,611	530,715	651,326	172,211	115,777	287,988
<b>Total</b>	<b>2,552,329</b>	<b>5,906,345</b>	<b>8,458,674</b>	<b>2,173,211</b>	<b>4,078,328</b>	<b>6,251,539</b>

#### 3.3. Bank commitments of the export credit guarantee operations

(EUR 1,000)	31 Dec 2009			31 Dec 2008		
	Offered	In force	Total	Offered	In force	Total
Banks and financing	68,816	531,274	600,090	26,662	530,115	556,777

## 4. Commitments by area

### 4.1. Loans and guarantees by area

(EUR 1,000)	31 Dec 2009	31 Dec 2008
Finland	3,036,406	2,310,910

### 4.2. Commitments of the export credit guarantee operations by area

(EUR 1,000)	31 Dec 2009			31 Dec 2008		
	Offered	In force	Total	Offered	In force	Total
Asia	568,784	907,266	1,476,050	378,657	550,559	929,216
CIS*	488,192	673,133	1,161,325	318,446	768,656	1,087,102
Central and East Europe	3,148	191,315	194,463	1,126	192,463	193,589
Latin America	53,995	1,641,819	1,695,814	2,351	1,389,664	1,392,015
Middle East and North Africa	355,010	398,676	753,686	18,929	363,127	382,056
Sub-Saharan Africa	0	141,395	141,395	82,100	19,220	101,320
Industrial countries	1,214,160	2,910,321	4,124,481	2,068,866	1,113,921	3,182,787
<b>Total</b>	<b>2,683,289</b>	<b>6,863,925</b>	<b>9,547,214</b>	<b>2,870,475</b>	<b>4,397,610</b>	<b>7,268,085</b>

\* The term CIS area is used for the 12 independent, former Soviet Union countries

## 5. Collateral shortage

(EUR 1,000)	31 Dec 2009				31 Dec 2008			
Risk category	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
A1	805	556	249	31 %	1,199	716	483	40 %
A2	19,164	13,019	6,145	32 %	22,353	13,307	9,046	40 %
A3	104,418	60,484	43,934	42 %	141,780	65,739	76,041	54 %
B1	498,648	241,582	257,066	52 %	595,876	220,384	375,492	63 %
B2	1,779,735	879,577	900,158	51 %	1,144,312	406,647	737,665	64 %
B3	480,730	137,357	343,373	71 %	309,235	81,461	227,774	74 %
C	91,387	16,924	74,463	81 %	58,697	11,066	47,631	81 %
D	61,519	13,895	47,624	77 %	37,458	5,612	31,848	85 %
<b>Total</b>	<b>3,036,406</b>	<b>1,363,394</b>	<b>1,673,012</b>	<b>55 %</b>	<b>2,310,910</b>	<b>804,932</b>	<b>1,505,978</b>	<b>65 %</b>

## 6. Impaired loans and guarantees for which a guarantee provision has been made

### Impairment losses on individually assessed loans and guarantee provisions 31 Dec 2009

Loans (EUR 1,000)					
Risk category	B2	B3	C	D	Total
Commitment before the impairment	0	57,249	16,262	22,763	96,274
Impairment loss	0	23,758	6,046	6,310	36,114
Commitment after the impairment	0	33,491	10,216	16,453	60,160
Guarantees (EUR 1,000)					
Risk category	B2	B3	C	D	Total
Commitment before the guarantee provision	0	27,967	6,975	10,797	45,739
Guarantee provision	0	7,799	2,196	3,320	13,315
Commitment after the guarantee provision	0	20,168	4,779	7,477	32,424

#### Impairment losses on collectively assessed loans and guarantee provisions 31 Dec 2009

Loans (EUR 1,000)					
Risk category	B2	B3	C	D	Total
Commitment before the impairment	5,667	28,719	16,728	39,449	90,563
Impairment loss	679	7,914	6,374	17,704	32,671
Commitment after the impairment	4,988	20,805	10,354	21,745	57,892

Guarantees (1 000 e)					
Risk category	B2	B3	C	D	Total
Commitment before the guarantee provision	2,731	8,050	5,991	27,636	44,408
Guarantee provision	252	2,124	1,835	11,792	16,003
Commitment after the guarantee provision	2,479	5,926	4,156	15,844	28,405

#### Impairment losses on individually assessed loans and guarantee provisions 31 Dec 2008

Loans (EUR 1,000)					
Risk category	B2	B3	C	D	Total
Commitment before the impairment	0	71,648	7,949	5,309	84,906
Impairment loss	0	30,839	3,205	2,338	36,382
Commitment after the impairment	0	40,809	4,744	2,971	48,524

Guarantees (1 000 e)					
Risk category	B2	B3	C	D	Total
Commitment before the guarantee provision	0	31,489	1,356	2,775	35,620
Guarantee provision	0	7,760	540	885	9,185
Commitment after the guarantee provision	0	23,729	816	1,890	26,435

#### Impairment losses on collectively assessed loans and guarantee provisions 31 Dec 2008

Loans (EUR 1,000)					
Risk category	B2	B3	C	D	Total
Commitment before the impairment	11,739	19,834	10,286	36,351	78,210
Impairment loss	1,313	4,116	4,068	12,749	22,246
Commitment after the impairment	10,426	15,718	6,218	23,602	55,964

Guarantees (1 000 e)					
Risk category	B2	B3	C	D	Total
Commitment before the guarantee provision	9,163	9,515	2,879	11,862	33,419
Guarantee provision	732	1,646	800	2,867	6,045
Commitment after the guarantee provision	8,431	7,869	2,079	8,995	27,374

## 7. Past due receivables

(EUR 1,000)	31 Dec 2009	31 Dec 2008
1 day - 3 months	19,899	13,640
3 - 6 months	4,405	3,017
6 - 12 months	23,427	5,714
Over 12 months	20,182	13,393
<b>Total</b>	<b>67,913</b>	<b>35,763</b>

As past due receivables have been presented unpaid interests, loan instalments and guarantee commission payments at the balance sheet date of the entire financing portfolio, including loans subject to a possible impairment.

## 8. Liquidity risk

The guarantees in the table have been broken down according to their due dates. An individual guarantee may give rise to indemnity at any time during its period of validity. There is no historical information as to when such indemnities have been realized during the life cycle of a guarantee.

### Maturity of liabilities 31 Dec 2009

(EUR 1,000)	Carrying amount	Payable	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Liabilities to credit institutions	418,154	433,109	76,325	76,263	280,521	0	0
Liabilities to the public and public sector	367,064	470,505	0	40,323	187,143	191,185	51,854
Debt securities in issue	861,256	967,328	996	142,742	823,590	0	0
Subordinated liabilities	93,394	93,394	0	0	0	50,000	43,394
Binding financing offers		945,213	945,213	0	0	0	0
<b>Total liabilities</b>	<b>1,739,868</b>	<b>2,909,549</b>	<b>1 022 534</b>	<b>259,328</b>	<b>1,291,254</b>	<b>241,185</b>	<b>95,248</b>
Derivatives - receivables	8 536	841 437	971	138,123	702,343	0	0
Derivatives - liabilities	11 191	776 264	1,021	119,795	655,448	0	0
<b>Derivatives - net</b> (receivables + / liabilities -)	<b>-2 655</b>	<b>65 173</b>	<b>-50</b>	<b>18,328</b>	<b>46,895</b>	<b>0</b>	<b>0</b>
Guarantees	1,006,987	1,006,987	117,942	261,493	511,336	109,662	6,554
Export credit guarantees and special guarantees	9,664,982	9,664,982	248,120	1,426,628	5,603,331	2,030,630	356,273

### Maturity of liabilities 31 Dec 2008

(EUR 1,000)	Carrying amount	Payable	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Liabilities to credit institutions	416,307	455,922	37,224	100,901	317,797	0	0
Liabilities to the public and public sector	78,401	83,302	0	677	41,559	41,066	0
Debt securities in issue	488,757	556,376	1,074	22,817	532,485	0	0
Subordinated liabilities	15,136	15,136	0	0	0	0	15,136
Binding financing offers		366,110	366,110	0	0	0	0
<b>Total liabilities</b>	<b>998,601</b>	<b>1,476,846</b>	<b>404,408</b>	<b>124,395</b>	<b>891,841</b>	<b>41,066</b>	<b>15,136</b>
Derivatives - receivables	4,994	585,194	1,074	21,697	521,357	41,066	0
Derivatives - liabilities	77,206	701,298	5,547	22,723	628,310	44,718	0
<b>Derivatives - net</b> (receivables + / liabilities -)	<b>-72,212</b>	<b>-116,104</b>	<b>-4,473</b>	<b>-1,026</b>	<b>-106,953</b>	<b>-3,652</b>	<b>0</b>

Liquidity management is described under notes to risk management on page 20.



## 9. Interest rate risk

### Determination of the interest rate on receivables and liabilities 31 Dec 2009

(EUR 1,000)	Carrying amount	Nominal value	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Receivables from credit institutions	167,566	167,566	81,753	56,350	29,463	0	0
Receivables from customers	2,029,419	2,029,419	568,271	1,134,056	142,267	134,822	50,004
Debt securities	175,979	175,979	171,079	4,900	0	0	0
<b>Total receivables</b>	<b>2,372,964</b>	<b>2,372,964</b>	<b>821,103</b>	<b>1,195,306</b>	<b>171,730</b>	<b>134,822</b>	<b>50,004</b>
Liabilities to credit institutions	418,154	418,154	45,000	373,154	0	0	0
Liabilities to others	367,064	366,643	0	24,295	134,731	159,026	48,591
Debt securities in issue	861,256	848,795	168,675	136,145	543,976	0	0
Subordinated liabilities	93,394	93,394	0	0	0	50,000	43,394
<b>Total liabilities</b>	<b>1,739,868</b>	<b>1,726,986</b>	<b>213,675</b>	<b>533,593</b>	<b>678,707</b>	<b>209,026</b>	<b>91,985</b>
Derivatives - receivables	8,536	823,893	72,289	132,530	581,525	37,549	0
Derivatives - liabilities	11,191	840,135	39,063	0	801,072	0	0
<b>Derivatives - net</b>	<b>-2,655</b>	<b>-16,242</b>	<b>33,226</b>	<b>132,530</b>	<b>-219,547</b>	<b>37,549</b>	<b>0</b>

The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate and currency swaps hedging the liabilities.

#### Sensitivity to interest rate

An immediate increase of 1 percentage unit increases the net interest income by EUR 2.2 million and an equal decrease in the interest rate decreases the net interest income by EUR 2.2 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.2 million if the interest rates decrease by 1 percentage unit. Respectively, their fair value decreases by EUR 0.2 million of the interest rates increase by 1 percentage unit. The change in the fair value is recognised in the balance sheet.

The changes in fair values of liabilities at fair value through profit or loss and the interest rates of the derivatives hedging them offset each other and therefore they do not have an impact on the profit or loss.

### Determination of the interest rate on receivables and liabilities 31 Dec 2008

(EUR 1,000)	Carrying amount	Nominal value	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Receivables from credit institutions	81,018	81,018	51,918	29,100	0	0	0
Receivables from customers	1,428,140	1,428,293	451,506	921,097	45,565	8,830	1,795
Debt securities	97,496	97,496	91,196	6,300	0	0	0
<b>Total receivables</b>	<b>1,606,654</b>	<b>1,606,807</b>	<b>594,620</b>	<b>956,497</b>	<b>45,565</b>	<b>8,830</b>	<b>1,795</b>
Liabilities to credit institutions	416,307	416,307	60,000	356,307	0	0	0
Liabilities to others	78,401	79,276	0	0	79,276	0	0
Debt securities in issue	488,758	470,513	61,539	0	408,974	0	0
Subordinated liabilities	15,136	15,136	0	0	0	0	15,136
<b>Total liabilities</b>	<b>998,602</b>	<b>981,232</b>	<b>121,539</b>	<b>356,307</b>	<b>488,250</b>	<b>0</b>	<b>15,136</b>
Derivatives - receivables	4,994	549,789	61,538	0	448,613	39,638	0
Derivatives - liabilities	77,206	637,815	76,944	560,871	0	0	0
<b>Derivatives - net</b>	<b>-72,212</b>	<b>-88,026</b>	<b>-15,406</b>	<b>-560,871</b>	<b>448,613</b>	<b>39,638</b>	<b>0</b>

The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate and currency swaps hedging the liabilities.

### Sensitivity to interest rate

An immediate increase of 1 percentage unit increases the net interest income by EUR 5.0 million and an equal decrease in the interest rate decreases the net interest income by EUR 5.0 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.3 million if the interest rates decrease by 1 percentage unit. Respectively, their fair value decreases by EUR 0.3 million if the interest rates increase by 1 percentage unit. The change in the fair value is recognised in the balance sheet.

The changes in fair values of liabilities at fair value through profit or loss and the interest rates of the derivatives hedging them offset each other and therefore they do not have an impact on the profit or loss.

## 10. Currency risk

The Company's profit is affected by the changes in the US dollar exchange rate. The table below presents the effect of 10 % in the U.S. dollar exchange rate on the Company's profit.

	31 Dec 2009	31 Dec 2008
The USD strengthens by 10 % against the euro	1,820	1,433
The USD weakens by 10 % against the euro	-1,489	-1,173

The currency risk stems from the dollar account that is kept as provision for export credit guarantee losses and denominated in dollars; its amount increased by EUR 5.7 million during 2009.

# Finnvera Group's Segment Information

Segment reporting in Finnvera Group is based on internal business areas and organisational structure.

Client enterprises have been divided into business areas according to their size and the need for financing at their development stage. A service concept has been devised for each business area. Finnvera's segments are micro-financing, regional financing, financing for growth and internationalisation, export financing, and venture capital investments. Income, expenses, assets and liabilities are allocated to each segment when they are deemed to fall within that segment or when such allocation is otherwise sensible. All income and expenses have been allocated to segments. There is no notable intra-segment business.

In the consolidated financial statements intra-group transactions, receivables and liabilities are eliminated.

Assessment of the profitability of Finnvera's segments, and decisions concerning resources allocated to segments, are based on operating profit. The assets and liabilities of segments are valued according to the principles for drawing up the consolidated financial statements.

Finnvera Group has operations only in Finland and its clientele consists of a wide spectrum of clients in various sectors.

## Consolidated income statement and balance sheet by segments for the period 1 Jan 2009 - 31 Dec 2009

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Eliminations	Total
Net interest income	11,955	28,432	9,610	6,107	3,000	0	59,104
Net fee and commission income	4,390	16,572	9,232	46,864	-24	0	77,034
Net impairment losses on loans, domestic guarantees and export credit guarantees	-6,714	-25,417	-22,292	-7,990	-1,760	0	-64,173
Operating expenses *	-11,971	-14,822	-7,749	-10,064	-4,330	2,099	-46,837
Depreciation and amortization	-1,870	-3,012	-1,595	-1,288	-12	0	-7,777
Other income/expenses **	976	3,460	767	275	-2,199	-2,356	923
<b>Operating profit</b>	<b>-3,234</b>	<b>5,213</b>	<b>-12,027</b>	<b>33,904</b>	<b>-5,325</b>	<b>-257</b>	<b>18,274</b>
<b>Total assets</b>	<b>310,248</b>	<b>1,002,840</b>	<b>392,219</b>	<b>676,040</b>	<b>162,844</b>	<b>-4,745</b>	<b>2,539,446</b>
Receivables from customers	315,194	1,019,172	365,311	312,707	18,345	-1,310	2,029,419
<b>Total liabilities</b>	<b>257,267</b>	<b>810,203</b>	<b>352,637</b>	<b>452,779</b>	<b>99,231</b>	<b>-1,675</b>	<b>1,970,442</b>

## Consolidated income statement and balance sheet by segments for the period 1 Jan 2008-31 Dec 2008

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Eliminations	Total
Net interest income	16,151	28,608	8,322	6,261	3,277	0	62,619
Net fee and commission income	5,309	13,512	7,612	32,224	-13	-24	58,620
Net impairment losses on loans, domestic guarantees and export credit guarantees	-4,108	-31,637	-18,395	-1,535	-2,255	0	-57,930
Operating expenses *	-11,727	-14,007	-7,815	-9,868	-3,515	1,843	-45,089
Depreciation and amortization	-1,021	-1,630	-1,072	-1,587	0	0	-5,310
Other income/expenses **	396	-1,392	-60	1,407	5,973	-10,038	-3,714
<b>Operating profit</b>	<b>5,000</b>	<b>-6,546</b>	<b>-11,408</b>	<b>26,902</b>	<b>3,467</b>	<b>-8,219</b>	<b>9,196</b>
<b>Total assets</b>	<b>326,202</b>	<b>763,678</b>	<b>258,247</b>	<b>327,517</b>	<b>132,763</b>	<b>-4,768</b>	<b>1,803,639</b>
Receivables from customers	300,805	809,749	289,695	15,518	14,438	-2,065	1,428,140
<b>Total liabilities</b>	<b>226,540</b>	<b>604,723</b>	<b>221,919</b>	<b>138,413</b>	<b>61,971</b>	<b>-2,107</b>	<b>1,251,459</b>

\* Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization

\*\* Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant.

# Finnvera Group's Financial Assets and Liabilities

Financial assets 31 Dec 2009		Financial instruments carried at fair value	Available -forsale financial assets	Total	Fair value
(EUR 1,000)	Loans and receivables				
Loans and receivables from credit institutions	167,566			167,566	167,566
Loans and receivables from customers	1,992,500			1,992,500	1,987,727
Debt securities			175,979	175,979	175,979
Derivatives		8,536		8,536	8,536
Investments in associates		36,842		36,842	40,894
Shares and participations		17,454	57,416 *	74,870	74,870
Other financial assets	17,969			17,969	17,969
	<b>2,178,035</b>	<b>62,832</b>	<b>233,395</b>	<b>2,474,262</b>	<b>2,473,541</b>

The Company does not have financial receivables held for trading or held-to-maturity.

Financial liabilities 31 Dec 2009		Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
(EUR 1,000)					
Liabilities to credit institutions			418,154	418,154	418,154
Liabilities to other institutions		75,518	291,545	367,063	367,063
Debt securities in issue		761,256	100,000	861,256	861,256
Derivatives		11 191		11,191	11,191
Other financial liabilities			117,175	117,175	117,175
Subordinated liabilities			93,394	93,394	93,394
		<b>847,965</b>	<b>1,020,268</b>	<b>1,868,233</b>	<b>1,868,233</b>

The Company does not have financial liabilities held for trading.

Financial assets 31 Dec 2008		Financial instruments carried at fair value	Available -forsale financial assets	Total	Fair value
(EUR 1,000)	Loans and receivables				
Loans and receivables from credit institutions	81,018			81,018	81,018
Loans and receivables from customers	1,428,140			1,428,140	1,424,547
Debt securities in issue			97,496	97,496	97,496
Derivatives		2,197		2,197	2,197
Investments in associates		39,153		39,153	41,958
Shares and participations		14,048	81,456 *	95,504	95,504
Other financial assets	25,377			25,377	25,377
	<b>1,534,535</b>	<b>55,398</b>	<b>178,952</b>	<b>1,768,885</b>	<b>1,768,097</b>

The Company does not have financial receivables held for trading or held-to-maturity.

Financial liabilities 31 Dec 2008		Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
(EUR 1,000)					
Liabilities to credit institutions			416,307	416,307	416,307
Liabilities to other institutions		78,401		78,401	78,401
Debt securities in issue		488,758		488,758	488,758
Derivatives		74,408		74,408	74,408
Other financial liabilities			106,416	106,416	106,416
Subordinated liabilities			15,136	15,136	15,136
		<b>641,567</b>	<b>537,859</b>	<b>1,179,426</b>	<b>1,179,426</b>

The Company does not have financial liabilities held for trading.

\* Because the fair value of the Finnish Fund for Industrial Cooperation Ltd, included in the figure, cannot be determined reliably, the shares have been valued at original acquisition cost.

## Hierarchy for recognition at fair value

Financial assets 31 Dec 2009 (EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		8,536	
Investments in associates			36,842
Shares and holdings			17,454
Saleable			
Debt securities		175,979	
Shares and holdings	57,416		
	<b>57,416</b>	<b>184,515</b>	<b>54,296</b>

Financial liabilities 31 Dec 2009 (EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions		75,518	
Debt securities in issue		761,256	
Derivatives		11,191	
		<b>847,965</b>	

Financial assets 31 Dec 2008 (EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		2,197	
Investments in associates			39,153
Shares and holdings			14,048
Saleable			
Debt securities		997,496	
Shares and holdings	81,456		
	<b>81,456</b>	<b>999,693</b>	<b>53,201</b>

Financial liabilities 31 Dec 2008 (EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions		78,401	
Debt securities in issue		488,758	
Derivatives		74,408	
		<b>641,567</b>	

Level 1: Investments in shares and funds are valued at market price based on active trading.

Level 2: The values of interest rate and currency swaps are based on estimates of prices for terminating agreements and for concluding new, corresponding agreements. These estimates are given by banks operating actively on the market. The banks base their pricing on market interest rates and exchange rates.

The fair values of liabilities are based on the value calculated on the basis of exchange rates and market interest rates on the reference day (current value of liabilities).

Level 3: Venture capitalists' investments are valued using a procedure that includes assessments by the management.

## Financial assets and liabilities recognised at fair value

Financial assets (1 000 e)	Financial instruments carried at fair value 31.12.2009	31 Dec 2008
Balance 1 January	53,201	47,449
Profits and losses entered in the income statement, in total	-6,936	4,109
Acquisitions	8,081	3,255
Sales	-50	-1,612
Balance 31 Dec	54,296	53,201
Profits and losses entered in the income statement for the instruments held by Finnvera on 31 December.	-6,209	642

# Finnvera Group's Notes

Notes to the consolidated income statement (EUR 1,000)

Note no. 1	2009	2008
<b>Net interest income</b>		
<b>Interest income</b>		
Loans to customers	66,095	85,190
Subsidies passed on to customers		
Regional interest subsidy	1,495	1,398
Interest subsidy to special loans	6,514	7,415
Interest subsidy from the ERDF	4,170	3,922
National interest subsidy (ERDF)	4,672	4,438
Interest on export credit guarantee and special guarantee receivables	123	165
Interest on guarantee receivables	694	2,601
Other interest income		
On receivables from credit institutions	2,577	788
On debt securities, available-for-sale	1,439	4,619
On other	697	4,713
<b>Total interest income</b>	<b>88,476</b>	<b>112,912</b>
<b>Interest expenses</b>		
On liabilities to credit institutions	9,822	22,347
On liabilities to other institutions	3,866	3,037
On debt securities in issue	15,673	25,200
Other interest expenses	413	229
<b>Total interest expenses</b>	<b>29,774</b>	<b>50,813</b>
<b>Other interest subsidy</b>		
Basic subsidy to loans granted before 1999	401	519
<b>Net interest income</b>	<b>59,103</b>	<b>62,618</b>
Interest income on financial assets which are not carried at fair value totalled	88,877	112,556
Interest expenses on financial liabilities which are not carried at fair value totalled	12,704	22,427
Interest income include interest accrued on impaired loans	4,309	5,412

## Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999-2009 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received

The interest subsidy is divided to subsidy directly passed on to customers and to basic interest subsidy paid to loans granted before 1999. The interest subsidy passed on to customers includes in the interest income and the basic interest subsidy is presented as a separate item before the net interest income.

<b>Interest-subsidized loans and guarantees in total at 31 December</b>	<b>860 777</b>	<b>770 933</b>
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Note no. 2	2009	2008
<b>Net fee and commission income</b>		
<b>Fee and commission income</b>		
From export credit guarantees and special guarantees	51,185	35,991
From other guarantees	18,278	16,626
From credit operations	8,173	6,386
From other	625	618
<b>Total fee and commission income</b>	<b>78,261</b>	<b>59,621</b>

All fee and commission income is from financial assets which are not carried at fair value.

Note no. 2 continue	2009	2008
<b>Fee and commission expenses</b>		
From reinsurance	903	836
From borrowing	252	88
From payment transactions	49	51
From other	23	27
<b>Total fee and commission expenses</b>	<b>1,227</b>	<b>1,002</b>
Fee and commission expenses from financial assets which are not carried at fair value totalled	975	1,624
<b>Net fee and commission income</b>	<b>77,034</b>	<b>58,619</b>

Note no. 3	2009			2008		
<b>Gains and losses from financial instruments carried at fair value through profit or loss</b>						
	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>
Derivatives	0	74,416	74,416	0	-62,035	-62,035
Liabilities carried at fair value	0	-72,156	-72,156	0	60,788	60,788
Shares and participations	0	-6,360	-6,360	0	642	642
Translation differences	0	-436	-436	370	0	370
	0	<b>-4,536</b>	<b>-4,536</b>	<b>370</b>	<b>-605</b>	<b>-235</b>
<b>Gains/losses by categories of financial instruments (categories in accordance with IAS 39)</b>						
	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>
Liabilities carried at fair value	0	-4,100	-4,100	0	-605	-605
Loans and other receivables	0	0	0	370	0	370
	0	<b>-4,100</b>	<b>-4,100</b>	<b>370</b>	<b>-605</b>	<b>-235</b>

Note no. 4	2009	2008
<b>Net income from investments</b>		
<b>Available-for-sale financial assets</b>		
Debt securities	4	0
Shares and participations		
Gains/losses	783	1,763
Items transferred from fair value reserve during the period	0	0
Impairment losses	-316	-1,648
Dividends	1,254	1,518
<b>Total available-for-sale financial assets</b>	<b>1,725</b>	<b>1,633</b>
<b>Investment property</b>		
Rental income	126	290
Rental expenses and maintenance charges	-11	-38
Depreciation	-79	-64
Gains/losses from sale	-83	-199
Other income and expenses	-4	-86
Share of profit of associates	65	-8,091
<b>Total net income from investments</b>	<b>1,739</b>	<b>-6,555</b>

Note no. 5	2009	2008
<b>Other operating income</b>		
Fee for the management of the old portfolio	268	391
Fee for the management of ERDF loans	659	848
Subordinated loan written off	1,742	828
Rental income	678	646
On other	374	366
	<b>3,721</b>	<b>3,079</b>

Note no. 6	2009		2008	
<b>Employee benefit expenses</b>				
Wages and salaries		22,916		21,457
<b>Social security costs</b>				
Pension costs				
Defined contribution plans	3,428		3,105	
Defined benefit plans	1,249		1,516	
Other social security costs	1,475	6,152	1,540	6,161
<b>Total</b>		<b>29,068</b>		<b>27,618</b>
<b>Personnel in average</b>				
Permanent full-time		391		361
Permanent part-time		14		26
Temporary		22		17
<b>Total</b>		<b>427</b>		<b>404</b>

Note no. 7	2009		2008	
<b>Auditors' fees</b>				
Fees for auditing	103		55	
Fees for expert services provided by auditors	17	120	187	242

Note no. 8	2009		2008	
<b>Other operating expenses</b>				
Rental expenses	2,641		2,566	
Expenses from property in own use	1,463		1,297	
Other expenses	51		79	
<b>Total</b>	<b>4,155</b>		<b>3,942</b>	
<b>Depreciation and amortization</b>				
Intangible assets	6,395		4,515	
Property, plant and equipment				
Properties	142		148	
Machinery and equipment	566		647	
<b>Total</b>	<b>7,103</b>		<b>5,310</b>	
<b>Impairment losses</b>				
Intangible assets	0		0	
Property, plant and equipment				
Properties	0		0	
Other	674		0	
<b>Total</b>	<b>674</b>		<b>0</b>	
<b>Total other operating expenses</b>	<b>11,932</b>		<b>9,252</b>	



Note no. 9	2009	2008
<b>Net impairment losses on loans and guarantees</b>		
Receivables written down as credit and guarantee losses		
Credit losses	44,648	47,637
Guarantee losses	22,794	18,705
Reversal of losses recognized		
Credit losses	-3,950	-3,698
Guarantee losses	-1,069	-634
Change in impairment of individually assessed loans and guarantees during the period	3,268	18,673
Change in impairment of collectively assessed loans and guarantees during the period	21,009	-653
<b>Total impairment losses on loans and guarantees</b>	<b>86,700</b>	<b>80,030</b>
<b>The state's and the ERDF's share of the parent company's final credit and guarantee losses</b>	<b>-32,205</b>	<b>-28,353</b>
<b>Finnvera plc's share</b>	<b>54,495</b>	<b>51,677</b>

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2009 these loans and guarantees totalled EUR 2,735 (2,282) million. The compensation was 53.1 % (47.4 %) of the credit and guarantee losses recognized during the period.

<b>Export credit guarantees and special guarantees</b>		
Claims paid	4,929	6,059
Change in the claims provision during the period	5,754	469
Accumulated recoveries	-246	-7,289
Change in recovery receivables	-759	7,014
<b>Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements</b>	<b>9,678</b>	<b>6,253</b>
<b>Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement</b>	<b>64,173</b>	<b>57,930</b>

Note no. 10	2009	2008
<b>Income tax expense</b>		
Current period	74	574
Adjustment for prior periods	1,367	0
Deferred taxes	-902	487
<b>Income tax expense in the income statement</b>	<b>539</b>	<b>1,061</b>

The parent company Finnvera plc was made exempt from the income taxation as from 1 January 2007.

## Notes to the consolidated balance sheet (EUR 1,000)

Note no. 11	2009	2008
<b>Loans and receivables from credit institutions</b>		
Payable on demand	137,270	63,366
Other	30,296	17,652
<b>Total</b>	<b>167,566</b>	<b>81,018</b>

Note no. 12	2009	2008
<b>Loans and receivables from customers</b>		
<b>Loans</b>		
Subordinated loans	78,853	95,224
Other loans	1,913,647	1,314,982
<b>Total loans</b>	<b>1,992,500</b>	<b>1,410,206</b>
<b>Guarantee receivables</b>	<b>32,501</b>	<b>15,845</b>
<b>Receivables from export credit guarantee and special guarantee operations</b>		
Fee and commission receivables	823	338
Recovery receivables	3,594	1,752
<b>Total receivables from export credit guarantee and special guarantee operations</b>	<b>4,417</b>	<b>2,090</b>
<b>Total receivables from customers</b>	<b>2,029,418</b>	<b>1,428,140</b>
<b>Impairment losses on individually assessed loans at the beginning of the period</b>	<b>39,404</b>	<b>23,462</b>
Credit losses realized during the period on which an impairment loss has been earlier recognized	-5,699	-5,364
Impairment losses recognized during the period	12,348	19,026
Reversal of impairment losses	-8,327	-742
Effect of discounting	705	3,022
<b>Individually assessed impairment losses at the end of the period</b>	<b>38,431</b>	<b>39,404</b>
<b>Impairment losses on collectively assessed loans at the beginning of the period</b>	<b>22,246</b>	<b>22,469</b>
Impairment losses on collectively assessed loans recognized during the period	10,425	-223
<b>Impairment losses on collectively assessed loans at the end of the period</b>	<b>32,671</b>	<b>22,246</b>
<b>Total impairment losses on loans</b>	<b>71,102</b>	<b>61,650</b>
<b>Impairment losses on individually assessed guarantees at the beginning of the period</b>	<b>8,910</b>	<b>6,179</b>
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-2,971	-1,891
Impairment losses recognized during the period	8,565	6,729
Reversal of impairment losses	-1,464	-2,382
Effect of discounting	111	275
<b>Individually assessed impairment losses at the end of the period</b>	<b>13,151</b>	<b>8,910</b>
<b>Impairment losses on collectively assessed guarantees at the beginning of the period</b>	<b>6,045</b>	<b>6,234</b>
Impairment losses on collectively assessed guarantees recognized during the period	9,958	-189
<b>Impairment losses on collectively assessed guarantees at the end of the period</b>	<b>16,003</b>	<b>6,045</b>
<b>Total impairment losses on guarantees</b>	<b>29,154</b>	<b>14,955</b>

An impairment loss on loans and other receivables is recognized when objective evidence of their impairment exists. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

Note no. 13	2009	2008
<b>Investments</b>		
Debt securities	175,980	97,496
Associates	40,895	41,958
Other shares and participations	74,870	95,504
Investment property	1,248	2,695
	<b>292,993</b>	<b>237,653</b>

Note no. 13 continue	2009	2008				
<b>Debt securities</b>						
Available-for-sale						
Certificates of deposits	15,793	8,800				
Commercial papers	97,409	88,696				
Other	62,778	0				
	<b>175,980</b>	<b>97,496</b>				
Investments have been made to non-publicly quoted debt securities.						
<b>Associates</b>						
At the beginning of the period	41,958	64,141				
Share of profit for the period	0	0				
Additions	678	2,152				
Disposals	-1,741	-24,335				
<b>At the end of the period</b>	<b>40,895</b>	<b>41,958</b>				
<b>Associates accounted for using the equity method in 2009</b>						
<b>Name</b>	<b>Carrying amount</b>	<b>Ownership</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net sales</b>	<b>Profit/Loss</b>
Iin Micropolis Oy	76	23.08 %	406	410	238	29
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,748	16	155	0
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,583	14	91	6
Kiinteistö Oy Lappeenrannan Snellmanink. 10	1,100	37.00 %	1,517	535	149	118
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,858	132	92	-7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	625	31.71 %	2,936	12	104	7
Juolukkakiinteistöt Oy	0	50.00 %	233	284	33	11
Myllymäen Teollisuuskiinteistö Oy	8	50.00 %	441	396	40	0
<b>Associates accounted for using the equity method in 2008</b>						
<b>Name</b>	<b>Carrying amount</b>	<b>Ownership</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net sales</b>	<b>Profit/Loss</b>
Iin Micropolis Oy	76	23.08 %	362	394	0	49
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,748	16	155	0
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,583	14	91	6
Kiinteistö Oy Lappeenrannan Snellmanink. 10	1,570	37.00 %	1,452	589	120	145
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,858	132	92	-7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31.71 %	2,936	12	104	7
Juolukkakiinteistöt Oy	0	50.00 %	216	279	13	-14
Myllymäen Teollisuuskiinteistö Oy	8	50.00 %	495	451	40	-1
<b>Other shares and participations</b>						
At fair value through profit or loss			17,454			14,048
Available-for-sale			57,416			81,456
			<b>74,870</b>			<b>95,504</b>
<b>Other shares that are publicly quoted</b>			<b>42,015</b>			<b>65,500</b>
<b>Investment property</b>						
<b>Acquisition cost</b>						
Acquisition cost at 1 Jan			4,610			5,151
Additions			0			0
Disposals			-1,374			-541
Transfers between items			0			0
<b>Acquisition cost at 31 Dec</b>			<b>3,236</b>			<b>4,610</b>
<b>Accumulated depreciation and impairment losses</b>						
Accumulated depreciation and impairment losses at 1 Jan			1,915			1,158
Depreciation for the period			49			61
Impairment losses			23			696
<b>Accumulated depreciation and impairment losses at 31 Dec</b>			<b>1,987</b>			<b>1,915</b>
Carrying amount at 1 Jan			2,695			3,993
Carrying amount at 31 Dec			1,249			2,695
<b>Total investments</b>			<b>292,994</b>			<b>237,653</b>
Fair value of investment property			2,695			2,695
Investment property companies' shares that are publicly quoted			375			348

Note no. 14	2009	2008
<b>Intangible assets</b>		
<b>Acquisition cost</b>		
Acquisition cost at 1 Jan	32,683	30,403
Additions	1,176	2,280
Disposals		
<b>Acquisition cost at 31 Dec</b>	<b>33,859</b>	<b>32,683</b>
<b>Accumulated amortization and impairment losses</b>		
Accumulated amortization and impairment losses at 1 Jan	24,223	19,870
Amortization for the period	6,096	4,353
Impairment losses	0	0
<b>Accumulated amortization and impairment losses at 31 Dec</b>	<b>30,319</b>	<b>24,223</b>
Carrying amount at 1 Jan	8,460	10,533
Carrying amount at 31 Dec	3,540	8,460

Amortization is included in the other operating expenses in the income statement.

Note no. 15	2009			2008		
Property, plant and equipment			Total			Total
	Properties	Machinery and equipment		Properties	Machinery and equipment	
<b>Acquisition cost</b>						
Acquisition cost at 1 Jan	13,583	9,788	23,371	13,583	9,398	22,981
Additions	791	327	1,118		394	394
Disposals		-6	-6		-4	-4
Transfers between items	0		0			0
<b>Acquisition cost at 31 Dec</b>	<b>14,374</b>	<b>10,109</b>	<b>24,483</b>	<b>13,583</b>	<b>9,788</b>	<b>23,371</b>
<b>Accumulated depreciation and impairment losses</b>						
Accumulated depreciation and impairment losses at 1 Jan	5,912	7,395	13,307	5,449	6,750	12,199
Depreciation for the period	441	566	1,007	463	645	1,108
Impairment losses	0	0	0	0	0	0
<b>Acc. depreciation and impairment losses at 31 Dec</b>	<b>6,353</b>	<b>7,961</b>	<b>14,314</b>	<b>5,912</b>	<b>7,395</b>	<b>13,307</b>
Carrying amount at 1 Jan	7,671	2,393	10,064	8,134	2,648	10,782
Carrying amount at 31 Dec	8,021	2,148	10,169	7,671	2,393	10,064

Depreciation is included in the other operating expenses in the income statement.

Note no. 16	2009	2008
<b>Other assets</b>		
Credit loss receivables from the state and the ERDF	9,371	12,692
Other	5,429	6,857
	<b>14,800</b>	<b>19,549</b>

The state and the European Regional Development Fund (ERDF) has granted Finnvera commitments to partially compensate Finnvera for the credit and guarantee losses. The commitments enable Finnvera to take higher risks in domestic business than financiers operating on commercial grounds.

Note no. 17	2009	2008
<b>Prepayments and accrued income</b>		
Interest	2,899	9,802
Fee and commission receivables	5,557	2,739
Prepayments and other accrued income	3,114	3,807
<b>Total prepayments and accrued income</b>	<b>11,570</b>	<b>16,348</b>

Note no. 18	2009	2008
<b>Tax assets and liabilities</b>		
<b>Tax assets</b>		
Current income tax receivables	131	0
Deferred tax assets		
On timing differences	0	0
On fair value changes	721	0
	<b>852</b>	<b>0</b>
Deferred tax assets at 1 Jan	209	0
Increase/decrease to income statement during the period	435	0
Increase/decrease to equity during the period	77	209
<b>Deferred tax assets at 31 Dec</b>	<b>721</b>	<b>209</b>
<b>Tax liabilities</b>		
Current income tax liabilities	13	384
Deferred tax liabilities		
On fair value changes recognized in fair value reserve	1,589	2,152
	<b>1,602</b>	<b>2,536</b>
Deferred tax liabilities at 1 Jan	2,154	2,263
Increase/decrease to income statement during the period	-467	-487
Increase/decrease to equity during the period	-98	376
<b>Deferred tax liabilities at 31 Dec</b>	<b>1,589</b>	<b>2,152</b>

Note no. 19	2009			2008		
Liabilities to credit and other institutions	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	418,154	0	418,154	416,307	0	416,307
Other institutions						
At fair value through profit or loss	75,148	370	75,518	78,178	223	78,401
At amortized cost	291,545	0	291,545	0	0	0
	<b>784,847</b>	<b>370</b>	<b>785,217</b>	<b>494,485</b>	<b>223</b>	<b>494,708</b>

Note no. 20	2009			2008		
Debt securities in issue	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	848,795	12,461	861,256	470,513	18,245	488,758
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	<b>848,795</b>	<b>12,461</b>	<b>861,256</b>	<b>470,513</b>	<b>18,245</b>	<b>488,758</b>
Average interest rate, %		1.07			4.61	

Funding has been measured at fair value when they have been hedged with derivatives (fair value option).

An amount equaling the nominal value of a liability is repaid at the maturity date.

The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 21			2009			2008
Derivatives	Fair value positive	Fair value negative	Total nominal value	Fair value positive	Fair value negative	Total nominal value
<b>Contracts entered in hedging purposes</b>						
Currency derivatives						
Interest rate swaps and foreign exchange derivatives	6,876	11,191	734,830	2,197	73,280	551,522
Interest rate derivatives						
Interest rate swaps	1,660	0	50,000	0	1,128	50,000
<b>Total derivatives</b>	<b>8,536</b>	<b>11,191</b>	<b>784,830</b>	<b>2,197</b>	<b>74,408</b>	<b>601,522</b>

Derivatives hedge funding. The derivative contracts and the liabilities hedged with them have been measured at fair value and the changes in their fair values have been recognized in the income statement (fair value option).

Note no. 22	2009	2008
<b>Provisions</b>		
Provision for export credit guarantee losses at 1 Jan	2,500	2,000
Provisions made during the period	5,826	3,800
Provisions used during the period	0	-2,000
Provisions reversed during the period	0	-1,300
Effect of discounting	0	0
<b>Provision for export credit guarantee losses at 31 Dec</b>	<b>8,326</b>	<b>2,500</b>

A provision for export credit guarantee losses is recognized when the Group has a constructive and legal obligation to pay a guarantee indemnity, the realization of the obligation is probable and it can be measured reliably.

Provision for domestic guarantee losses at 1 Jan	14,955	12,412
Provisions made during the period	15,352	5,387
Provisions reversed during the period	-1,464	-2,383
Effect of discounting	311	-461
<b>Provision for domestic guarantee losses at 31 Dec</b>	<b>29,154</b>	<b>14,955</b>

A provision for domestic guarantee losses is recognized when objective evidence exists of impairment of guarantees' value. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

Defined benefit pension plans at 1 Jan	1,014	795
Change during the period	41	219
<b>Defined benefit pension plans at 31 Dec</b>	<b>1,055</b>	<b>1,014</b>
<b>Total provisions</b>	<b>38,535</b>	<b>18,469</b>
<b>Employee benefits</b>		
<b>Defined benefit pensions plans</b>		
The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.		
<b>Balance sheet items arising from the defined benefit obligation</b>		
Present value of funded obligations	6,386	6,288
Fair value of plan assets	-4,978	-4,906
	<b>1,408</b>	<b>1,382</b>
Unrecognized actuarial gains (+) or losses (-)	-353	-367
<b>Net liability recognized in the balance sheet</b>	<b>1,055</b>	<b>1,015</b>

Note no. 22 continue	2009	2008
<b>Expenses recognized in the income statement</b>		
Current service costs	800	1,039
Interest on obligation	330	271
Expected return on plan assets	-342	-313
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	-58	21
<b>Total expenses recognized in the income statement</b>	<b>730</b>	<b>1,018</b>
<b>Actual return on plan assets</b>	<b>211</b>	<b>-315</b>
<b>Change in the fair value of plan assets</b>		
Fair value at 1 Jan	4,906	4,421
Expected return on plan assets	342	313
Contributions paid into the plan	690	800
Effect of fulfilling the plan and reducing the obligation	-830	0
Actuarial gains (+) or losses (-)	-130	-628
<b>Fair value of plan assets at 31 Dec</b>	<b>4,978</b>	<b>4,906</b>
<b>Change in the present value of the obligation</b>		
Present value at 1 Jan	6,288	6,033
Current service costs	800	1,039
Interest on obligation	330	271
Effect of fulfilling the plan and reducing the obligation	-940	0
Actuarial gains (-) or losses (+)	-93	-1,055
<b>Present value of the obligation at 31 Dec</b>	<b>6,385</b>	<b>6,288</b>
<b>Amounts for the current and previous periods</b>		
Defined benefit obligation	6,386	6,288
Plan assets	-4,978	-4,906
<b>Surplus/deficit</b>	<b>1,408</b>	<b>1,382</b>
Experience adjustments arising on plan assets	-219	-393
Experience adjustments arising on plan liabilities	-130	-628

The expected return on plan assets has been determined by the insurance company. Information about the distribution of plan assets by asset category is not available.

#### Actuarial assumptions

Discount rate	5.30 %	5.25 %
Expected return on plan assets	6.00 %	6.50 %
Future salary increases	3.50 %	3.00 %
Inflation	2.00 %	2.00 %
Future pension increases	2.10 %	2.10 %
Turnover of personnel	3.20 %	3.20 %
Expected average remaining working life (years)	9	10

Finnvera expects to pay EUR 620,000 in contributions to defined benefit plans in 2010.

Note no. 23	2009	2008
<b>Accruals and deferred income</b>		
Interest	5,628	9,139
Advance interest payments received	633	670
Guarantee premiums paid in advance	109,424	94,960
Other accruals and deferred income	5,352	5,825
<b>Total accruals and deferred income</b>	<b>121,037</b>	<b>110,594</b>

Note no. 24		2009		2008	
<b>Subordinated liabilities</b>					
Finnvera plc					
Subordinated loans from the state, 2005 and 2007	Balance	13,394	Balance	15,136	
	Interest rate, %	0	Interest rate, %	0	
	Loan period	20 years	Loan period	20 years	
Subordinated loan from the state in 2009	Balance	30,000			
Increase in the share capital of Seed Fund Vera Ltd, 22,500	Interest rate, %	0			
Increase in the share capital of Veraventure Ltd, 7,500	Loan period	15 years			

The loans are to be used as investment raising the share capital of Seed Fund Vera Ltd and Veraventure Ltd. The loans will be repaid in one instalment at maturity, provided that the company's unrestricted equity and total subordinated liabilities at the time of payment exceed the loss recorded on the balance sheet adopted for the latest financial period or on a balance sheet included in more recent financial statements. In the event that the venture capital companies financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered.

The loss shown by Seed Fund Vera Ltd in 2008, EUR 1,742 thousand, was deducted from the principal in 2009.

Subordinated loan from the state in 2009	Balance	50,000
	Interest rate, %	0
	Loan period	7 years

The loan is to be used for raising the capital adequacy of Finnvera plc and for improving the company's capacity to meet the demand for its products, especially counter-cyclical loans and guarantees, owing to the prolonged financial crisis. The loan will be repaid in one instalment at maturity, provided that the company's unrestricted equity and total subordinated liabilities at the time of payment exceed the loss recorded on the balance sheet adopted for the latest financial period or on a balance sheet included in more recent financial statements.

Note no. 25		2009		2008	
<b>Equity</b>					
<b>Equity attributable to the parent company's shareholders</b>					
Share capital		196,605		196,605	
Reserves					
Restricted reserves					
Share premium	51,036		51,036		
Fair value reserve	-1,000	50,036	-614	50,422	
Unrestricted reserves					
Fund for domestic operations	133,931		141,348		
Fund for export credit guarantee and special guarantee operations	153,289		130,642		
Other unrestricted reserves	59	287,279	59	272,049	
Retained earnings					
Profit/loss for previous periods	4,876		12,824		
Profit/loss for the period	18,210	23,086	7,656	20,480	
<b>Total equity attributable to the parent company's shareholders</b>		<b>557,006</b>		<b>539,556</b>	
<b>Minority interest</b>		<b>11,998</b>		<b>12,625</b>	
<b>Total equity</b>		<b>569,004</b>		<b>552,181</b>	
Number of shares					
Share capital		Ownership, %		Ownership, %	
The state	11,565	100.00 %	11,565	100.00 %	



## Note no. 25 continue

### Reserves

#### Share premium

The share premium reserve has been formed before the new regulations of the Companies' Act came into force on 1 September 2006. The reserve includes the difference of EUR 42.9 million between the acquisition cost and the nominal value of KERA's shares and EUR 0.1 million that was generated in the transfer of assets of Takuukeskus and the acquisition of Fide Oy's shares as well as EUR 8.1 million generated by the raise of share capital of Finnvera as the shares of Finnish Export Credit Ltd were acquired.

#### Fund for domestic operations and fund for export credit guarantee and special guarantee operations

In 2006 the laws regulating the operations of Finnvera plc were amended so that separate funds to cover future losses from domestic operations and from export credit guarantee and special guarantee operations were established in equity. Losses from export credit guarantee and special guarantee operations will be covered by resources from the State Guarantee Fund only when the export credit guarantee and special guarantee fund is insufficient. The retained earnings from the domestic operations were transferred to the fund for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the fund for export credit guarantee and special guarantee operations.

#### Fair value reserve

The reserve includes the fair value change of available-for-sale financial assets. The items recognized in the fair value reserve are taken to the income statement when an available-for-sale financial asset is disposed of or an impairment loss on such an asset is recognized.

## Other notes (EUR 1,000)

Note no. 26	2009	2008
<b>Contingencies at 31 Dec</b>		
<b>Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec</b>		
<b>Export credit guarantees</b>		
Buyer credit guarantees	8,039,565	6,355,289
Credit risk guarantees	140,290	325,235
Export receivables guarantees	86,455	1,170
Letter of credit guarantees	307,196	260,163
Bank risk guarantees	22,305	24,653
Investment guarantees	78,649	286,451
Bond guarantees	254,433	315,596
Finance guarantees	599,947	683,826
	<b>9,528,840</b>	<b>8,252,383</b>
<b>Special guarantees</b>		
Environmental guarantees	45,273	42,585
Ship guarantees	0	0
Raw material guarantees	45,120	0
Venture capital guarantees	75	75
	<b>90,468</b>	<b>42,660</b>
<b>Total export credit guarantees and special guarantees</b>	<b>9,673,308</b>	<b>8,295,043</b>
Provision for export credit guarantees	-8,326	-2,500
<b>Total</b>	<b>9,664,982</b>	<b>8,292,543</b>

At the balance sheet date, the Company has outstanding claims for indemnification EUR 15.4 (8.7) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

Binding financing offers	952,870		366,110
	Total	Group and associated companies	Group and associated companies
<b>Domestic guarantees</b>	1,006,987		882,770
<b>Carrying amount of the liability according to the Act on the State's Export Credit Guarantees</b>	7,930,240		6,372,015
<b>Liability for special guarantees</b>	70,928		42,660
	<b>9,008,155</b>	<b>0</b>	<b>7,297,445</b>

When calculating the carrying amount of the liability according to the Act on the State's Export Credit Guarantees, the commitments arisen from current export credit guarantees are taken into account in their entirety insofar as the guaranteed capital is concerned, without any other items that might be indemnified in addition to the capital. Moreover, half of the liability arisen from binding guarantee offers is taken into account insofar as the guaranteed capital is concerned.

Note no. 27	2009	2008
<b>Operating leases</b>		
<b>Non-cancellable minimum lease payments payable for premises leased under operating lease contracts</b>		
Within one year	91	22
Between one and five years	5,048	7,333
Later than five years	757	0
<b>Total</b>	<b>5,896</b>	<b>7,355</b>
<b>Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts</b>		
Within one year	353	418
Between one and five years	78	91
Later than five years	0	0
<b>Total</b>	<b>431</b>	<b>509</b>

## Group companies

### Note no. 28

#### Finnvera plc's shares and holdings in 2009

##### Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61 %	92.61 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74 %	69.74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52 %	63.52 %
Spikera Oy, Kuopio	Development and investment company	100.00 %	100.00 %
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00 %	100.00 %
Veraventure Ltd, Kuopio	Development and investment company	100.00 %	100.00 %

##### Shares and holdings in associates

Iin Micropolis Oy, Ii	Development company	23.08 %	23.08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73 %	27.73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43 %	36.43 %
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00 %	37.00 %
Kiinteistö Oy Oulun Asematu 37	Real estate company	41.93 %	41.93 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71 %	31.71 %

#### Subsidiaries' shares and holdings in 2009

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
<b>Spikera Oy</b>					
Kiinteistö Oy Kotkan Kisällinkatu 6, Kotka	Real estate company	100.00 %	100.00 %	-302	10
Juolukkakiinteistöt Oy, Kemijärvi	Real estate company	50.00 %	50.00 %	-51	11
Myllymäen Teollisuuskiinteistö Oy,	Real estate company	50.00 %	50.00 %	45	0
<b>Seed Fund Vera Ltd</b>					
Finnester Coatings Oy	Manufacturing of other rubber products	20.00 %	20.00 %	-122	-51
Global Business Call Oy	Wireless network management and service	33.05 %	31.48 %	6	-176
Enercomp Oy	Design and manufacture of software	20.99 %	20.00 %	57	-135
Finnmedo Oy	Medical research and development	23.33 %	23.33 %	-213	-230
Fortecta Finland Oy	Wholesale trade of machinery and equipment not classified elsewhere	20.00 %	20.00 %	99	-26
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	20.00 %	20.00 %	117	-57
Xemet Oy	Design and manufacture of software	20.00 %	20.00 %	80	-200
Gasera Oy	Manufacture of measurement, testing and navigation instruments and equipment	20.85 %	20.85 %	52	-52
Oy ClaroVision Ltd	Retail trade in consumer electronics	20.41 %	20.41 %	127	-233
Ironstar Helsinki Oy	Publication of computer games	23.72 %	23.72 %	-542	-144
APL Systems Oy	Private security services	21.96 %	21.96 %	10	-117
Reliplay Oy	Other advertising service	22.51 %	22.51 %		The first financial period

## Note no. 28 continue

### Veraventure Ltd

Indekon Oy, Lappeenranta	Venture capital investments	46.50 %	46.50 %	3,248	-303
JyväSeed Fund Oy, Jyväskylä	Venture capital investments	40.00 %	40.00 %	1,396	-388
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49.64 %	49.64 %	937	-330
Luoteis-Venäjän Rahasto Oy, Imatra	Venture capital investments	69.99 %	49.99 %	3,957	66
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	40.12 %	40.12 %	4,306	-176
Midinvest Oy, Jyväskylä	Venture capital investments	29.85 %	29.85 %	4,457	-988
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49.05 %	49.05 %	7,112	-846
Itä-Suomen Rahasto Oy, Kuopio	Venture capital investments	33.94 %	33.45 %	The first financial period	
Spinno-seed Oy, Espoo	Venture capital investments	28.30 %	28.30 %	3,467	-623
Teknoventure Oy, Oulu	Venture capital investments	48.30 %	48.30 %	16,232	-974
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39.03 %	39.03 %	12,148	616
Virtaa Hämeeseen Oy	Venture capital investments	21.71 %	21.71 %	5,087	452
Oy Wedeco Ab, Vaasa	Venture capital investments	39.76 %	39.76 %	12,556	-295

### Matkailunkehitys Nordia Oy

FTM Incoming Oy, Helsinki	Travel agency	44.61 %	44.61 %	-480	-136
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	49.95 %	49.95 %	186	-294
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00 %	25.00 %	199	46
Hotelli Pyhäntunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.12 %	30.12 %	-4	-213
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00 %	45.00 %	141	0
Kiinteistö Ou Luoston Tuotto 1, Sodankylä	Real estate company	21.00 %	21.00 %	1,700	-248
Kristina Cruises Oy, Kotka	Cruises	20.00 %	20.00 %	2,993	391
Kultaranta Resort Oy, Naantali	Hotel and restaurant business	20.00 %	20.00 %	The first financial period	
Levi Magic Oy, Kittilä	Project / No operations	22.56 %	22.56 %	715	32
LKS - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47.41 %	47.41 %	162	4
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49.00 %	49.00 %	2,387	377
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50.00 %	50.00 %	985	211

### Finnvera plc's shares and holdings in 2008

#### Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %
Seed Fund Vera Ltd, Kuopio	Development and investment company	90.36 %	90.36 %
Kera Oy, Kuopio	No operations	100.00 %	100.00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74 %	69.74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52 %	63.52 %
Spikera Oy, Kuopio	Development and investment company	100.00 %	100.00 %
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00 %	100.00 %
Tietolaki Oy, Kuopio	No operations	100.00 %	100.00 %
Tietoraha Oy, Kuopio	No operations	100.00 %	100.00 %
Veraventure Ltd, Kuopio	Development and investment company	100.00 %	100.00 %

#### Shares and holdings in associates

Iin Micropolis Oy, Ii	Development company	23.08 %	23.08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73 %	27.73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43 %	36.43 %
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00 %	37.00 %
Kiinteistö Oy Oulun Asematu 37	Real estate company	41.93 %	41.93 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71 %	31.71 %

Note no. 28 continue

Subsidiaries' shares and holdings in 2008

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
<b>Spikera Oy</b>					
Alfalink Oy, Oulu	No operations	100.00 %	100.00 %	3	0
Kiinteistö Oy Kotkan Kisällinkatu 6, Kotka	Real estate company	100.00 %	100.00 %	-312	1
Polator Oy, Kuopio	Real estate company	100.00 %	100.00 %	318	9
Postum Oy, Kuopio	Real estate company	100.00 %	100.00 %	-39	-6
Renatur Oy, Kuopio	No operations	100.00 %	100.00 %	8	0
Soljet Oy, Kuopio	No operations	100.00 %	100.00 %	8	0
Juolukkakiinteistöt Oy, Kemijärvi	Real estate company	50.00 %	50.00 %	-63	-14
Mjällmäen Teollisuuskiinteistö Oy, Jämsänkoski	Real estate company	50.00 %	50.00 %	45	-1
<b>Seed Fund Vera Ltd</b>					
Finnester Coatings Oy	Manufacturing of other rubber products	20.00 %	20.00 %	63	-3
Global Business Call Oy	Wireless network management and service	31.48 %	31.48 %	62	-188
Global Response Oy	Data processing	23.10 %	23.10 %	-389	-39
Enercomp Oy	Design and manufacture of software	20.00 %	20.00 %	74	-114
Fortecta Finland Oy	Wholesale trade in unclassified machinery and equipment	20.00 %	20.00 %	The first financial period	
Mikcell Oy	Electronics production	20.00 %	20.00 %	-17	-89
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	20.00 %	20.00 %	116	-81
Xemet Oy	Design and manufacture of software	20.00 %	20.00 %	80	-100
<b>Veraventure Ltd</b>					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61.67 %	43.89 %	3,073	-174
Indekon Oy, Lappeenranta	Venture capital investments	46.50 %	46.50 %	3,248	-46
Jyväseed Fund Oy, Jyväskylä	Venture capital investments	40.00 %	40.00 %	1,784	-703
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49.64 %	49.64 %	936	-328
Karinvest Oy, Joensuu	Venture capital investments	28.08 %	28.08 %	3,194	215
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69.99 %	49.99 %	3,957	66
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	40.12 %	40.12 %	1,501	-248
Midinvest Oy, Jyväskylä	Venture capital investments	29.85 %	29.85 %	5,471	-519
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49.05 %	49.05 %	7,120	-846
Savon Teknia Oy, Kuopio	Venture capital investments	33.45 %	33.45 %	5,797	-653
Spinno-seed Oy, Espoo	Venture capital investments	28.30 %	28.30 %	4,089	-344
Teknoventure Oy, Oulu	Venture capital investments	48.30 %	48.30 %	14,669	3,925
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39.03 %	39.03 %	12,148	619
Virtaa Hämeeseen Oy	Venture capital investments	21.71 %	21.71 %	3,196	20
Oy Wedeco Ab, Vaasa	Venture capital investments	39.80 %	39.80 %	13,169	4,340
<b>Matkailunkehitys Nordia Oy</b>					
FTM Incoming Oy, Helsinki	Travel agency	44.61 %	44.61 %	-480	-136
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	49.95 %	49.95 %	483	218
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00 %	25.00 %	199	46
Hotelli Pyhäntunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.12 %	30.12 %	The first financial period	
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00 %	45.00 %	141	0
Kristina Cruises Oy, Kotka	Cruises	20.00 %	20.00 %	2,849	1,520
Levi Magic Oy, Kittilä	Project / No operations	22.56 %	22.56 %	696	377
LKS - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47.41 %	47.41 %	657	499
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49.00 %	49.00 %	2,335	325
Yterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50.00 %	50.00 %	854	374

Note no. 29	2009	2008
<b>Related parties</b>		
The relationships within the Group are presented in note no. 28.		
<b>The related party transactions</b>		
Operations with the state-owned companies, in which the state has a minimum ownership of 20 %		
Finance income	501	414
Services purchased	1,199	453
Loans	15,391	10,537
Guarantees	659	707
Balance of liabilities	291,545	0
<b>Management employee benefit expenses</b>		
Post-employment benefits	0	0
Salaries and other short-term employee benefits	642	633
Termination benefits		
A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company		
<b>The total salary, remuneration and social security costs of the parent company's</b>		
Managing Director	354	348
Deputy Managing Director	288	285
<b>Total</b>	<b>642</b>	<b>633</b>
<b>The total salaries, remuneration and social security costs of the members and deputy members of the parent company's Board of Directors</b>	<b>188</b>	<b>216</b>
The remuneration paid to the parent company's Board of Directors		
Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman EUR 850, member EUR 700 and deputy member EUR 400		
Attendance allowance for all members EUR 500/meeting		
<b>The total salaries, remuneration and social security costs of the members and the deputy members of the Supervisory Board</b>	<b>138</b>	<b>128</b>
The remuneration paid to the Supervisory Board		
Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600 and member EUR 500		
Attendance allowance for all members EUR 200/meeting		
<b>Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy</b>		
Loans at 1 January	0	3
Decreases during the financial period	0	-3
<b>Loans at 31 December</b>	<b>0</b>	<b>0</b>

# Finnvera plc's Comprehensive Income Statement

(EUR 1,000)	Note	1 Jan–31 Dec 2009		1 Jan–31 Dec 2008	
Interest income	1				
Loans		61,548		83,771	
Subsidies passed on to customers		16,852		17,173	
Export credit guarantee and special guarantee receivables		123		165	
Guarantee receivables		694		2,601	
Other		2,971	+ 82,187	5,369	+ 109,080
Interest expenses	1		- 26,506		- 49,604
Other interest subsidies	1		+ 401		+ 519
<b>Net interest income</b>	1		<b>+ 56,082</b>		<b>+ 59,995</b>
Net fee and commission income	2		+ 76,197		+ 57,922
Gains and losses from financial instruments carried at fair value through profit or loss	3		+ 1,787		- 2,338
Net income from investments	4				
Shares and participations		1,737		5	
Debt securities		4		0	
Investment property		276	+ 2,017	-141	- 136
Other operating income	5		+ 3,805		+ 3,164
Administrative expenses					
Employee benefit expenses	6				
Wages and salaries		21,631		20,193	
Social security costs		5,887		5,881	
Other administrative expenses	7	12,170	- 39,688	12,498	- 38,572
Other operating expenses	8		- 11,841		- 9,131
Net impairment loss on financial assets	9				
Loans and guarantees		84,940		77,775	
Credit loss compensation from the state		-32,205		-28,353	
Export credit guarantees and special guarantees		9,678	- 62,412	6,253	- 55,675
<b>Operating profit</b>			<b>+ 25,945</b>		<b>+ 15,230</b>
Income tax expense	10				
Deferred tax expense			- 1,548		- 0
<b>Profit for the year</b>			<b>+ 24,397</b>		<b>+ 15,230</b>
Components of other comprehensive income					
Change in the fair value of shares			+ 81		- 919
<b>Total comprehensive income</b>			<b>+ 24,478</b>		<b>+ 14,311</b>

# Finnvera plc's Balance Sheet

## ASSETS

(EUR 1,000)	Note		31 Dec 2009		31 Dec 2008
Loans and receivables from credit institutions	11				
Payable on demand		67,344		27,556	
Other than payable on demand		29,463	96,807	17,652	45,208
Receivables from customers	12				
Loans		1,663,889		1,382,296	
Guarantee receivables		32,501		15,845	
Receivables from export credit guarantee and special guarantee operations		4,417	1,700,807	2,089	1,400,230
Investments	13				
Debt securities		167,681		88,696	
Investments in Group companies		165,265		135,334	
Investments in associates	28	4,052		4,726	
Other shares and participations	28	15,822		16,443	
Investment property		493	353,313	1,175	246,374
Derivatives	21		8,536		
Intangible assets	14		3,502		8,452
Property, plant and equipment	15				
Properties		6,456		6,851	
Other tangible assets		2,045	8,501	2,286	9,137
Other assets	16				
Credit loss receivables from the state		9,371		12,692	
Other		5,732	15,103	6,746	19,438
Prepayments and accrued income	17		7,425		14,775
			<b>2,193,995</b>		<b>1,743,614</b>

## LIABILITIES

(EUR 1,000)	Note		31 Dec 2009		31 Dec 2008
Liabilities to credit institutions	19	418,154		416,307	
Liabilities to other institutions	19				
At fair value through profit or loss		37,919		39,862	
Debt securities in issue	20				
At fair value through profit or loss		861,256		488,758	
Derivatives	21	9,726		74,408	
Provisions	22	38,535		18,469	
Other liabilities	18	57,362		45,533	
Accruals and deferred income	23	117,781		109,751	
Subordinated liabilities	24	93,394	1,634,127	15,136	1,208,225
<b>Equity</b>	25				
Share capital		196,605		196,605	
Share premium		51,036		51,036	
Fair value reserve		-232		-313	
Unrestricted funds					
Fund for domestic operations		133,931		141,348	
Fund for export credit guarantee and special guarantee operations		153,289		130,642	
Retained earnings		25,238	559,868	16,071	288,061
			<b>2,193,995</b>		<b>1,743,614</b>

# Finnvera plc's Statement of Changes in Equity

Equity attributable to the Finnvera plc's shareholders

(EUR 1,000)	Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantee and special guarantee operations	Retained earnings	Total
<b>Balance at 1 January 2008</b>	<b>196,605</b>	<b>51,036</b>	<b>606</b>	<b>144,906</b>	<b>95,379</b>	<b>32,699</b>	<b>521,231</b>
Total comprehensive income for the year			-919	-99	-54	15,230	<b>14,158</b>
Transfer into funds				-3,459	35,317	-31,858	<b>0</b>
<b>Balance at 31 December 2008</b>	<b>196,605</b>	<b>51,036</b>	<b>-313</b>	<b>141,348</b>	<b>130,642</b>	<b>16,071</b>	<b>535,389</b>
<b>Balance at 1 January 2009</b>	<b>196,605</b>	<b>51,036</b>	<b>-313</b>	<b>141,348</b>	<b>130,642</b>	<b>16,071</b>	<b>535,389</b>
Total comprehensive income for the year			81			24,397	<b>24,478</b>
Transfer into funds				-7,417	22,647	-15,230	<b>0</b>
<b>Balance at 31 December 2009</b>	<b>196,605</b>	<b>51,036</b>	<b>-232</b>	<b>133,931</b>	<b>153,289</b>	<b>25,238</b>	<b>559,868</b>



# Finnvera plc's Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
<b>Cash flows from operating activities</b>		
Withdrawal of loans granted	-578,793	-382,544
Repayments of loans granted	253,377	318,256
Purchase of investments	-30,000	-11,510
Proceeds from investments	2,938	290
Interest received	67,135	86,686
Interest paid	-32,539	-48,753
Interest subsidy received	18,892	18,102
Payments received from commission income	88,547	85,514
Payments received from other operating income	42,409	35,825
Payments for operating expenses	-30,620	-28,479
Claims paid	-49,699	-29,325
Taxes paid	-1,548	11,768
<b>Net cash used in operating activities (A)</b>	<b>-249,901</b>	<b>55,830</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment and intangible assets	-1,143	-2,665
Purchase of other investments	0	0
Proceeds from other investment	0	0
Dividends received from investments	385	209
<b>Net cash used in investing activities (B)</b>	<b>-758</b>	<b>-2,456</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	0	0
Proceeds from loans	534,396	138,161
Repayment of loans	-153,153	-166,604
<b>Net cash used in financing activities (C)</b>	<b>381,243</b>	<b>-28,443</b>
<b>Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>130,584</b>	<b>24,931</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>133,904</b>	<b>108,973</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>264,488</b>	<b>133,904</b>
<b>Cash and cash equivalents at the end of period</b>		
Receivables from credit institutions	96,807	45,208
Debt securities	167,681	88,696
	<b>264,488</b>	<b>133,904</b>

# Finnvera plc's Segment Information

Segment reporting in Finnvera is based on internal business areas and organisational structure.

Client enterprises have been divided into business areas according to their size and the need for financing at their development stage. A service concept has been devised for each business area. Finnvera's segments are micro-financing, regional financing, financing for growth and internationalisation, export financing, and venture capital investments.

Income, expenses, assets and liabilities are allocated to each segment when they are deemed to fall within that segment or when such allocation is otherwise sensible. All income and expenses have been allocated to segments. There is no notable intra-segment business.

Assessment of the profitability of Finnvera's segments, and decisions concerning resources allocated to segments, are based on operating profit. The assets and liabilities of segments are valued according to the principles for drawing up the consolidated financial statements.

Finnvera has operations only in Finland and its clientele consists of a wide spectrum of clients in various sectors.

## Consolidated income statement and balance sheet by segments for the period 1 Jan 2009–31 Dec 2009

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Total
Net interest income	11,955	28,452	9,610	6,065	0	56,082
Net fee and commission income	4,390	16,572	9,232	46,002	0	76,196
Net impairment losses on loans, domestic guarantees and export credit guarantees	-6,714	-25,417	-22,292	-7,990	0	-62,413
Operating expenses *	-11,971	-14,708	-7,749	-9,348	0	-43,776
Depreciation and amortization	-1,870	-3,012	-1,595	-1,276	0	-7,753
Other income/expenses **	976	3,724	767	70	2,072	7,609
<b>Operating profit</b>	<b>-3,234</b>	<b>5,611</b>	<b>-12,027</b>	<b>33,523</b>	<b>2,072</b>	<b>25,945</b>
<b>Total assets</b>	<b>310,248</b>	<b>1,000,311</b>	<b>392,219</b>	<b>339,287</b>	<b>151,930</b>	<b>2,193,995</b>
Receivables from customers	315,194	1,018,836	365,311	1,466	0	1,700,807
<b>Total liabilities</b>	<b>257,267</b>	<b>808,516</b>	<b>352,637</b>	<b>119,133</b>	<b>96,574</b>	<b>1,634,127</b>

## Consolidated income statement and balance sheet by segments for the period 1 Jan 2008–31 Dec 2008

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Total
Net interest income	16,151	28,645	8,322	6,877	0	59,995
Net fee and commission income	5,309	13,488	7,612	31,513	0	57,922
Net impairment losses on loans, domestic guarantees and export credit guarantees	-4,108	-31,637	-18,395	-1,535	0	-55,675
Operating expenses *	-11,727	-13,693	-7,815	-9,171	0	-42,406
Depreciation and amortization	-1,021	-1,630	-1,072	-1,574	0	-5,297
Other income/expenses **	396	-1,494	-60	893	956	691
<b>Operating profit</b>	<b>5,000</b>	<b>-6,321</b>	<b>-11,408</b>	<b>27,003</b>	<b>956</b>	<b>15,230</b>
<b>Total assets</b>	<b>326,271</b>	<b>759,853</b>	<b>258,247</b>	<b>284,775</b>	<b>114,468</b>	<b>1,743,614</b>
Receivables from customers	300,805	809,400	289,695	330	0	1,400,230
<b>Total liabilities</b>	<b>226,540</b>	<b>602,244</b>	<b>221,919</b>	<b>98,683</b>	<b>58,839</b>	<b>1,208,225</b>

\* Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization

\*\* Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant.

# Finnvera plc's Financial Assets and Liabilities

Financial assets 31 Dec 2009		Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
(EUR 1,000)	Loans and receivables				
Loans and receivables from credit institutions	96,807			96,807	96,807
Loans and receivables from customers	1,700,807			1,700,807	1,696,016
Debt securities			167,681	167,681	167,681
Derivatives		8,536		8,536	8,536
Shares and participations			15,822 *	15,822	15,822
Other financial assets	13,849			13,849	13,849
	<b>1,811,463</b>	<b>8,536</b>	<b>183,503</b>	<b>2,003,502</b>	<b>1,998,711</b>

The Company does not have financial receivables held for trading or held-to-maturity.

Financial liabilities 31 Dec 2009		Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
(EUR 1,000)					
Liabilities to credit institutions			418,154	418,154	418,154
Liabilities to other institutions		37,919	0	37,919	37,919
Debt securities in issue		761,256	100,000	861,256	861,256
Derivatives		9,726		9,726	9,726
Other financial liabilities			114,231	114,231	114,231
Subordinated loans			93,394	93,394	93,394
		<b>808,901</b>	<b>725,779</b>	<b>1,534,680</b>	<b>1,534,680</b>

The Company does not have financial liabilities held for trading.

Financial assets 31 Dec 2008		Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
(EUR 1,000)	Loans and receivables				
Loans and receivables from credit institutions	45,208			45,208	45,208
Loans and receivables from customers	1,400,230			1,400,230	1,396,625
Debt securities			88,696	88,696	88,696
Derivatives		0		0	0
Shares and participations			16,443 *	16,443	16,443
Other financial assets	24,046			24,046	24,046
	<b>1,469,484</b>	<b>0</b>	<b>105,139</b>	<b>1,574,623</b>	<b>1,571,018</b>

The Company does not have financial receivables held for trading or held-to-maturity.

Financial liabilities 31 Dec 2009		Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
(EUR 1,000)					
Liabilities to credit institutions			416,307	416,307	416,307
Liabilities to other institutions		39,862	0	39,862	39,862
Debt securities in issue		488,758	0	488,758	488,758
Derivatives		74,408		74,408	74,408
Other financial liabilities			106,000	106,000	106,000
Subordinated loans			15,136	15,136	15,136
		<b>603,028</b>	<b>537,443</b>	<b>1,140,471</b>	<b>1,140,471</b>

The Company does not have financial liabilities held for trading.

\* Because the fair value of the Finnish Fund for Industrial Cooperation Ltd, included in the figure, cannot be determined reliably, the shares have been valued at original acquisition cost.

## Hierarchy for recognition at fair value

<b>Financial assets 31 Dec 2009 (EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial instruments carried at fair value			
Derivatives		8,536	
Saleable			
Debt securities		167,681	
Shares and holdings	15,822		
	<b>15,822</b>	<b>176,217</b>	

  

<b>Financial liabilities 31 Dec 2009 (EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial instruments carried at fair value			
Liabilities to other institutions		37,919	
Debt securities in issue		761,256	
Derivatives		9,726	
		<b>808,901</b>	

  

<b>Financial assets 31 Dec 2008 (EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Saleable			
Debt securities		88,696	
Shares and holdings	16,443		
	<b>16,443</b>	<b>88,696</b>	

  

<b>Financial liabilities 31 Dec 2008 (EUR 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial instruments carried at fair value			
Liabilities to other institutions	39,862		
Debt securities in issue	488,758		
Derivatives	74,408		
	<b>603,028</b>		

Level 1: Investments in shares and funds are valued at market price based on active trading.

Level 2: The values of interest rate and currency swaps are based on estimates of prices for terminating agreements and for concluding new, corresponding agreements. These estimates are given by banks operating actively on the market. The banks base their pricing on market interest rates and exchange rates.

The fair values of liabilities are based on the value calculated on the basis of exchange rates and market interest rates on the reference day (current value of liabilities).

# Notes to Finnvera plc's Financial Statements

Notes to the income statement (EUR 1,000)

Notes no. 1	2009	2008
<b>Net interest income</b>		
<b>Interest income</b>		
Loans to customers	61,548	83,771
Subsidies passed on to customers		
Regional interest subsidy	1,495	1,399
Interest subsidy to special loans	6,514	7,415
Interest subsidy from the ERDF	4,170	3,922
National interest subsidy (ERDF)	4,672	17,173
Interest on export credit guarantee and special guarantee receivables	123	165
Interest on guarantee receivables	694	2,602
Other interest income		
On receivables from credit institutions	1,550	743
On debt securities, available-for-sale	1,232	4,318
On other	189	5,369
<b>Total interest income</b>	<b>82,187</b>	<b>109,080</b>
<b>Interest expenses</b>		
On liabilities to credit institutions	9,822	22,347
On liabilities to other institutions	598	1,827
On debt securities in issue	15,674	25,201
Other interest expenses	412	229
<b>Total interest expenses</b>	<b>26,506</b>	<b>49,604</b>
<b>Other interest subsidy</b>		
Basic subsidy to loans granted before 1999	401	519
<b>Net interest income</b>	<b>56,082</b>	<b>59,995</b>
Interest income on financial assets which are not carried at fair value totalled	82,588	109,599
Interest expenses on financial liabilities which are not carried at fair value totalled	9,788	22,347
Interest income include interest accrued on impaired loans	4,309	5,412

## Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999–2009 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

The interest subsidy is divided to subsidy directly passed on to customers and to basic interest subsidy paid to loans granted before 1999. The interest subsidy passed on to customers includes in the interest income and the basic interest subsidy is presented as a separate item before the net interest income.

**Interest-subsidized loans and guarantees in total at 31 December** **860,777** **770,933**

Notes no. 2	2009	2008
<b>Net fee and commission income</b>		
<b>Fee and commission income</b>		
From export credit guarantees and special guarantees	51,185	35,991
From other guarantees	18,278	16,625
From credit operations	7,804	6,195
From other	132	84
<b>Total fee and commission income</b>	<b>77,399</b>	<b>58,895</b>

All fee and commission income is from financial assets which are not carried at fair value.

Notes no. 2 continue	2009	2008
<b>Fee and commission expenses</b>		
From reinsurance	903	836
From borrowing	252	88
From payment transactions	48	49
<b>Total fee and commission expenses</b>	<b>1,203</b>	<b>973</b>
Fee and commission expenses from financial assets which are not carried at fair value totalled	951	885
<b>Net fee and commission income</b>	<b>76,196</b>	<b>57,922</b>

Notes no. 3	2009			2008		
<b>Gains and losses from financial instruments carried at fair value through profit or loss</b>						
	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>
Derivatives	0	73,218	73,218	0	-60,096	-60,096
Liabilities carried at fair value	0	-71,006	-71,006	0	58,884	58,884
Shares and participations carried at fair value	0	0	0	0	-1,500	-1,500
Translation differences	-426	0	-426	374	0	374
	<b>-426</b>	<b>2,212</b>	<b>1,786</b>	<b>374</b>	<b>-2,712</b>	<b>-2,338</b>
<b>Gains/losses by categories of financial instruments (categories in accordance with IAS 39)</b>						
	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>	<b>Gains and losses from sale</b>	<b>Changes in fair value</b>	<b>Total</b>
Financial instruments carried at fair value	0	2,212	2,212	0	-1,212	-1,212
Loans and other receivables	-426	0	-426	374	0	374
Available-for-sale financial assets	0	0	0	0	-1,500	-1,500
	<b>-426</b>	<b>2,212</b>	<b>1,786</b>	<b>374</b>	<b>-2,712</b>	<b>-2,338</b>

Notes no. 4	2009	2008
<b>Net income from investments</b>		
<b>Available-for-sale financial assets</b>		
Debt securities	4	0
Shares and participations		
Gains/losses	1,352	-204
Items transferred from fair value reserve during the period	0	0
Impairment losses	0	0
Dividends	385	209
<b>Total available-for-sale financial assets</b>	<b>1,741</b>	<b>5</b>
<b>Investment property</b>		
Rental income	30	147
Rental expenses and maintenance charges	-11	-38
Depreciation	-30	-13
Gains/losses from sale	287	-195
Other income and expenses	0	-42
<b>Total net income from investments</b>	<b>2,017</b>	<b>-136</b>

Notes no. 5	2009	2008
<b>Other operating income</b>		
Fee for the management of the old liability	268	391
Management fee for the handling of ERDF loans	659	848
Subordinated loan written off	1 742	828
Rental income	809	785
Ohter	327	312
	<b>3,805</b>	<b>3,164</b>

Notes no. 6	2009	2008
<b>Employee benefit expenses</b>		
Wages and salaries	21,631	20,193
Social security costs		
Pension costs		
Defined contribution plans	3,207	2,872
Defined benefit plans	1,249	1,516
Other social security costs	1,431	5,881
<b>Total</b>	<b>27,518</b>	<b>26,074</b>
<b>Personnel in average</b>		
Permanent full-time	370	343
Permanent part-time	14	25
Temporary	22	17
<b>Total</b>	<b>406</b>	<b>385</b>

Notes no. 7	2009	2008
<b>Auditors' fees</b>		
Fees for auditing	79	43
Fees for expert services provided by auditors	17	186
		229

Notes no. 8	2009	2008
<b>Other operating expenses</b>		
Rental expenses	2,648	2,556
Expenses from property in own use	1,437	1,277
Other expenses	4	1
<b>Total</b>	<b>4,089</b>	<b>3,834</b>
<b>Depreciation and amortization</b>		
Intangible assets	6,375	4,507
Property, plant and equipment		
Properties	142	148
Machinery and equipment	562	642
<b>Total</b>	<b>7,079</b>	<b>5,297</b>
<b>Impairment losses</b>		
Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	673	0
<b>Total</b>	<b>673</b>	<b>0</b>
<b>Total other operating expenses</b>	<b>11,841</b>	<b>9,131</b>

Note no. 9	2009	2008
<b>Net impairment losses on loans and guarantees</b>		
Receivables written down as credit and guarantee losses		
Credit losses	42,888	45,381
Guarantee losses	22,794	18,705
Reversal of losses recognized		
Credit losses	-3,950	-3,698
Guarantee losses	-1,069	-633
Change in impairment of individually assessed loans and guarantees during the period	3,268	18,673
Change in impairment of collectively assessed loans and guarantees during the period	21,009	-653
<b>Total impairment losses on loans and guarantees</b>	<b>84,940</b>	<b>77,775</b>
The state's and the ERDF's share of the parent company's final credit and guarantee losses	-32,205	-28,353
Finnvera plc's share	52,735	49,422
<p>The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2009 these loans and guarantees totalled EUR 2,735 (2,282) million. The compensation was 53,1% (47,4 %) of the credit and guarantee losses recognized during the period.</p>		
<b>Export credit guarantees and special guarantees</b>		
Claims paid	4,929	6,059
Change in the claims provision during the period	5,754	469
Accumulated recoveries	-246	-7,289
Change in recovery receivables	-759	7,014
<b>Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements</b>	<b>9,678</b>	<b>6,253</b>
<b>Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement</b>	<b>62,413</b>	<b>55,675</b>

Note no. 10	2009	2008
<b>Income tax expense</b>		
Current period		
Adjustment for prior periods	1,548	
Deferred taxes		
<b>Income tax expense in the income statement</b>	<b>1,548</b>	

Finnvera plc was made exempt from the income taxation as from 1 January 2007.



Notes to the balance sheet (EUR 1,000)

Note no. 11	2009	2008
<b>Loans and receivables from credit institutions</b>		
Payable on demand	67,344	27,556
Other	29,463	17,652
<b>Total</b>	<b>96,807</b>	<b>45,208</b>

Note no. 12	2009	2008
<b>Loans and receivables from customers</b>		
<b>Loans</b>		
Subordinated loans	74,451	90,769
Other loans	1,589,438	1,291,526
<b>Total loans</b>	<b>1,663,889</b>	<b>1,382,295</b>
<b>Guarantee receivables</b>	<b>32,501</b>	<b>15,845</b>
<b>Receivables from export credit guarantee and special guarantee operations</b>		
Fee and commission receivables	823	338
Recovery receivables	3,594	1,752
<b>Total receivables from export credit guarantee and special guarantee operations</b>	<b>4,417</b>	<b>2,090</b>
<b>Total receivables from customers</b>	<b>1,700,807</b>	<b>1,400,230</b>
<b>Impairment losses on individually assessed loans at the beginning of the period</b>	<b>39,404</b>	<b>23,462</b>
Credit losses realized during the period on which an impairment loss has been earlier recognized	-5,699	-5,364
Impairment losses recognized during the period	12,348	19,026
Reversal of impairment losses	-8,327	-742
Effect of discounting	705	3,022
<b>Individually assessed impairment losses at the end of the period</b>	<b>38,431</b>	<b>39,404</b>
<b>Impairment losses on collectively assessed loans at the beginning of the period</b>	<b>22,246</b>	<b>22,469</b>
Impairment losses on collectively assessed loans recognized during the period	10,425	-223
<b>Impairment losses on collectively assessed loans at the end of the period</b>	<b>32,671</b>	<b>22,246</b>
<b>Total impairment losses on loans</b>	<b>71,102</b>	<b>61,650</b>
<b>Impairment losses on individually assessed guarantees at the beginning of the period</b>	<b>8,910</b>	<b>6,179</b>
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-2,971	-1,891
Impairment losses recognized during the period	8,565	6,729
Reversal of impairment losses	-1,464	-2,382
Effect of discounting	111	275
<b>Individually assessed impairment losses at the end of the period</b>	<b>13,151</b>	<b>8,910</b>
<b>Impairment losses on collectively assessed guarantees at the beginning of the period</b>	<b>6,045</b>	<b>6,234</b>
Impairment losses on collectively assessed guarantees recognized during the period	9,958	-189
<b>Impairment losses on collectively assessed guarantees at the end of the period</b>	<b>16,003</b>	<b>6,045</b>
<b>Total impairment losses on guarantees</b>	<b>29,154</b>	<b>14,955</b>

An impairment loss on loans and other receivables is recognized when objective evidence of their impairment exists. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

Note no. 13	2009	2008
<b>Investments</b>		
Debt securities	167,681	88,696
Investments in Group companies	165,265	135,334
Associates	4,052	4,726
Other shares and participations	15,822	16,443
Investment property	493	1,175
	<b>353,313</b>	<b>246,374</b>
<b>Debt securities</b>		
Available-for-sale		
Certificates of deposits	9,993	0
Commercial papers	94,910	88,696
local government bonds	62,778	0
<b>Total debt securities</b>	<b>167,681</b>	<b>88,696</b>
Investments have been made to non-publicly quoted debt securities.		
<b>Investments in Group companies</b>		
At the beginning of the period	135,334	123,834
Additions	30,000	11,500
Disposals	-69	0
<b>At the end of the period</b>	<b>165,265</b>	<b>135,334</b>
<b>Associates</b>		
At the beginning of the period	4,726	18,386
Additions	0	10
Disposals	-674	-13,670
<b>At the end of the period</b>	<b>4,052</b>	<b>4,726</b>

#### Associates accounted for using the equity method in 2009

Name	Carrying amount	Ownership %	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	406	410	238	29
Kiinteistö Oy Joensuu Torikatu 9	637	27.73 %	5,771	2	162	36
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,587	9	107	9
Kiinteistö Oy Lappeenranta Snellmanink. 10	1,100	37.00 %	1,517	535	149	118
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,822	88	96	7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	625	31.71 %	2,935	15	113	-4

#### Associates accounted for using the equity method in 2008

Name	Carrying amount	Ownership %	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	362	394	0	49
Kiinteistö Oy Joensuu Torikatu 9	637	27.73 %	5,748	16	155	0
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,583	14	91	6
Kiinteistö Oy Lappeenranta Snellmanink. 10	1,570	37.00 %	1,452	589	120	145
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,858	132	92	-7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31.71 %	2,936	12	104	7

Note no. 13 continue	2009	2008
<b>Other shares and participations</b>		
At fair value through profit or loss	0	0
Available-for-sale	15,822	16,443
	<b>15,822</b>	<b>16,443</b>
<b>Other shares that are publicly quoted</b>	<b>493</b>	<b>495</b>
<b>Investment property</b>		
<b>Acquisition cost</b>		
Acquisition cost at 1 Jan	2,750	2,956
Additions	0	0
Disposals	-679	-206
<b>Acquisition cost at 31 Dec</b>	<b>2,071</b>	<b>2,750</b>
<b>Accumulated depreciation and impairment losses</b>		
Accumulated depreciation and impairment losses at 1 Jan	1,575	1,221
Depreciation for the period	0	13
Impairment losses	3	341
<b>Accumulated depreciation and impairment losses at 31 Dec</b>	<b>1,578</b>	<b>1,575</b>
Carrying amount at 1 Jan	1,175	1,988
<b>Carrying amount at 31 Dec</b>	<b>493</b>	<b>1,175</b>
<b>Total investments</b>	<b>353,313</b>	<b>246,374</b>
<b>Fair value of investment property</b>	<b>493</b>	<b>1,175</b>
<b>Investment property companies' shares that are publicly quoted</b>	<b>375</b>	<b>348</b>

Note no. 14	2009	2008
<b>Intangible assets</b>		
<b>Acquisition cost</b>		
Acquisition cost at 1 Jan	32,643	30,363
Additions	1,126	2,280
Transfers between items	0	0
<b>Acquisition cost at 31 Dec</b>	<b>33,769</b>	<b>32,643</b>
<b>Accumulated amortization and impairment losses</b>		
Accumulated amortization and impairment losses at 1 Jan	24,191	19,846
Amortization for the period	6,076	4,345
Impairment losses	0	0
<b>Accumulated amortization and impairment losses at 31 Dec</b>	<b>30,267</b>	<b>24,191</b>
Carrying amount at 1 Jan	8,452	10,517
<b>Carrying amount at 31 Dec</b>	<b>3,502</b>	<b>8,452</b>

Amortization is included in the other operating expenses in the income statement.

Note no. 15		2009			2008		
Property, plant and equipment		Properties	Machinery and equipment	Total	Properties	Machinery and equipment	Total
<b>Acquisition cost</b>							
Acquisition cost at 1 Jan	12,750	9,473	22,223	12,750	9,088	21,838	
Additions	47	327	374	0	395	395	
Disposals	0	-6	-6	0	-10	-10	
Transfers between items	0	0	0	0	0	0	
<b>Acquisition cost at 31 Dec</b>	<b>12,797</b>	<b>9,794</b>	<b>22,591</b>	<b>12,750</b>	<b>9,473</b>	<b>22,223</b>	
<b>Accumulated depreciation and impairment losses</b>							
Accumulated depreciation and impairment losses at 1 Jan	5,899	7,187	13,086	5,436	6,546	11,982	
Depreciation for the period	442	562	1,004	463	641	1,104	
Impairment losses	0	0	0	0	0	0	
<b>Acc. depreciation and impairment losses at 31 Dec</b>	<b>6,341</b>	<b>7,749</b>	<b>14,090</b>	<b>5,899</b>	<b>7,187</b>	<b>13,086</b>	
Carrying amount at 1 Jan	6,851	2,286	9,137	7,314	2,542	9,856	
<b>Carrying amount at 31 Dec</b>	<b>6,456</b>	<b>2,045</b>	<b>8,501</b>	<b>6,851</b>	<b>2,286</b>	<b>9,137</b>	

Depreciation is included in the other operating expenses in the income statement.

Note no. 16	2009	2008
<b>Other assets</b>		
Credit loss receivables from the state and the ERDF	9,371	12,692
Other	5,732	6,746
	<b>15,103</b>	<b>19,438</b>

The state and the European Regional Development Fund (ERDF) have granted Finnvera commitments to partially compensate Finnvera for the credit and guarantee losses. The commitments enable Finnvera to take higher risks in domestic business than financiers operating on commercial grounds.

Note no. 17	2009	2008
<b>Prepayments and accrued income</b>		
Interest	-1,003	8,779
Fee and commission receivables	5,373	2,542
Accrued personnel expenses	211	364
Prepayments and other accrued income	2,844	3,090
<b>Total prepayments and accrued income</b>	<b>7,425</b>	<b>14,775</b>

#### Note no. 18

##### Tax assets and liabilities

Finnvera plc was made exempt from the income taxation as from 1 January 2007

Note no. 19	2009			2008		
<b>Liabilities to credit and other institutions</b>						
	<b>Nominal value</b>	<b>Change in fair value</b>	<b>Carrying amount</b>	<b>Nominal value</b>	<b>Change in fair value</b>	<b>Carrying amount</b>
Credit institutions	418,154	0	418,154	416,307	0	416,307
Other institutions						
At fair value through profit or loss	37,549	370	37,919	39,639	223	39,862
At amortized cost	0	0	0	0	0	0
	<b>455,703</b>	<b>370</b>	<b>456,073</b>	<b>455,946</b>	<b>223</b>	<b>456,169</b>

Note no. 20	2009			2008		
<b>Debt securities in issue</b>						
	<b>Nominal value</b>	<b>Change in fair value</b>	<b>Carrying amount</b>	<b>Nominal value</b>	<b>Change in fair value</b>	<b>Carrying amount</b>
<b>Bonds</b>						
At fair value through profit or loss	848,795	12,461	861,256	470,513	18,245	488,758
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	<b>848,795</b>	<b>12,461</b>	<b>861,256</b>	<b>470,513</b>	<b>18,245</b>	<b>488,758</b>
Average interest rate, %		1.07			4.61	

Funding has been measured at fair value when they have been hedged with derivatives (fair value option).

An amount equaling the nominal value of a liability is repaid at the maturity date.

The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 21	2009			2008		
<b>Derivatives</b>	<b>Fair value positive</b>	<b>Fair value negative</b>	<b>Total nominal value</b>	<b>Fair value positive</b>	<b>Fair value negative</b>	<b>Total nominal value</b>
<b>Contracts entered in hedging purposes</b>						
<b>Currency derivatives</b>						
Interest rate swaps and foreign exchange derivatives	6,876	9,726	736,344	1,669	77,205	551,522
<b>Interest rate derivatives</b>						
Interest rate swaps	1,660		50,000	1,128		50,000
<b>Total</b>	<b>8,536</b>	<b>9,726</b>	<b>786,344</b>	<b>2,797</b>	<b>77,205</b>	<b>601,522</b>

Derivatives hedge liabilities. The derivative contracts and the funding hedged with them have been measured at fair value and the changes in their fair values have been recognized in the income statement (fair value option).

Note no. 22	2009	2008
<b>Provisions</b>		
Provision for export credit guarantee losses at 1 Jan	2,500	2,000
Provisions made during the period	5,826	3,800
Provisions used during the period	0	-2,000
Provisions reversed during the period	0	-1,300
<b>Provision for export credit guarantee losses at 31 Dec</b>	<b>8,326</b>	<b>2,500</b>

A provision for export credit guarantee losses is recognized when the Group has a constructive and legal obligation to pay a guarantee indemnity, the realization of the obligation is probable and it can be measured reliably.

Note no. 22 continue	2009	2008
Provision for domestic guarantee losses at 1 Jan	14,955	12,412
Provisions made during the period	15,352	5,387
Provisions reversed during the period	-1,464	-2,383
Effect of discounting	311	-461
<b>Provision for domestic guarantee losses at 31 Dec</b>	<b>29,154</b>	<b>14,955</b>
A provision for domestic guarantee losses is recognized when objective evidence exists of impairment of guarantees' value. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.		
Defined benefit pension plans at 1 Jan	1,014	795
Change during the period	41	219
<b>Defined benefit pension plans at 31 Dec</b>	<b>1,055</b>	<b>1,014</b>
<b>Total provisions</b>	<b>38,535</b>	<b>18,469</b>
<b>Employee benefits</b>		
<b>Defined benefit pensions plans</b>		
The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.		
<b>Balance sheet items arising from the defined benefit obligation</b>		
Present value of funded obligations	6,386	6,288
Fair value of plan assets	-4,978	-4,906
	<b>1,408</b>	<b>1,382</b>
Unrecognized actuarial gains (+) or losses (-)	-353	-367
<b>Net liability recognized in the balance sheet</b>	<b>1,055</b>	<b>1,015</b>
<b>Expenses recognized in the income statement</b>		
Current service costs	800	1,039
Interest on obligation	330	271
Expected return on plan assets	-342	-313
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	-58	21
<b>Total expenses recognized in the income statement</b>	<b>730</b>	<b>1,018</b>
<b>Actual return on plan assets</b>	<b>211</b>	<b>-315</b>
<b>Change in the fair value of plan assets</b>		
Fair value at 1 Jan	4,906	4,421
Expected return on plan assets	342	313
Contributions paid by the plan	690	800
Effect of fulfilling the plan and reducing the obligation	-830	
Actuarial gains (+) or losses (-)	-130	-628
<b>Fair value of plan assets at 31 Dec</b>	<b>4,978</b>	<b>4,906</b>
<b>Change in the present value of the obligation</b>		
Present value at 1 Jan	6,288	6,033
Current service costs	800	1,039
Interest on obligation	330	271
Effect of fulfilling the plan and reducing the obligation	-940	
Actuarial gains (-) or losses (+)	-93	-1,055
<b>Present value of the obligation at 31 Dec</b>	<b>6,385</b>	<b>6,288</b>
<b>Amounts for the current and previous periods</b>		
Defined benefit obligation	6,386	6,288
Plan assets	-4,978	-4,906
<b>Surplus/deficit</b>	<b>1,408</b>	<b>1,382</b>
Experience adjustments arising on plan assets	-219	-393
Experience adjustments arising on plan liabilities	-130	-628

The expected return on plan assets has been determined by the insurance company. Information about the distribution of plan assets by asset category is not available.

Note no. 22 continue	2009	2008
<b>Actuarial assumptions</b>		
Discount rate	5.30 %	5.25 %
Expected return on plan assets	6.00 %	6.50 %
Future salary increases	3.50 %	3.00 %
Inflation	2.00 %	2.00 %
Future pension increases	2.10 %	2.10 %
Turnover of personnel	3.20 %	3.20 %
Expected average remaining working life (years)	9	10

Finnvera expects to pay EUR 620,000 in contributions to defined benefit plans in 2010.

Note no. 23	2009	2008
<b>Accruals and deferred income</b>		
Interest	2,722	8,755
Advance interest payments received	633	670
Guarantee premiums paid in advance	109,424	94,960
Other accruals and deferred income	5,002	5,366
<b>Total accruals and deferred income</b>	<b>117,781</b>	<b>109,751</b>

Note no. 24	2009	2008
<b>Subordinated liabilities</b>		
Finnvera plc		
Subordinated loans from the state, 2005 and 2007	Balance 13,394	Balance 15,136
	Interest rate, % 0	Interest rate, % 0
	Loan period 20 years	Loan period 20 years
Subordinated loan from the state in 2009	Balance 30 years	
Increase in the share capital of Seed Fund Vera Ltd, 22,500	Interest rate, % 0	
Increase in the share capital of Veraventure Ltd, 7,500	Loan period 15 years	

The loans are to be used as investment raising the share capital of Seed Fund Vera Ltd and Veraventure Ltd. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered.

The loss shown by Seed Fund Vera Ltd in 2008, EUR 1,742 thousand, was deducted from the principal in 2009.

Subordinated loan from the state in 2009	Balance 50,000
	Interest rate, % 0
	Loan period 7 years

The loan is to be used for raising the capital adequacy of Finnvera plc and for improving the company's capacity to meet the demand for its products, especially counter-cyclical loans and guarantees, owing to the prolonged financial crisis. The loan will be repaid in one instalment at maturity, provided that the company's unrestricted equity and total subordinated liabilities at the time of payment exceed the loss recorded on the balance sheet adopted for the latest financial period or on a balance sheet included in more recent financial statements.

Note no. 25	2009	2008
<b>Equity</b>		
Share capital	196,605	196,605
Reserves		
Restricted reserves		
Share premium	51,036	51,036
Fair value reserve	-231	-313
Unrestricted reserves		
Fund for domestic operations	133,931	141,348
Fund for export and special guarantee operations	153,289	130,642
Retained earnings		
Profit for the previous periods	841	841
Profit for the period	24,397	15,230
<b>Total equity</b>	<b>559,868</b>	<b>535,389</b>
	Number of	Number of
Share capital	shares	shares
The state	11,565	11,565
	Ownership, %	Ownership, %
	100.00 %	100.00 %

## Note no. 25 continue

### Reserves

#### Share premium

The share premium reserve has been formed before the new regulations of the Companies' Act came into force on 1 September 2006. The reserve includes the difference of EUR 42.9 million between the acquisition cost and the nominal value of KERA's shares and EUR 0.1 million that was generated in the transfer of assets of Takuukeskus and the acquisition of Fide Oy's shares as well as EUR 8.1 million generated by the raise of share capital of Finnvera as the shares of Finnish Export Credit Ltd were acquired.

#### Fund for domestic operations and fund for export credit guarantee and special guarantee operations

In 2006 the laws regulating the operations of Finnvera plc were amended so that separate funds to cover future losses from domestic operations and from export credit guarantee and special guarantee operations were established in equity. Losses from export credit guarantee and special guarantee operations will be covered by resources from the State Guarantee Fund only when the export credit guarantee and special guarantee fund is insufficient. The retained earnings from the domestic operations were transferred to the fund for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the fund for export credit guarantee and special guarantee operations.

#### Fair value reserve

The reserve includes the fair value change of available-for-sale financial assets. The items recognized in the fair value reserve are taken to the income statement when an available-for-sale financial asset is disposed of or an impairment loss on such an asset is recognized.

## Other notes (EUR 1,000)

Note no. 26	2009	2008
<b>Contingencies at 31 Dec</b>		
<b>Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec</b>		
<b>Export credit guarantees</b>		
Buyer credit guarantees	8,093,565	6,355,289
Credit risk guarantees	140,290	325,235
Export receivables guarantees	86,455	1,170
Letter of credit guarantees	307,196	260,163
Bank risk guarantees	22,305	24,653
Investment guarantees	78,649	286,451
Bond guarantees	254,433	315,596
Finance guarantees	599,947	683,826
	<b>9,582,840</b>	<b>8,252,383</b>
<b>Special guarantees</b>		
Environmental guarantees	45,273	42,585
Raw material guarantees	45,120	0
Venture capital guarantees	75	75
	<b>90,468</b>	<b>42,660</b>
<b>Total export credit guarantees and special guarantees</b>	<b>9,673,308</b>	<b>8,295,043</b>
Provision for export credit guarantees	-8,326	-2,500
<b>Total</b>	<b>9,664,982</b>	<b>8,292,543</b>

At the balance sheet date, the Company has outstanding claims for indemnification EUR 15.4 (8.7) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

<b>Binding financing offers</b>	<b>251,773</b>		<b>242,728</b>
	<b>Total</b>	<b>Group and associated companies</b>	<b>Total</b>
<b>Domestic guarantees</b>	1,006,987		882,770
<b>Carrying amount of the liability according to the Act on the State's Export Credit Guarantees</b>	7,930,240		6,372,015
<b>Liability for special guarantees</b>	70,928		42,660
	<b>9,008,155</b>	<b>0</b>	<b>7,297,445</b>

When calculating the carrying amount of the liability according to the Act on the State's Export Credit Guarantees, the commitments arisen from current export credit guarantees are taken into account in their entirety insofar as the guaranteed capital is concerned, without any other items that might be indemnified in addition to the capital. Moreover, half of the liability arisen from binding guarantee offers is taken into account insofar as the guaranteed capital is concerned.



Note no. 27	2009	2008
<b>Operating leases</b>		
<b>Non-cancellable minimum lease payments payable for premises leased under operating lease contracts</b>		
Within one year	91	22
Between one and five years	5,048	7,333
Later than five years	757	0
<b>Total</b>	<b>5,896</b>	<b>7,355</b>
<b>Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts</b>		
Within one year	353	418
Between one and five years	78	91
Later than five years	0	0
<b>Total</b>	<b>431</b>	<b>509</b>

## Group companies

Note no. 28	Finnvera plc's shares and holdings in 2009		
<b>Shares and holdings in Group companies</b>			
<b>Name and domicile of the company</b>	<b>Sector</b>	<b>Holding of all shares, %</b>	<b>Share of votes %</b>
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61 %	92.61 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74 %	69.74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52 %	63.52 %
Spikera Oy, Kuopio	Development and investment company	100.00 %	100.00 %
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00 %	100.00 %
Veraventure Ltd, Kuopio	Development and investment company	100.00 %	100.00 %
<b>Shares and holdings in associates</b>			
Iin Micropolis Oy, Ii	Development company	23.08 %	23.08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73 %	27.73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43 %	36.43 %
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00 %	37.00 %
Kiinteistö Oy Oulun Asemakatu 37	Real estate company	41.93 %	41.93 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71 %	31.71 %

### Finnvera plc's shares and holdings in 2008

<b>Shares and holdings in Group companies</b>			
<b>Name and domicile of the company</b>	<b>Sector</b>	<b>Holding of all shares, %</b>	<b>Share of votes %</b>
Seed Fund Vera Ltd, Kuopio	Development and investment company	90.36 %	90.36 %
Kera Oy, Kuopio	No operations	100.00 %	100.00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74 %	69.74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52 %	63.52 %
Spikera Oy, Kuopio	Development and investment company	100.00 %	100.00 %
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00 %	100.00 %
Tietolaki Oy, Kuopio	No operations	100.00 %	100.00 %
Tietoraha Oy, Kuopio	No operations	100.00 %	100.00 %
Veraventure Ltd, Kuopio	Development and investment company	100.00 %	100.00 %

**Note no. 28 continue****Shares and holdings in associates**

<b>Name and domicile of the company</b>	<b>Sector</b>	<b>Holding of all shares, %</b>	<b>Share of votes %</b>
Iin Micropolis Oy, Ii	Development company	23.08 %	23.08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73 %	27.73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43 %	36.43 %
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00 %	37.00 %
Kiinteistö Oy Oulun Asemakatu 37	Real estate company	41.93 %	41.93 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71 %	31.71 %

**Note no. 29****2009****2008****Related parties**

The relationships within the Group are presented in note no. 28

**The related party transactions**

Operations with the state-owned companies, in which the state has a minimum ownership of 20%

Finance income	14	152
Services purchased	1 195	446
Loans	120	1,760
Guarantees	659	707

**Management employee benefit expenses**

Salaries and other short-term employee benefits

642 633

Termination benefits

A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company.

Post-employment benefits

0 0

**The total salary, remuneration and social security costs of the Managing Director and his deputy**

Managing Director

354 348

Deputy Managing Director

288 285

**Total**

**642 633**

**The total salaries, remuneration and social security costs of the members and deputy members of the Board of Directors**

**188 216**

The remuneration paid to the Board of Directors

Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman

EUR 850, member EUR 700 and deputy member EUR 400

Attendance allowance for all members EUR 500 / meeting

**The total salaries, remuneration and social security costs of the members of the Supervisory Board**

**138 128**

The remuneration paid to the Supervisory Board

Monthly remuneration: chairman of the Board EUR 1,000, deputy

chairman EUR 600, member EUR 500

Attendance allowance for all members EUR 200 / meeting

**Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy**

Loans at 1 January

0 3

Decreases during the financial period

0 -3

**Loans at 31 December**

**0 0**

Separate result of activities\* referred to in the Act on the State Guarantee Fund §4, and its share of the total result of Finnvera plc (EUR 1,000)

Income statement	Share of activities defined in the act 1 Jan–31 Dec 2009	Share of other activities 1 Jan–31 Dec 2009	Finnvera total 1 Jan–31 Dec 2009
Interest income			
Interest from the public and public corporations	0	61,548	61,548
Subsidies passed on to customers	0	16,852	16,852
Interest from guarantee receivables	123	693	816
Other interest income	6,004	-3,033	2,971
Interest expenses	-	0	- 26,506
Other Interest subsidies	+	0	+ 401
<b>Net interest income</b>	<b>+</b>	<b>6,127</b>	<b>+</b> 49,955
Net fee and commission income	+	50,291	+ 25,906
Gains and losses from financial instruments carried at fair value	-	426	+ 2,212
Net income from investments	+	0	+ 2,017
Other operating income	+	547	+ 3,258
Administrative expenses			
Wages and salaries	5,535	16,096	21,631
Social security costs	1,478	4,409	5,887
Other administrative expenses	3,947	- 10,960	- 28,728
Other operating expenses	-	2,822	- 9,019
Net impairment loss on financial assets			
Loans and guarantees	0	84,940	84,940
Credit loss compensation from the state	0	-32,205	-32,205
Export credit guarantees and special guarantees	9,678	- 9,678	0
<b>Operating profit</b>	<b>+</b>	<b>33,079</b>	<b>- 7,134</b>
<b>Income taxes</b>			
Taxes on previous years	-	0	- 1 548
<b>Profit for the period</b>	<b>+</b>	<b>33,079</b>	<b>- 8 682</b>

\* The separate result of export credit guarantee and special guarantee activities refers to the activities for which the state is responsible and which have been defined in §4 of the Act on the State Guarantee Fund (44/1998).

## Events after the Period under Review

As of the beginning of 2010, Finnvera's guarantees are also included in the scope of the European Union's State aid rules.

Depending on the type of aid selected, the calculation of aid is specific to each project or specific to each company. In the case of project-specific aid, the amount of aid may not exceed a certain percentage of the project costs, as defined by the EU Commission. Company-specific aid has a certain maximum limit for the aid that the company can receive within a period of three years. The calculation also includes aid that the company

receives, or has received, from other public bodies, such as municipalities, Centres for Economic Development, Transport and the Environment, and Tekes.

In January 2010, the minimum loan period of counter-cyclical financing was shortened from five years to three years, to make it easier for enterprises to obtain financing for working capital.

On 24 February 2010, the Ministry of Employment and the Economy decided that Finnvera's authorisation to grant non-subsidised loans and guarantees in 2010 would be limited to EUR 800.0 mil-

lion. By virtue of the State budget for 2010, Finnvera can also grant credits within the regional interest subsidy scheme (up to EUR 138.3 million), and credits within the special interest subsidy scheme granted in accordance with programmes supported on industrial policy grounds (up to EUR 134.3 million). Thus the combined maximum amount of loans and guarantees that can be granted within the sphere of the commitment is EUR 1,072.6 million in 2010.

# Signatures of the Board of Directors on the Report of the Board of Directors and the Financial Statements

In Helsinki on 11 March 2010

Kalle J. Korhonen

Pekka Laajanen

Pekka Huhtaniemi

Pirkko-Liisa Hyttinen

Timo Kekkonen

Marja Merimaa

Janne Metsämäki

Risto Suominen

Pauli Heikkilä  
Managing Director

# Auditor's report

To the Annual General Meeting of Finnvera Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Finnvera Plc for the year ended on 31 December 2009. The financial statements comprise the consolidated and parent company's balance sheet, statement of comprehensive income, cash flow statement, statements of changes in equity and notes to the financial statements.

## **The responsibility of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated and parent company's financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the report of the Board of Directors in accordance with laws and regulations governing the preparation of the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

## **Auditor's responsibility**

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Supervisory Board and the Board of Directors as well as the Managing Director of the parent company have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion on the consolidated and the parent company's financial statements and the report of the Board of Directors**

In our opinion, the consolidated and parent company's financial state-

ments give a true and fair view of the financial position, financial performance and cash flows of the group and the parent company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The report of the Board of Directors gives a true and fair view of the financial performance and financial position of the group and the parent company in accordance with the laws and regulations governing the preparation of the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

## **Opinion on the discharge from liability and disposal of distributable funds**

The consolidated and the parent company's financial statements can be adopted and the members of the Supervisory Board and the Board of Directors as well as the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, 11 March 2010

KPMG Oy Ab

Rajja-Leena Hankonen  
KHT

# Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including the consolidated financial statements, for the period 1 January–31 December 2009, as well as the auditors' report issued 11 March 2010.

We propose to the Annual General Meeting that the financial statements, in which the consolidated profit and loss account shows a profit of EUR 17,734,296.75 and the parent company's profit and loss account shows a profit of EUR 24,397,302.11, be adopted and that the parent company's profits be used in accordance with the proposal made by the Board of Directors.

Helsinki, 17 March 2010

Johannes Koskinen

Petri Pihlajaniemi

Ulla Achrén

Hannele Pohjola

Kaija Erjanti

Tuomo Puumala

Sinikka Hurskainen

Heikki Ropponen

Matti Kauppila

Tuija Saari

Kyösti Karjula

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Finnvera's Interim Report covering the period 1 January 2010–30 June 2010 will be published on 25 August 2010. Finnvera will also publish Quarterly Reports for the period 1 January–31 March in May and for the period 1 January–30 September in November. Finnvera's reports are available in Finnish, Swedish and English on Finnvera's website at [www.finnvera.fi](http://www.finnvera.fi) (> Finnvera > Publications). The Finnish and English versions of the Annual Review can also be ordered from Finnvera's Corporate Communications, e-mail [finnvera@finnvera.fi](mailto:finnvera@finnvera.fi).

