Finnvera
Financial Statements 2013

FINNVERA

Contents

Report of the Board of Directors

The world economy continued its sluggish growth during the first half of 2013, and the upswing that took place towards the end of the year did not affect Finland's economic trend yet. The economic atmosphere in Finland was uncertain throughout the year, especially as the gloomier outlook for the public economy clouded future expectations. Finland is in an awkward economic rut: the structure of exports and the weak domestic demand kept the economy stagnant. The need for inevitable structural reforms is becoming increasingly evident.

The operation of the Finnish financial market was at least satisfactory. Unlike in Southern Europe, Finnish companies did not suffer from a credit crunch even though the public debate may have suggested otherwise. The availability of financing is reasonably good, but banks have presented more stringent requirements for collateral, margins have risen, and borrowers are required to account for a larger share of financing themselves. This affected the availability of credit for companies with the weakest performance. The capital markets recovered slightly, but this did not help SMEs. Actions were launched to develop capital markets, but the effects will not be visible until a few years from now.

With regard to Finnvera's clients, demand for financing for investments was low among SMEs. Financing was mainly needed for working capital and for rescheduling existing loans. Demand for export financing continued to be brisk but focused only on a few sectors. Finnvera was able to meet the financing needs of export companies in a competitive manner.

The role of public financing is accentuated when the economic situation is difficult. This is also true for the current recession. Finnvera has been actively involved in finding solutions to well-known financial problems in certain sectors, such as the marine industry and mining. The recession has also reflected on Finnvera as higher credit risks among SMEs.

In 2014 resources will be targeted at the strategy selected

The impartial evaluation of Finnvera's operations, conducted in 2012, gave rise to a revision of the strategy. Implementation of the new strategy began and assumed tangible forms during the period under review: in line with its strategy, Finnvera targeted its financing more clearly at growing and internationalising enterprises.

The company's structure and resources are directed so as to provide increasing support for the strategy selected. Thus, Finnvera will act more consistently in keeping with the Government's industrial policy.

The regional network will be revised so that the division into service regions is discontinued and the current branch offices constitute larger regions than at present. The model for managing offices is simplified when the number of regions is reduced. For clients this will be visible as increasingly uniform practices and as better service.

Finnvera's role as the intermediary for the State's interest subsidies to SMEs ended

In accordance with the decision made by the Government during discussions on spending limits, Finnvera's role as the intermediary for the State's interest subsidies to SMEs ended on 31 December 2013.

In this connection, the microloan product ceased to be in use. In the future, other Finnvera products will be used for micro-financing. At the same time, the terms of financing for small projects became more flexible since there are no longer any special terms associated with interest subsidies. The terms of the Entrepreneur Loan also became more flexible.

New tasks proposed for Finnvera

In the proposal for the third supplementary budget in 2013, the Government suggested that Finnvera be given new tasks and means for strengthening the operating potential of enterprises and the Finnish economy. For instance, substantial increases are proposed to the authorisation to finance export credits and ship credits and also to the authorisation to grant export credit guarantees. Ensuring sufficient authorisation for Finnvera to grant export financing during spring 2014 is pivotal for the operations of capital goods exporters. The proposal whereby Finnvera could subscribe to bonds issued by SMEs would, in turn, help to secure the availability of financing for growth and investments.

The Government will make the final decisions during 2014.

Business trends

The Group's profit trend for January–December 2013

The Finnvera Group's profit for the year 2013 was EUR 75 million (53 million), or EUR 21 million more than the year before. The main factors contributing to the improved performance were the increase in the parent company Finnvera plc's fee and commission income in export financing and the decrease in impairment losses on receivables and guarantee losses in SME financing. In contrast, the decrease in the net interest income, caused by lower interest rates and a reduction of the outstanding credits for SME financing, had a negative effect on the profit.

The Group's operating profit was EUR 75 million (54 million). The profit was divided between the business areas as follows: The operating profit of SME Financing was EUR 7 million (–4 million) while that of Export Financing was EUR 74 million (62 million), of which the operating profit for export credits accounted for EUR 0.6 million. The result for venture capital investments was EUR 5 million in the red (–3 million).

Within the past few years, Finnvera's outstanding commitments and their risk levels have risen significantly. Risk levels continued to rise in 2013 as well. The rise in risk levels is reflected in SME financing, for instance, as poorer risk ratings for client enterprises and as an increase in the relative share of non-performing receivables and payment delays. Another indication of the higher risk level is that, in recent years, the impairment losses on receivables and guarantee losses materialised in SME financing have been greater than in the past, although in 2013 impairment losses and guarantee losses were smaller than the year before. In export financing, no major losses have been recorded in recent years or in 2013, and no major increases have been made in provisions for losses in proportion to the outstanding commitments.

The impact of the parent company, the subsidiaries and the associated companies on financial performance

The profit of the parent company, Finnvera plc, in 2013 stood at EUR 69 million (56 million). The profit improved on the previous year by EUR 13 million. The improvement was mainly due to a rise of 20 per cent in fee and commission income, to EUR 133 million (110 million), and a decrease of 16 per cent in impairment losses on receivables and guarantee losses, to EUR 62 million (74 million). Correspondingly, the profit was reduced by a decrease in net interest income to EUR 53 million (60 million) and an impairment loss of EUR 9 million entered on the investments made by the subsidiaries.

The subsidiaries and associated companies had an impact of EUR 6 million on the Group's profit (–3 million). Venture capital investment companies accounted for EUR –4 million (–4 million) of this impact. Interest equalisation, lending, and funding for export credits accounted for EUR 2 million (1 million). In addition, the elimination of the impairment loss entered on the subsidiaries' investments and both Matkailunkehitys Nordia Oy and the dissolution of Spikera Oy had an impact on the Group's profit.

Finnvera Group Financial performance	Q4/2013 MEUR	Q3/2013 MEUR	Q2/2013 MEUR	Q1/2013 MEUR	Q4/2012 MEUR	Change %	2013 MEUR	2012 MEUR	Change %
Net interest income	15	12	14	14	17	-10	56	63	-11
Fee and commission income and expenses (net)	37	35	30	32	29	28	134	112	20
Gains/losses from items carried at fair value	1	0	-2	-1	5	-75	-2	2	-178
Administrative expenses	-12	-8	-12	-11	-12	-3	-43	-43	0
Impairment losses, guarantee losses	-35	-11	-16	-2	-13	177	-64	-75	-16
Loans and domestic guarantees	-31	-26	-24	-21	-25	23	-101	-115	-12
Credit loss compensation from the State	7	14	8	18	14	-51	48	50	-3
Export credit guarantees and special guarantees	-11	0	0	0	-1	611	-11	-10	7
Operating profit	4	27	15	30	25	-85	75	54	39
Profit for the period	3	27	14	30	23	-86	75	53	40

Separate result and the funds on the balance sheet

Finnvera’s balance sheet has separate funds for domestic operations and for export and special guarantee operations. Each year, operating profits are entered into these funds and, correspondingly, any losses from operations are covered from these funds.

The separate result of export credit guarantee and special guarantee activities accounted for EUR 78 million of Finnvera plc’s total profit for 2013 (62 million). This sum was transferred to the fund for export credit guarantees and special guarantees. The result for SME financing and venture capital investments during the financial period, and the sum entered into the fund for domestic operations, was EUR –9 million (–6 million). In addition, EUR 4 million (3 million) of a subordinated loan granted by the State was cancelled because of the loss shown by Seed Fund Vera Ltd in 2012; this sum was entered directly into retained earnings and is transferred to the fund for domestic operations.

Moreover, Finnvera’s balance sheet includes a fund for venture capital investments, under unrestricted equity. This fund is used for monitoring the assets allocated by the European Regional Development Fund (ERDF) for venture capital investments.

The Group's profit trend for October–December 2013

The Finnvera Group's profit for the last quarter of 2013 came to EUR 3 million. The profit was markedly, or EUR 24 million, smaller than the profit for the third quarter.

The factors contributing to the weaker performance during the last quarter included the impairment losses on receivables and guarantee losses, which at EUR 35 million were clearly higher than in the previous quarter. Another factor diminishing the profit was the higher administrative expenses for the final quarter. They were EUR 12 million, or at the same level as the year before. However, owing to the accrual practices applied to personnel expenses and the timing of certain expenses for external services near the end of the year, administrative expenses were over 40 per cent more than the figure for the third quarter of 2013 (8 million).

Analysis of the Group's financial performance in January–December 2013

The Group's income increased by 6 per cent on the previous year. In particular, the marked rise in fee and commission income, shown by the parent company for export financing, contributed to the increase. Correspondingly, the Group's expenses were nearly 4 per cent greater than the year before, the main reason for this being the increase in IT expenses. At the end of the year, however, the Group's cost-to-income ratio was excellent, 27 per cent.

Interest income and expenses and interest subsidies

The Finnvera Group's net interest income in January–December came to EUR 56 million (63 million). The low interest level did not affect the total interest income significantly because the parent company's lower interest income level was offset by the considerably greater interest income of Finnish Export Credit, accumulated from the funding of export credits during the year. However, the increase in interest expenses had a marked impact on the decline in net interest income.

The interest subsidy paid by the State and by the European Regional Development Fund (ERDF) and passed on to clients totalled EUR 9 million (12 million), or nearly 28 per cent less than the year before. The fall in the amount of interest subsidy was caused by a decline in interest-subsidised outstanding commitments.

Fee and commission income and expenses

The net value of the Group's fee and commission income and expenses came to EUR 134 million (112 million). The amount of fee and commission income and expenses increased by 20 per cent on the previous year.

Fee and commission income totalled EUR 140 million (115 million), of which the parent company's fee and commission income for export credit guarantees and special guarantees was EUR 104 million (81 million), for domestic credits and guarantees EUR 34 million (32 million), and for interest equalisation, lending and the funding of export credits EUR 2 million (2 million).

The Group's fee and commission expenses totalled EUR 5 million (3 million) and consisted mainly of costs incurred by the parent company in reinsurance and acquisition of funds.

Gains and losses from items carried at fair value

The Group's gains from items carried at fair value through profit or loss totalled EUR –2 million (2 million), of which the change in the fair value of interest rate and currency swaps and debts accounted for EUR one million (3 million) and the change in the fair value of venture capital investments accounted for EUR –3 million (–1 million). In addition to changes in the fair value of debts and derivatives and the recognition of the fair value of venture capital investments, the item includes exchange rate differences.

Other income

Other operating income in the Group totalled EUR 1 million (2 million). Other income includes the management fee paid by the State Guarantee Fund to Finnvera for managing the liability for export credit guarantees and special guarantees arisen before 1999, a remuneration associated with the management of ERDF financing, and rental income.

Impairment losses on receivables and guarantee losses

The Group's impairment losses and guarantee losses on loans, domestic guarantees, export credit guarantees and special guarantees totalled EUR 112 million (125 million). After the State's compensation for credit losses, the Group's liability for the impairment losses and other losses during the period under review amounted to EUR 64 million (75 million).

Impairments, losses and provisions on loans and domestic guarantees totalled EUR 101 million (115 million). Almost all of the losses arose from credits and guarantees granted to SMEs. The compensation for credit losses paid by the State and the European Regional Development Fund totalled EUR 48 million (50 million), or 57 per cent of the losses materialised (54).The total amount of impairment and other losses in SME financing – i.e. micro-financing, regional financing and financing for growth and internationalisation – was 3.4 per cent of the outstanding commitments (3.5).

In 2013, no major losses were recorded and no major increases were made in provisions for losses relative to the outstanding commitments in export financing. Losses on export credit guarantees and special guarantees amounted to EUR 11 million (10 million).

Finnvera Group Impairment losses on receivables, guarantee losses	**Q4/2013 MEUR**	**Q3/2013 MEUR**	**Q4/2012 MEUR**	**Change %**	**2013 MEUR**	**2012 MEUR**	**Change %**
Impairment losses, guarantee losses	-35	-11	-13	177	-64	-75	-16
Loans and domestic guarantees	-31	-26	-25	23	-101	-115	-12
Credit loss compensation from the State	7	14	14	-51	48	50	-3
Export credit guarantees and special guarantees	-11	0	-1	611	-11	-10	7

Non-performing and zero-interest receivables increased by EUR 29 million, or 26 per cent, during the year and totalled EUR 5.0 per cent of the outstanding commitments at year's end. A factor affecting the amount of non-performing credits was the number of applications filed for corporate restructuring, which was greater than the year before.

Administrative expenses and other operating expenses

The Group's administrative expenses totalled EUR 43 million (43 million), of which personnel expenses accounted for 70 per cent (70). Administrative expenses rose by 0.3 per cent on the previous year (2). Other operating expenses totalled EUR 8 million (7 million) and they included depreciation and expenses associated with real property.

Long-term economic self-sustainability

According to the goal of economic self-sustainability set for Finnvera's operations, the income received from the company's operations must, in the long run, cover the company's operating expenses. In SME financing, the period for reviewing self-sustainability is 10 years while in export financing it is 20 years. Self-sustainability in Finnvera's SME financing has been attained over a period of ten years when the cumulative result is calculated up to the end of December 2013. Correspondingly, export financing has been economically self-sustainable during Finnvera's 15 years of operation. If the payment-based result of Finnvera's predecessor, the Finnish Guarantee Board, for its last years of operation is also taken into account when reviewing the self-sustainability of export financing, economic self-sustainability is also realised over a 20-year period.

The volume and risk level of Finnvera's outstanding commitments will have a major impact on Finnvera's financial performance and realisation of its long-term economic self-sustainability in the coming years. In examining the financial performance, it is important to note that, at the end of 2013, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 11 billion and the commitments for credits and guarantees in SME financing stood at EUR 2.6 billion. In relation to these commitments, the net profit creating a buffer against losses on the balance sheet is now approximately 0.5 per cent at the annual level.

Balance sheet

At year's end, the consolidated balance sheet total was EUR 4,603 million (3,808 million), while the parent company's balance sheet total came to EUR 2,423 million (2,342 million). Among the subsidiaries, the balance sheet total of Finnish Export Credit Ltd, EUR 2,305 million (1,474 million), had the greatest impact on the consolidated balance sheet before eliminations.

On 31 December, the Group's outstanding credits came to EUR 3,650 million (2,953 million), of which the parent company's outstanding credits accounted for EUR 1,540 million (1, 555 million). The Group's outstanding credits increased by nearly 25 per cent, or almost EUR 700 million, during the year. The credits granted by the subsidiary Finnish Export Credit for export financing had the greatest effect on this increase.

The parent company's outstanding domestic guarantees for SME financing decreased by EUR 21 million during the year and totalled EUR 1,047 million on 31 December (1,068 million). The book value of outstanding commitments, as referred to in the Act on the State's Export Credit Guarantees, amounted to EUR 9,761 million (9,332 million). Total outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 11,004 million (11,203 million)

The parent company's non-current liabilities as per 31 December totalled EUR 1,148 million (1,155 million). Of this sum, EUR 1,060 million (937 million) consisted of bonds. The liabilities include subordinated loans of EUR 38 million received by Finnvera from the State for investment in the share capitals of Finnvera's subsidiaries, and a subordinated loan of EUR 50 million granted for strengthening the capital adequacy of the parent company. In addition, the balance sheet includes EUR 8 million (80 million) in derivatives. These arise from interest rate and currency swaps and pertain to non-current liabilities.

During the year, the Group's non-current liabilities increased by one quarter and totalled EUR 3,291 million (2,590 million). The loans received by Finnish Export Credit Ltd from the State and the parent company for granting and funding export credits were the most important factors affecting the increase in non-current liabilities.

Other liabilities include a debt of EUR 28 million owed to the State (28 million). This debt pertains to the subsidies that were received for the acquisition of shares in subsidiaries.

At the end of the period under review, the Group's unrestricted funds had a total of EUR 595 million (513 million), of which the fund for domestic operations accounted for EUR 137 million (140 million), the fund for export credit guarantee and special guarantee operations EUR 358 million (296 million), and the fund for venture capital investments EUR 17 million (17 million). The retained profits were EUR 83 million (60 million).

Finnvera Group Balance sheet	31 Dec 2013 MEUR	31 Dec 2012 MEUR	Change MEUR	Change %
Share capital	197	197	0	0
Share premium and fair value reserve	51	51	0	-1
Unrestricted funds, in total	595	513	82	16
Fund for domestic operations	137	140	-3	-2
Fund for export credit guarantees and special guarantees	358	296	62	21
Fund for venture capital investments	17	17	0	-1
Retained earnings	83	60	22	37
Equity attributable to the parent company's owners	843	761	82	11
Share of equity held by non-controlling interests	6	10	-5	-347
Balance sheet total	4 603	3 808	796	21

Capital adequacy and acquisition of funds

According to the target set, the Finnvera Group's capital adequacy ratio should be at least 12.0 per cent. At the end of December, the Group's capital adequacy ratio stood at 17.6 per cent (16.3) while the capital adequacy of the parent company, Finnvera plc, was 17.6 per cent (16.1). Capital adequacy has been calculated in accordance with the principles of the Basel II standard method.

Capital adequacy	31 Dec 2013 %	31 Dec 2012 %	Change % points
Finnvera Group	17.6	16.3	1.3
Finnvera plc	17.6	16.1	1.5

The Act on Finnvera (443/1998) stipulates that domestic operations must be kept separate from export credit guarantee and special guarantee operations. Losses from domestic operations are covered from the fund for domestic operations, while losses from export credit guarantees and special guarantees are covered from the fund for export credit guarantee and special guarantee operations. According to the Act on the State Guarantee Fund (444/1998), the State is responsible for export credit guarantees and special guarantees. Should the fund for export credit guarantee and special guarantee operations not have sufficient assets to cover the losses incurred in the respective operations, the losses are covered from assets in the State Guarantee Fund, which are supplemented, whenever necessary, by an appropriation from the State Budget. The above separation provided by law, and the State's responsibility for export credit guarantees, explain why Finnvera calculates its capital adequacy, i.e. the ratio between its commitments and assets, only for domestic operations.

The Finnvera Group's risk-weighted receivables totalled EUR 2,610 million at the end of December (2,743 million). Of these, loans and guarantees pertaining to business proper amounted to 2,211 million, or 85 per cent of risk-weighted receivables. Most of the remaining receivables were associated with the acquisition of funds and the investment of cash assets. About 50 per cent of loans and guarantees consisted of a large number of individual commitments of under one million euros. Calculated according to the standard method, their risk weight was 75 per cent. The risk weight of other loans and guarantees was 100 per cent.

Finnvera Group **Capital for calculating capital adequacy**	**31 Dec 2013** **MEUR**	**31 Dec 2012** **MEUR**
Shareholders' equity	849	772
Subordinated loan	50	50
Intangible assets	-2	-2
Fund for export credit guarantees and special guarantees	-358	-296
Profit for the period attributable to export credit guarantees	-78	-62
Total	461	462

Finnvera Group **Risk-weighted items**	**31 Dec 2013** **MEUR**	**31 Dec 2012** **MEUR**
Receivables from credit institutions	55	34
Receivables from clients	2 117	2 238
Investments and derivatives	233	363
Receivables, prepayments, interest and other receivables, other assets	21	16
Binding promises for loans	94	91
Operational risk	96	96
Total	2 616	2 838

In all, EUR 576 million of the Group's non-current loans was paid back during the year. The Group's acquisition of funds during the financial period amounted to EUR 1,601 million.

Group structure and its changes

On 31 December 2013, apart from the parent company, the Finnvera Group comprised two companies owned 100 per cent by Finnvera: Finnish Export Credit Ltd and Veraventure Ltd. In addition, the Group included Seed Fund Vera Ltd, in which Finnvera's holding is 93.31 per cent.

There were two associated companies, one of which is a real-estate company for Finnvera's premises.

Risk management

At the end of 2013, outstanding commitments for SME financing totalled EUR 2.9 billion.

The outstanding commitments shrank by about EUR 150 million during the year. The main reason for this was the low demand for financing for investments. Companies paid off their old loans, and new loans were not withdrawn at the same rate. The credit losses recognized also diminished the outstanding commitments.

In practice, the risk level of the outstanding commitments remained unchanged, but the overall risk level is still significantly higher than it was prior to the recession. In particular, the risk level is affected by the weak and uncertain general economic situation. The outstanding commitments in the poorer risk categories remained the same, while those in the better risk categories diminished because loans were repaid or credit ratings fell. Most commitments are in risk categories B1, B2 and B3. Owing to individual factors, commitments in risk category D were exceptionally high at year’s end. Appropriate impairment losses have been recognized for these commitments, either in the financial year 2013 or earlier.

Credit and guarantee losses and impairment losses totalled EUR 99.4 million. The amount of losses decreased by EUR 14.1 million on the previous year. The decrease stemmed from the anticipated impairment losses on some major commitments that were entered in 2012 but did not exist to the same extent in 2013.

At the end of 2013, outstanding commitments for export financing, monitored by risk management, totalled EUR 10.9 billion. The ‘old liability’ under the State Guarantee Fund’s direct responsibility accounted for no more than EUR 26 million of this sum. Outstanding commitments decreased by EUR 0.2 billion during the year. At year’s end, a significant share of the current guarantees and binding offers was in the country risk categories 0 and 3. Most of the guarantees granted during the year were also entered into these categories.

The volume of enterprises’ commercial commitments, associated with export guarantees and special guarantees, fell by about EUR 200 million during 2013, to EUR 9.4 billion at year’s end. The sectors with the highest commitments were telecommunications, shipping companies, shipyards, and the forest industry. These sectors accounted for a total of 90 per cent of corporate commitments. Altogether 35 per cent of the commitments were in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B3.

Guarantee losses and impairment losses came to EUR 11 million; seen against the outstanding commitments, this is a low figure.

Among the subsidiaries, the outstanding commitments arisen for Finnish Export Credit Ltd from the funding of export credits totalled EUR 4.3 billion at year’s end; this was about EUR 1.3 billion more than at the start of the year. The commitments include export credits funded both under the temporary system and the permanent system launched in 2012. The credit risks associated with the outstanding commitments are fully covered by means of export credit guarantees granted by Finnvera plc. These export credit guarantees are included in the above-mentioned outstanding commitments for export financing.

Finnvera’s investments in subsidiaries engaged in venture capital investments remained at the same level as before, totalling EUR 182 million at year’s end. The sale of shares in Matkailunkehitys Nordia Oy reduced investments by EUR 6.8 million, while an investment made in Seed Fund Vera Ltd increased these by EUR 10 million. Seed Fund Vera Ltd makes direct investments in portfolio companies. Veraventure Ltd invests in regional fund companies and in Vigo accelerator funds. The venture capital investment companies had direct or indirect investments in over 300 enterprises. The book value of the investments was about EUR 117 million. The book value is based on a fair value calculated according to the IFRS. Investments are distributed among numerous companies. This reduces the risk arising from the operations to the Finnvera Group.

Attainment of industrial policy and ownership policy goals

Finnvera's operations are steered by the legislation on the company and by the industrial and ownership policy goals determined by the owner.

When determining the annual industrial policy goals, attention is paid to the Finnish Government Programme, the corporate strategy and policy objectives of the Ministry of Employment and the Economy, and the goals of EU programmes.

Out of the 15 goals set for the company for 2013, Finnvera attained 13.

Read more about the goals Governance > In 2013, Finnvera achieved most of its goals

Corporate Governance

Personnel

At the end of the financial period, the Group had 399 employees (411). Finnvera plc had 382 employees (393), of whom 361 (379) held a permanent post and 21 (14) a fixed-term post.

The salaries and fees paid to the personnel totalled EUR 23 million for the Group (24 million) and EUR 22 million for the parent company (22 million).

Supervisory Board, Board of Directors and auditor

On 26 April 2013, Finnvera's Annual General Meeting elected new members to the company's Supervisory Board and Board of Directors.

The new members on the Supervisory Board are Helena Hakkarainen, Finance Manager (representative of Finnvera's personnel), Anna Lavikkala, Labour Market Director, Lea Mäkipää, Member of Parliament, and Antti Zitting, Chairman of the Board.

Johannes Koskinen, Member of Parliament, will continue as Chairman of the Supervisory Board, and Lauri Heikkilä, Member of Parliament, will continue as Vice Chairman. The members continuing on the Supervisory Board are: Paula Aikio-Tallgren, Entrepreneur; Kaija Erjanti, Head of Division; Lasse Hautala, Member of Parliament; Miapetra Kumpula-Natri, Member of Parliament; Leila Kurki, Senior Adviser; Esko Kurvinen, Member of Parliament; Kasperi Launis, Chairman; Jari Myllykoski, Member of Parliament; Antti Rantakangas, Member of Parliament; Osmo Soininvaara, Member of Parliament; Timo Vallittu, Chairman; and Sofia Vikman, Member of Parliament.

Markku Pohjola, B.Sc. (Econ.) was elected Chairman of Finnvera's Board of Directors. The new regular members are Kirsi Komi, LL.M., Vesa Luhtanen, CEO, Pirkko Rantanen-Kervinen, B.Sc. (Econ.), Pekka Timonen, Director General (First Vice Chair), and Marianna Uotinen, Specialist Counsel (Second Vice Chair). Risto Paaermaa, LL.Lic., will continue as a Board member.

The Annual General Meeting amended the Articles of Association so that deputy members are no longer elected to the Board of Directors.

KPMG Oy Ab was re-elected Finnvera's regular auditor with Juha-Pekka Mylén, Authorised Public Accountant, as the principal auditor.

Events after the period under review

After the end of the financial period, in February 2014, it turned out that a risk in short-term export credit guarantees may be realised during 2014. According to the current estimate, the risk may cause a final loss of 15–35 million euros.

Future prospects and impending risks

The unclear economic outlook and a cautious attitude to investments will keep the demand for SME financing low, at least during the first few months of the year. New projects take off slowly, because it is difficult to make decisions on investments and financing concerning risky projects, especially during a recession.

Weak signals of recovery are more frequent than before, but any appreciable revival of Finnish exports is still on a shaky foundation. As a result, Finnvera's export financing solutions are important for the competitiveness of Finnish export companies. Demand for export credits and export credit guarantees is maintained by risks in buyers' countries, the slow economic growth and stiffer competition on export markets, where financing solutions available to the buyer gain added weight.

According to the current estimate, the Finnvera Group's financial performance for 2014 is likely to fall below that for 2013. The uncertainty factors associated with economic trends make it difficult to predict the financial performance. If the materialisation of risks is more widespread than anticipated, the situation may weaken considerably.

Key Figures

Finnvera Group	2013	2012	2011	2010	2009
Net interest income and net fee and commission income, MEUR	189.8	174.6	157.9	154.2	136.1
Administrative expenses, MEUR	42.8	42.7	42.0	41.4	42.7
Write-down on receivables and guarantee losses, MEUR	111.6	125.0	87.3	74.6	96.4
Credit loss compensation from the State, MEUR	48.0	49.7	31.9	25.4	32.2
Operating profit or loss, MEUR	75.1	54.1	62.3	62.0	18.3
Profit for the year, MEUR	74.5	53.4	59.7	62.9	17.7
Return on equity, %	9.3	7.3	9.3	10.5	3.2
Return on assets, %	1.8	1.6	2.4	2.4	0.8
Equity ratio, %	18.4	20.3	24.7	23.8	22.4
Capital adequacy ratio, %	17.6	16.3	15.5	14.6	15.0
Expense-income ratio, %	27.0	27.6	29.2	30.4	32.3
Balance sheet total, MEUR	4,603.5	3,807.8	2,890.2	2,664.1	2,539.4
Shareholders' equity, MEUR	848.5	771.8	714.8	633.5	569.0
- of which unrestricted funds, MEUR	594.8	513.3	455.8	374.6	310.4
Personnel at year-end	399	411	413	418	432
Finnvera plc, SME Financing					
Financing granted, MEUR	756.5	853.4	977.0	913.7	1,194.7
Outstanding commitments as per the balance sheet at year's end					
Outstanding credits, MEUR	1,540.0	1,555.2	1,660.2	1,731.1	1,663.9
Outstanding guarantees, MEUR	1,046.9	1,068.1	1,092.8	1,065.3	1,007.0
Start-up enterprises	3,473	3,123	3,397	3,611	3,457
New jobs	8,663	8,660	10,159	8,994	9,214
Finnvera plc, Export Financing					
Export credit guarantees and special guarantees offered, MEUR	3,397.5	5,351.0	3,795.6	2,379.6	4,449.7
Guarantees that came into effect, MEUR	2,737.8	2,414.2	3,158.7	2,642.4	3,759.8
Total outstanding commitments, MEUR	11,003.5	11,203.4	10,365.2	8,930.2	9,665.0
Finnvera plc, clients and personnel					
Number of clients, SME Financing and Export Financing together	29,700	30,000	29,900	29,300	28,400
Personnel at year's end	382	393	391	397	411

Formulas for the key indicators

Return on equity % (ROE)

Operating profit/loss – income taxes
——— x 100
Equity + minority share + accumulated appropriations deducted by the deferred tax liability (average of the beginning and the end of the year)

Return on assets % (ROA)

Operating profit/loss – income taxes
——— x 100
Total assets in average (average of the beginning and the end of the year)

Equity ratio %

Equity + minority share + accumulated appropriations deducted by the deferred tax liability
——— x 100
Total assets

Capital adequacy ratio

2008–2011 calculated according to Basel II standard method
Until 2007 calculated in accordance with the Financial Supervision Regulation 106.7.

Expense-income ratio

Administrative expenses + other operating expenses
——— x 100
Net interest income + net fee and commission income + gains/losses from financial instruments carried at fair value + net income from investments + other operating income

The Board of Directors' proposal

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 68,577,647.20.

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 the unrestricted equity funds as follows:

To the fund for export credit guarantee and special guarantee operations; the share of export credit guarantee and special guarantee operations	EUR 77,802,766.16
To the fund for domestic operations; the share of domestic operations	EUR -9,225,118.96

In addition, the cancellation of a subordinated loan received from the owner, EUR 4,359,056.04 and remeasurement gains in defined benefit pension plans, EUR 2,782,302.00, were entered directly into retained earnings during the financial period. It is proposed that this sum be transferred to the fund for domestic operations.

Sum transferred to the fund for domestic operations, in total	EUR -2,083,760.92

Consolidated financial statements

Consolidated comprehensive income statement

(EUR 1,000)	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Interest income	1		
- Loans		97 356	88 892
- Subsidies passed on to customers		8 808	12 221
- Export credit and special guarantee receivables		213	181
- Guarantee receivables		1 710	1 331
- Other		2 097	2 677
Total interest income		**110 184**	**105 302**
Interest expenses	1	-54 620	-42 519
Net interest income	**1**	**55 564**	**62 783**
Net fee and commission income	2	134 284	111 856
Gains and losses from financial instruments carried at fair value	3	-1 678	2 160
Net income from investments	4	909	313
Other operating income	5	850	1 653
Administrative expenses			
- Wages and salaries	6	-23 444	-23 952
- Social security costs	6	-6 436	-5 853
- Other administrative expenses	7	-12 957	-12 896
Total administrative expenses		**-42 837**	**-42 700**
Other operating expenses	8	-8 408	-6 606
Impairment loss on financial assets			
- Impairment losses on credits and losses on guarantees		-100 869	-115 007
- Credit loss compensation from the State		47 976	49 661
- Losses on export credit guarantees and special guarantees		-10 693	-9 986
Net impairment loss on financial assets		**-63 586**	**-75 331**
Operating profit		**75 099**	**54 127**
Income tax expense	10		
- Current and previous periods' tax expense		-1 001	-272
- Deferred tax expense		436	-493
Total income tax expense		**-566**	**-765**
Profit for the period		**74 533**	**53 362**
Other comprehensive income			

Items that may not be reclassified subsequently to the statement of income		
- Revaluation of defined benefit pension plans	2 782	442
Items that may be reclassified subsequently to the statement of income		
- Change in the fair value of shares	200	226
Total other comprehensive income	**2 982**	**668**
Total comprehensive income for the period	**77 515**	**54 031**
Distribution of the profit for the period attributable to		
- Equity holders of the parent company	74 922	54 109
- Non-controlling interest	-389	-747
	74 533	**53 362**
Distribution of the total comprehensive income for the period attributable to		
- Equity holders of the parent company	77 904	54 778
- Non-controlling interest	-389	-747
	77 515	**54 031**

Consolidated balance sheet

ASSETS (EUR 1,000)	Note	31 Dec 2013	31 Dec 2012
Loans and receivables from credit institutions	11	276 443	172 037
Loans and receivables from customers	12		
- Loans		3 649 525	2 952 642
- Guarantee receivables		46 023	38 129
- Receivables from export credit and special guarantee operations		15 305	16 442
		3 710 853	**3 007 214**
Investments	13		
- Debt securities		326 191	269 593
- Associates	29	78 195	76 448
- Other shares and participations	29	118 019	114 044
- Investment property		0	28
		522 405	**460 112**
Derivatives	21	8 159	80 387
Intangible assets	14	2 572	1 980
Property and equipment	15		
- Properties		834	1 146
- Equipment		1 437	1 355
		2 270	**2 501**
Other assets	16		
- Credit loss receivables from the state		6 516	49 360
- Other		5 030	3 684
		11 546	**53 044**
Prepayments and accrued income	17	69 115	30 344
Tax assets	18	98	188
TOTAL ASSETS		**4 603 461**	**3 807 808**

LIABILITIES (EUR 1,000)	**Note**	**31 Dec 2013**	**31 Dec 2012**
Liabilities to credit institutions	19	0	85 000
Liabilities to other institutions	19	2 143 436	1 435 125
Debt securities in issue	20	1 059 870	987 399
Derivatives	21	31 272	7 067
Provisions	22	65 601	46 586
Other liabilities		54 738	55 401
Accruals and deferred income	24	307 616	332 827
Tax liabilities	18	4 333	4 230
Capital loans	25	88 029	82 388
		3 754 895	**3 036 021**
EQUITY	26		
Equity attributable to the parent company's shareholders			
Share capital		196 605	196 605
Share premium		51 036	51 036
Fair value reserve		518	318
Unrestricted funds			
- Fund for domestic operations		137 172	139 770
- Fund for export credit guarantees and special guarantees		357 825	295 726
- Other		17 225	17 461
- Retained earnings		82 590	60 401
		594 813	**513 359**
Total equity		**842 972**	**761 319**
Share of equity held by non-controlling interest		5 594	10 468
TOTAL LIABILITIES AND EQUITY		**4 603 461**	**3 807 808**

Consolidated statement of changes in equity

Legend:

A = Share capital
B = Share premium
C = Fair value reserve
D = Fund for domestic operations
E = Fund for export credit guarantee and special guarantee operations
F = Fund for venture capital investments
G = Retained earnings
H = Total
I = Share of equity held by non-controlling interest
J = Total equity

Equity attributable to the parent company's shareholders

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Reported balance at 31 Dec 2011	**196 605**	**51 036**	**92**	**135 753**	**241 378**	**17 529**	**61 187**	**703 579**	**11 251**	**714 831**
Amendment in calculation principle, IAS 19							-803	-803		-803
Restated balance at 1 Jan 2012	**196 605**	**51 036**	**92**	**135 753**	**241 378**	**17 529**	**60 384**	**702 777**	**11 251**	**714 028**
Cancelled amount of subordinated loan received from the owner							3 435	3 435		3 435
Total comprehensive income for the year / change in the fair value of shares			226				54 109	54 335	-747	**53 588**
Transfer to funds				4 017	54 348	-68	-58 366	-68		**-68**
Restated balance at 31 Dec 2012	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**59 562**	**760 479**	**10 505**	**770 984**
Reported balance at 31 Dec 2012	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**60 401**	**761 319**	**10 468**	**771 787**
Amendment in calculation principle, IAS 19							**-337**	-337		**-337**

Restated balance at 1 Jan 2013	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**60 064**	**760 982**	**10 505**	**771 450**
Cancelled amount of subordinated loan received from the owner							4 359	**4 359**		**4 359**
Total comprehensive income for the year / Revaluation of defined pension plans							2 782	**2 782**		**2 782**
Total comprehensive income for the year / change in the fair value of shares			200				74 922	75 122	-389	**74 733**
Transfer to funds				-2 598	62 099	-236	-59 501	-236		**-236**
Balance at 31 Dec 2013	**196 605**	**51 036**	**518**	**137 172**	**357 825**	**17 225**	**82 590**	**842 972**	**5 594**	**842 972**

Consolidated statement of cash flow

(EUR 1,000)	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flows from operating activities		
Withdrawal of loans granted	-1 315 190	-1 201 995
Repayments of loans granted	350 007	400 341
Purchase of investments	-24 965	-14 617
Proceeds from investments	3 369	3 367
Interest received	91 899	87 550
Interest paid	-60 764	-43 416
Interest subsidy received	9 923	9 522
Payments received from commission income	125 147	176 329
Payments received from other operating income	66 968	21 145
Payments for operating expenses	-74 572	-41 086
Claims paid	-49 738	-66 122
Taxes paid	-234	-609
Net cash from operating activities (A)	**-878 150**	**-669 591**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-1 508	-1 036
Proceeds from other investment	-705	1 952
Dividends received from investments	926	598
Net cash used in investing activities (B)	**-1 287**	**1 513**
Cash flows from financing activities		
Proceeds from issue of share capital	10 000	0
Proceeds from loans	1 601 065	1 215 784
Repayment of loans	-576 341	-418 788
Net cash used in financing activities (C)	**1 034 724**	**796 996**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**155 287**	**128 918**
Cash and cash equivalents at the beginning of the period	**506 549**	**377 631**
Cash and cash equivalents at the end of the period	**661 835**	**506 549**

Cash and cash equivalents at the end of period		
Receivables from credit institutions	276 443	172 036
Debt securities	326 191	269 593
Investments in short-term interest funds	59 201	64 920
Total	**661 835**	**506 548**

Accounting principles

Basic information of the company

The Group's parent company, Finnvera plc, 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 also consists of venture capital investment companies Veraventure Ltd and Seed Fund Vera Ltd as well as Finnish Export Credit Ltd.

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 P.O. Box 1127, Kallanranta 11, 70111 Kuopio, Finland. The Board of Directors approved the financial statements on 27 February 2014.

Copies of the consolidated financial statements are available online at www.finnvera.fi, or in the Group's head offices at Kallanranta 11, 70110 Kuopio, Finland and Eteläesplanadi 8, 00100 Helsinki, Finland.

Accounting principles for the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), complying with IFRSs effective on 31 December 2012 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.

The consolidated financial statements have been prepared on the basis of historical costs, except for financial assets available for sale and financial assets and liabilities carried at fair value through profit or loss.

The financial statements are presented in thousands of euros.

New and revised IFRSs and interpretations applied

In 2013, Finnvera adopted the following new or revised IFRSs and interpretations:

- Amendment to IAS 1 Presentation of Financial Statements (applied to financial periods starting on or after 1 July 2012). The primary amendment is the requirement for the reclassification of other comprehensive income items, based on whether these items are will potentially be reclassified to the statement of income at a later time upon fulfilling certain conditions, or they will not be reclassified to the statement of income. The amendment affects the manner in which the Group's other comprehensive income items are to be presented.
- Amendment to IAS 19 Employee Benefits (applied to financial periods starting on or after 1 January 2013). Under the amendment, the benefit liability (asset) and its actuarial gains and losses used for calculating the pension liability and for valuing underlying assets are to be, as of 1 January 2013, recognised in the consolidated statement of comprehensive income for the period during which they were incurred, i.e. the corridor method would be eliminated, with financial expenses being measured based on net funding.

Key adjustments involve changes to actuarial gains and losses, which affect the net assets or liabilities of pension plans as well as to other comprehensive income.

The revised IAS 19 Employee Benefits standard is applied retroactively, in accordance with the applicable transitional provisions. Unrecognised actuarial gains and losses are entered in the balance sheet at the beginning of the reference period (1 Jan 2012). Information for the 2012 reference period has been adjusted according to the revised standard. The following revisions have been made to the Group and parent company opening balance and reference period information.

Finnvera Group (EUR 1,000)	**Reported**	**Adjusted**	**Adjusted**
1 Jan 2012			
Total equity	714 831	-803	714 028
- Attributable to the parent company's shareholders	703 580	-803	702 777
- Share of equity held by non-controlling interests	11 251	0	11 251
2012			
Defined pension benefit liabilities	983	337	1 320
Total equity	771 787	-337	771 450
- Attributable to the parent company's shareholders	761 282	-337	760 945
- Share of equity held by non-controlling interests	10 505	0	10 505
Impact on the income statement and other comprehensive income:			
Profit for the period	53 362	-24	53 338
Other comprehensive income			
- Revaluation of defined benefit pension plans	0	442	442

- Amendments to the IFRS 7 Financial Instruments: Disclosures standard further defines information on offsetting in financial instruments and equivalent agreements (applied to financial periods starting 1 July 2013 or after).The amendment results in additional notes to the consolidated financial statements describing the presentation of net financial assets and liabilities.
- IFRS 13 Fair Value Measurement (applied to financial periods starting 1 January 2013 or after). The amended standard defines the fair value and provides guidance on how to determine it as well as requirements concerning notes to financial statements. The new requirements expanded notes concerning financial instruments for the Group's consolidated financial statements.

Accounting principles for the Group consolidated financial statements

Principles of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the parent company and 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.

The Group's mutual share ownership has been eliminated by the acquisition cost method. 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 acquisition costs arising from business combinations prior to the IFRS transition date 1 January 2006 have been treated according to the Finnish accounting practice. The Group has not made company acquisitions after the date of transition.

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

Non-controlling interest

Non-controlling interest in the equity and in the profit for the period is reported as a separate item in the income statement and in the balance sheet.

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 exists when the Group has 20 to 50 per cent of the voting shares of the entity. Associated companies are consolidated using the equity method of accounting.

Equity investments made by Finnvera through its subsidiaries are treated in the alternative manner allowed by IAS 28 Investments in Associates at fair value, as investments recognised through profit or loss. Changes in fair value are recognised in the income statement during the financial periods in which they have occurred.

Transactions denominated in foreign currencies

The consolidated financial statements are presented in euros, which is the currency that all Group companies use in their operations and presentations.

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

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 effective 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. Interest 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

Guarantee fees are recognised in the income statement over the maturity of the contract. Other fee and commission income and expenses are normally recognised when the service is rendered.

Gains/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 through profit or loss.

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 dividends is established.

Government grants

Finnvera receives interest and commission subsidies from the State as well as compensation for credit and guarantee losses that have arisen from credits and guarantees that Finnvera has granted on certain regional policy grounds agreed with the State. Credit and guarantee loss compensation is paid for credits and guarantees that have been granted without securing collateral.

Interest and commission subsidies are recognised over the maturity of the contract using the effective interest rate method, and compensation received for credit losses is recognised when the contractual right to receive such compensation is established.

Cash and cash equivalents

Cash and cash equivalents comprise deposits payable on demand.

Financial instruments

Classification

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

Financial assets and liabilities recognised at fair value through profit or loss

Balance sheet items recognised at fair value through profit or loss comprise financial assets and liabilities held for trading, derivatives held for trading, and financial liabilities designated at fair value through profit or loss.

Finnvera has no financial assets or liabilities held for trading. Financial items recognised 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. Fair value changes in assets recognised 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 through profit or loss.

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 other receivables

Contracts with fixed or determinable payments that are not quoted in an active market are classified as loans and other receivables. Upon initial recognition loans and other 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 designated 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 investments 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 in other components of comprehensive income and 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. The criteria are as follows: the enterprise does not possess the prerequisites for profitable business or is insolvent, in liquidation, being reorganised or has filed for bankruptcy.

Other financial liabilities

Other financial liabilities comprise other liabilities to credit institutions and customers, as well as debt securities in issue, that are not designated 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 because of 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 as loans granted by the owner. They are recognised 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 liabilities

An impairment loss is recorded on loans and other 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 from the receivables.

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 compensation 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 insolvent in liquidation proceedings, has ceased operations, or the receivables have been written off in either a voluntary or statutory loan arrangement.

Determination of fair value

The fair value of financial instruments is determined based on the following principles:

- Level 1: The fair value of quoted shares, fund investments and other financial instruments is determined on the basis of published price quotations on an active market.
- Level 2: If a published price quotation on an active market does not exist for a financial instrument in its entirety, but an active market exists for its components, fair value is determined on the basis of relevant market prices for the components. The valuation techniques used may vary by financial instrument.
- Level 3: If the market is not active or the security is unlisted, fair value is determined by using generally accepted valuation techniques. If fair value cannot be determined reliably, the financial instrument

The notes on Group financial assets and liabilities describe in greater detail the principles for determining fair value by financial instrument, the valuation techniques used in various situations, and the classification of the fair value of financial instruments according to whether they were obtained by public listing (Level 1), using valuation techniques that use verifiable data (Level 2), or using valuation techniques based on unverifiable data (Level 3).

Recognition and derecognition of financial assets and liabilities

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

Financial assets are derecognised from the balance sheet when the contractual right to the asset expires or when a significant share of the risks and income 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 into operating leases both as a lessee and as a lessor. Lease payments payable and receivable 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, if their cost can be measured reliably and it is probable that the Group will gain economic benefit from the assets.

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

Property, plant and equipment

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

Property, plant and equipment are carried at historical cost less accumulated depreciation 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

On every balance sheet date, the carrying amounts of intangible assets and property, plant and equipment are reviewed to determine whether there are indications of impairment. If such indications exist, 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.

Employee benefits

Group Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions to 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 net liability of defined benefit plans is entered on the balance sheet.

Expenses based on work performed during the term and the net liability interest of defined benefit plans are entered on the income statement and presented under expenses incurred by employment benefits. Items resulting from revaluation the net liability of defined benefit plans (e.g. actuarial gains and losses as well as earnings from plan assets) are recognised in other comprehensive income for the financial period during which they are incurred.

Provisions

Provisions for export credit guarantee and special guarantee losses

A provision for export credit guarantee and special guarantee losses is recognised when there is objective evidence indicating that the obligation to pay a guarantee indemnity is likely to arise and it is assumed that the value of the assets that can be recovered will be less than the indemnity paid.

Objective evidence of a customer's capability to fulfil obligations is based on the risk classification of customers, past experience and estimates made by management about the customer's ability to repay the credit covered by the guarantee.

The need for provisions is assessed individually and collectively. Individual assessment is applied to commitments where the amount of commitments is substantial, i.e. the total commitment as per the guarantee cover is at least EUR 500,000. For smaller commitments, the need for provisions is assessed collectively.

A provision is recognised if the present value of the cash flows arising from the commitment to pay indemnity and discounted at the effective interest rate exceeds the correspondingly discounted cash flow from the recovery receivables arisen on the basis of the indemnity paid.

Provisions for domestic guarantee losses

Provisions for domestic guarantee losses are recognised according to the same principles as the impairment losses recognised on loans and other receivables individually or collectively.

Income taxes

Tax expenses in the statement of comprehensive income consist of the tax based on the taxable profit for the financial period and deferred tax. Taxes are entered under the various components of comprehensive income or directly into equity, in which case the tax is also charged or credited 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 confirmed by the balance sheet date.

An amendment to the Income Tax Act passed by Parliament entered into force through a Government Decree issued on 20 December 2007. The amendment made Finnvera plc exempt from income taxation as of 1 January 2007. The subsidiaries of Finnvera plc have no corresponding exemption.

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 investments made by the associated companies, the impairment testing of loans and receivables, and the provisions to be made for guarantee commitments.

The fair value of SME financing and export credits recognised at fair value through statements of income and derivatives is determined using a method based on the current value of cash flow, in which market interest rates and other accounting information on the end date of the financial period are used as the accounting principles. The fair value of derivatives are equivalent to the average market price in situations, in which the Group would transfer or sell derivatives in normal business operations under the market conditions on the end date of the financial period. The credit risk related to derivatives is mitigated by means of collateral arrangements.

For large sums, the impairment testing of receivables for the outstanding commitments of SMEs is prepared individually, and for other sums, collectively. The impairment testing of receivables is based on estimates of future cash flows to be received. Collective impairments are based on an estimate of future losses made based on historical data.

The provision to be made for SME financing and export financing guarantee commitments is based on the management's assessment of the probable amount of expenditure that needs to be covered by the provision.

The fair value of venture capital investments made by subsidiaries engaged in venture capital investment is determined using a valuation method approved by the Board of Directors and which complies with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines for early-stage ventures. In this method, the determination of fair value is based on the valuation and investments made by outside investors as well as on the portfolio company valuation approved by the fund's board of directors. The basis of the valuation is the value to be determined based on the previous round of investments. If necessary, this value can be adjusted in accordance with change factors in the portfolio company, its performance and its operating environment. If a fund's early-stage venture capital investment portfolio is extensive (approx. 140 investments), a 10 per cent change in the value of a single, average investment will affect the portfolio by a 0.07 percentage point.

Application of new standards

The IASB has issued 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.

2014 financial period

- IFRS 10 Consolidated Financial Statements (applied in the EU to financial periods starting on 1 January 2014 or thereafter). The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Standard also outlines the specification of control in situations involving interpretation. The new Standard is not expected to have a major impact on the consolidated financial statements.
- IFRS 11 Consolidated Financial Statements (applied in the EU to financial periods starting on 1 January 2014 or thereafter). The Standard outlines reporting principles for entities that jointly control an arrangement (joint arrangements). The new Standard is not expected to have a major impact on the consolidated financial statements.
- IFRS 12 Disclosure of Interests in Other Entities (applied to financial periods starting on 1 January 2014 or thereafter). The standard contains requirements for disclosures about an entity's interests in other entities, including subsidiaries, joint arrangements, associates and other unconsolidated structured entities. The new standard will expand the disclosures presented by a Group of its holdings in other entities. The new Standard is not expected to have a major impact on the consolidated financial

statements.

- IAS 27 Separate Financial Statements (applied to financial periods starting on 1 January 2014 or thereafter). The revised standard contains the requirements for separate financial statements that remained after the sections on control were integrated into the new IFRS 10. The revised standard will not have any impact on the consolidated financial statements, but may have an impact on the parent company's financial statements.
- IAS 28 Investments in Associates and Joint Ventures (applied to financial periods starting on 1 January 2014 or thereafter). Following the publication of IFRS 11, the revised standard outlines how to apply the equity method to associates and joint ventures as well as specifies the fair value of venture capital investments. The Group adopted the Standard for the financial period starting on 1 January 2014.
- Amendment to IAS 32 Financial Instruments: Presentation (applied to financial periods starting on 1 January 2014 or thereafter; not yet approved for application in the EU). The amendment specifies the rules for presenting the net value of financial assets and liabilities and provides more guidance on the related application. The amendment is not expected to have a major impact on the consolidated financial statements.
- Amendment to IAS 39 Financial Instruments (applied to financial periods starting on 1 January 2014 or thereafter; not yet approved for application in the EU). The amendment allows for the continuation of hedge accounting when certain conditions are fulfilled, in situations where a derivative is transferred to a central counterparty (CCP). Finnvera does not use hedge accounting in the valuation of financial instruments.

2015 financial period or later

- Amendment to IFRS 9 Financial Instruments (applied to financial periods starting, at the earliest, on 1 January 2015 or thereafter; not yet approved for application in the EU). Upon completion, the originally three-phase project will replace the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 Phase 1, which outlined the classification and measurement of financial assets, was published in November 2009. Based on their valuation method, financial assets are divided into two main groups: those measured at amortised cost and those measured at fair value. This classification depends on the characteristics of cash flows based on the agreement as well as the business model of the company. Published in October 2010, Phase 2 addresses the classification and measurement of financial liabilities and is primarily based on existing requirements specified in IAS 39. The IASB is still considering making limited revision to guidelines specified in the above-mentioned IAS 39.
  Incomplete sections of IFRS 9 involve the impairment of financial assets and macro hedge accounting. IASB has made macro hedge accounting into a separate project. Due to these incomplete sections, it is impossible to estimate the impact that the final Standard will have on the consolidated financial statements.

Risk management

IFRS consolidated financial statements, notes to risk management

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

Role and responsibilities of risk management

Risk management is of central importance for the maintenance of the Finnvera Group's ability to take risks and for the attainment of economic objectives in the long run. Finnvera'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.

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

The Risk Management Unit is also responsible for coordinating the development and maintenance of risk classification systems and for monitoring the functionality of classification systems.

Controlled risk-taking

The State of Finland compensates Finnvera for some of the losses that arise in SME financing. Using revenues from its operations, Finnvera must cover its own share of any domestic credit and guarantee losses incurred from one economic cycle to the next. Apart from the buffer of accumulated equity, the State Guarantee Fund and the State of Finland secure the foreign country, bank and enterprise risks stemming from export credit guarantee operations. 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 consist of capital invested by the State through the parent company, while some is capital invested directly by the parent company.

Risk-taking in SME financing is guided by means of the credit policy and the risk-taking goals specific to each business area. These take into account, for example, differences in clientele and operating environment. The risk-taking goals are based on the targets set for Finnvera vis-àvis its ownership policy, profitability and effectiveness. Risk-taking pertaining to export credit guarantees is guided by means of country and guarantee policies ratified by the Board of Directors. Instruments such as reinsurance or credit derivatives may be used for protection against some credit risks.

In line with their strategic policies, the subsidiaries engaged in venture capital investment focus their risk-taking on start-ups and growth enterprises. The parent company manages risks arising in subsidiaries through ownership steering. In addition, the subsidiaries are within the scope of the risk management and internal auditing practised in the Group.

Credit and guarantee risks

The risk of a credit loss arises when a debtor or another counterparty does not meet its obligations to the full. In SME financing, the reason for credit losses is usually 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 its payments.

Management of credit risks in SME financing 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 operating 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.

For granting export credit guarantees, Finnvera classifies countries into eight categories. The classification is based on methods used by export credit agencies. 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. The granting of export credit guarantees is based on country policy. Each country for which Finnvera can grant export credit guarantees is assigned one country policy out of four (A–D). Finnvera keeps a close eye on the economic and political situations of countries and makes adjustments to its country 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 may 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.

Financing decisions are made in accordance with the authorisations decided by the Board of Directors so that the amount of liability and risk has an impact on the decision-making level. Finnvera has management groups for export financing and SME financing. Both management groups for financing discuss financing decisions of the highest levels, proposals submitted to the Board of Directors for decision-making, and issues requiring a specific policy. The CEO chairs both management groups for financing. The Risk Management Unit participates in the work of the management groups for financing. The biggest financing decisions are made by Finnvera's Board of Directors.

Various means are applied to client monitoring: annual analysis of the client enterprise's financial statements; regular contacts with the client; and continuous monitoring of the client's payment behaviour and operations. In its monitoring, Finnvera utilises data from various sources: from its own control systems, from beneficiaries of guarantees, and from public registers on payment defaults. Clients with elevated risks are selected for special monitoring. In the case of the greatest risks, a report on the special monitoring is drawn up quarterly. The probability of credit losses and any needs for claim-specific write-downs are assessed at the same time.

The risk-taking realised is followed monthly by means of a diverse 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 defaults and non-performing receivables; 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.

Interest rate and currency risk

Interest rate and currency risks associated with Finnvera's provision of funding for export credits are managed by reconciling the terms of borrowing and lending, for example, by means of interest rate and currency swaps. The consequent interest rate and currency risks 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.

Liquidity risk

Finnvera acquires long-term funding by means of the EMTN programme that has the best credit rating. In addition, other sources of financing are used, whenever necessary. These help distribute the acquisition of funds between several markets and several investor groups. The acquisition of funds is guaranteed by the State. Cash assets, deposits and short-term investments in targets meeting the criteria for credit rating ensure short-term liquidity. At all times, Finnvera's liquid assets cover the financing needs required by binding agreements for the next six months.

The potentially high claims arising from export credit guarantee operations may lead to an unexpected need for money. 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, and operational risks have been registered since the beginning of 2007. The Risk Management Unit is responsible for developing the management of operational risks. In practice, the process teams, units and the Information Security Group are responsible for implementing practical measures. Finnvera has a full-time Information Security Manager. Potential risks have been charted and the severity of any consequences they might involve has been assessed for all business areas and support units. In addition, Finnvera has drawn up risk scenarios that, if materialised, would have serious consequences for the company's operations. Responsibility for the implementation of actions to avert the risk scenarios and other severe potential risks has been divided between the various organisational units in line with their tasks. Finnvera has an ISO 9001 quality certificate that guides the management of operational risks, the associated work and the improvement of the quality of the company's operations. Safeguards are taken against operational risks, for example, 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 also, until December 2013, by Matkailunkehitys Nordia Oy. Investments made in these companies are included within the scope of Finnvera plc's credit risk monitoring.

Risk management done 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 issued by the European Venture Capital Association (EVCA) on the valuation of portfolio companies and fund investments. Investments are carried at fair value in accordance with the above-mentioned recommendations.

Capital management, capital adequacy and external risk weight

Finnvera calculates its capital adequacy by using the Basel II standard method even though Finnvera is not officially required to apply the Basel II Framework methods. The adequacy of equity is examined in relation to future and current credit risks by using management accounting, including an indicator describing economic capital, and by assessing the amounts of credit losses that would arise in potential extreme situations.

Owing to the nature of its business, Finnvera 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's domestic financing includes the compensation for credit and guarantee losses paid by the State. At present, the compensation for credit and guarantee losses varies between 35 and 80 per cent of the outstanding credits and guarantees. In regard to export credit guarantee operations, the State of Finland is responsible, e.g. through the State Guarantee Fund, for losses arising during the financial period that have exceeded the assets in the fund for export credit guarantee and special guarantee operations.

On 31 December 2013, the fund for domestic operations totalled EUR 137.1 million and the fund for export credit guarantee and special guarantee operations EUR 357.8 million.

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 2013.

Notes to the risk management

1. Credit risks

(EUR 1,000)	31 Dec 2013	31 Dec 2012
Receivables		
Loans and receivables from credit institutions	276 443	172 037
Loans and receivables from customers	3 710 853	3 007 214
Debt securities	326 191	269 593
Derivatives	8 159	80 387
Total	**4 321 646**	**3 529 231**

Finnish Export Credit's receivables, EUR 2,227,139 thousand, guaranteed by Finnvera, are included in 'Receivables from customers' in the Group.

	Note		
Contingencies	27	**14 121 096**	**14 216 697**

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

(EUR 1,000)	31 Dec 2013	%	31 Dec 2012	%
Risk class				
A1	0	0%	0	0%
A2	5 093	0%	10 747	0%
A3	58 614	2%	53 954	2%
B1	388 913	15%	441 308	17%
B2	1 276 974	50%	1 252 263	49%
B3	594 298	23%	686 011	27%
C	90 009	4%	85 747	3%
D	116 666	5%	51 555	2%
Total	**2 530 567**	**100%**	**2 581 585**	**100%**
Finnish Export Credit Ltd*	2 227 139		1 397 623	

* Finnish Export Credit Ltd's credits guaranteed by Finnvera plc.

The information in risk categories A1-D pertain to domestic financing.

3. Concentrations

3.1 Receivables from customers and guarantees by industry

(EUR 1,000)	31 Dec 2013	31 Dec 2012
Rural trades	30 327	29 485
Industry	164 354	1 364 936
Tourism	1 355 021	164 160
Services to business	619 852	657 015
Trade and consumer services	361 013	365 989
Total	**2 530 567**	**2 581 585**

Loans granted by Finnish Export Credit are included in the industry-specific data on export credit guarantee operations under section 3.2.

3.2 Commercial commitments of the export credit guarantee operations by industry

(EUR 1,000)			31 Dec 2013			31 Dec 2012
	Offered	**In force**	**Total**	**Offered**	**In force**	**Total**
Telecommunications	500 079	2 825 880	3 325 959	368 586	3 059 286	3 427 872
Wood processing	584 829	1 546 315	2 131 144	79 360	1 486 611	1 565 970
Power generation	0	164 734	164 734	85 853	140 039	225 892
Shipping companies	298 400	3 034 876	3 333 276	350 550	2 803 905	3 154 455
Metal industry and ore mining	0	271 768	271 768	13 796	214 988	228 785
Other	86 665	300 848	387 513	30 139	550 451	580 591
Total	**1 469 972**	**8 144 421**	**9 614 393**	**928 285**	**8 255 280**	**9 183 564**

3.3 Bank commitments of the export credit guarantee operations

(EUR 1,000)			31 Dec 2013			31 Dec 2012
	Offered	**In force**	**Total**	**Offered**	**In force**	**Total**
Banks and financing	192 709	773 723	966 432	45 307	854 089	899 396

4. Commitments by area

4.1 Loans and guarantees by area

(EUR 1,000)	31 Dec 2013	31 Dec 2012
Finland	2 530 567	2 581 585
Total	**2 530 567**	**2 581 585**

4.2 Commitments of the export credit guarantee operations by area

(EUR 1,000)			31 Dec 2013			31 Dec 2012
	Offered	**In force**	**Total**	**Offered**	**In force**	**Total**
Asia	356 468	1 125 913	1 482 381	254 928	965 544	1 220 472
CIS*	205 792	855 839	1 061 631	165 440	1 374 371	1 539 811
Central and Eastern Europe	35 769	126 409	162 179	243 612	147 780	391 391
Latin America	2 109	2 402 664	2 404 774	484 709	1 934 421	2 419 130
Middle East and North Africa	301 393	844 091	1 145 484	55 373	908 214	963 586
Sub-Saharan Africa	20 651	139 587	160 239	95 119	175 221	270 340
Industrial countries	276 880	4 309 970	4 586 850	255 718	4 140 066	4 395 784
Total	**1 199 062**	**9 804 475**	**11 003 537**	**1 554 899**	**9 645 616**	**11 200 515**

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

5. Collateral shortage

Legend:

A = Risk category
B = Amount of commitment
C = Amount of collaterals
D = Collateral shortage
E = Collateral shortage-%

(EUR 1,000)				31 Dec 2013				31 Dec 2012
A	**B**	**C**	**D**	**E**	**B**	**C**	**D**	**E**
A1	0	2,918	0	0%	0	0	0	0%
A2	5 093	18 287	2 175	43%	10 747	4 640	6 107	57%
A3	58 614	113 592	40 327	69%	53 954	18 386	35 568	66%
B1	388 913	447 273	275 321	71%	441 308	135 097	306 211	69%
B2	1 276 974	146 751	829 702	65%	1 252 263	436 980	815 283	65%
B3	594 298	21 712	447 548	75%	686 011	179 765	506 246	74%
C	90 009	7 203	68 297	76%	85 747	21 123	64 624	75%
D	116 666	7 203	109 463	94%	51 555	8 499	43 056	84%
Total	**2 530 567**	**764 939**	**1 772 832**	**70%**	**2 581 585**	**804 490**	**1 777 095**	**69%**

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

Impairment losses on individually assessed loans and guarantee provisions

Loans
(EUR 1,000)

					31 Dec 2013
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	0	59 672	8 882	90 953	159 507
Impairment loss	0	24 487	4 912	29 966	59 365
Commitment after the impairment	0	35 185	3 970	60 987	100 142

Guarantees
(EUR 1,000)

					31 Dec 2013
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	0	109 410	3 125	14 927	127 462
Guarantee provision	0	25 783	1 243	5 536	32 562
Commitment after the guarantee provision	0	83 627	1 882	9 391	94 900

Impairment losses on collectively assessed loans and guarantee provisions

Loans
(EUR 1,000)

					31 Dec 2013
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	9 104	37 850	24 986	46 514	118 454
Impairment loss	1 145	10 659	9 250	20 734	41 787
Commitment after the impairment	7 959	27 191	15 736	25 780	76 667

Guarantees
(EUR 1,000)

					31 Dec 2013
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	3 205	4 843	4 668	36 235	48 951
Guarantee provision	367	1 198	1 323	15 567	18 455
Commitment after the guarantee provision	2 838	3 645	3 345	20 668	30 496

Impairment losses on individually assessed loans and guarantee provisions

Loans
(EUR 1,000)

Risk category	**B2**	**B3**	**C**	**D**	**31 Dec 2012** **Total**
Commitment before the impairment	0	150 158	2 722	13 357	166 237
Impairment loss	0	48 888	1 232	6 695	56 815
Commitment after the impairment	0	101 270	1 490	6 662	109 422

Guarantees
(EUR 1,000)

Risk category	**B2**	**B3**	**C**	**D**	**31 Dec 2012** **Total**
Commitment before the guarantee provision	0	93 140	4 082	6 688	103 910
Guarantee provision	0	21 847	1 839	2 324	26 010
Commitment after the guarantee provision	0	71 293	2 243	4 364	77 900

Impairment losses on collectively assessed loans and guarantee provisions

Loans
(EUR 1,000)

Risk category	**B2**	**B3**	**C**	**D**	**31 Dec 2012** **Total**
Commitment before the impairment	5 222	27 252	22 171	43 357	98 002
Impairment loss	677	7 644	8 064	19 346	35 731
Commitment after the impairment	4 545	19 608	14 107	24 011	62 271

Guarantees
(EUR 1,000)

Risk category	**B2**	**B3**	**C**	**D**	**31 Dec 2012** **Total**
Commitment before the guarantee provision	2 433	4 484	6 200	28 962	42 079
Guarantee provision	332	1 094	1 808	12 444	15 678
Commitment after the guarantee provision	2 101	3 390	4 392	16 518	26 401

7. Past due receivables

(EUR 1,000)	31 Dec 2013	31 Dec 2012
1 day–3 months	17 076	12 365
3–6 months	16 978	6 089
6–12 months	15 074	14 246
Over 12 months	26 496	22 267
Total	**75 624**	**54 967**

Past due receivables comprise any interest payments, loan instalments, guarantee commissions and outstanding guarantee receivables that are unpaid at the balance sheet date for all current commitments, including loans subject to any 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 2013

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Liabilities to credit institutions	0	0	0	0	0	0	0
Liabilities to the public and public sector	2 107 553	2 400 301	73 634	208 034	1 163 306	902 659	52 668
Debt securities in issue	1 095 753	1 100 501	1 716	220 421	878 364	0	0
Subordinated liablities	88 029	90 000	0	0	50 000	0	40 000
Binding financing offers		2 171 239	453 273	742 935	975 031	0	0
Total liabilities	**3 291 335**	**5 762 041**	**528 623**	**1 171 390**	**3 066 701**	**902 659**	**92 668**
Derivatives – receivables	5 663	1 136 295	1 716	220 670	913 909	0	0
Derivatives – liabilities	31 273	1 129 650	418	201 816	927 416	0	0
Derivatives – net	**-25 609**	**6 646**	**1 298**	**18 854**	**-13 507**	**0**	**0**
Guarantees		1 159 442	154 431	374 461	537 610	88 369	4 570

Maturity of liabilities 31 Dec 2012

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Liabilities to credit institutions	85 000	85 815	25 267	10 192	50 356	0	0
Liabilities to the public and public sector	1 485 096	1 692 303	66 009	113 785	746 187	711 007	55 315
Debt securities in issue	937 427	982 197	643	274 239	707 316	0	0
Subordinated liablities	82 388	82 388	0	0	50 000	2 388	30 000
Binding financing offers		1 948 067	682 067	500 000	766 000	0	0
Total liabilities	**2 589 911**	**4 790 770**	**773 986**	**898 216**	**2 319 859**	**713 395**	**85 315**
Derivatives – receivables	80 387	1 028 108	643	274 555	708 584	44 327	0
Derivatives – liabilities	7 067	904 093	43	225 112	635 513	43 425	0
Derivatives – net	**73 320**	**124 015**	**600**	**49 443**	**73 071**	**902**	**0**
Guarantees		1 165 843	125 502	361 107	570 745	101 038	7 451

9. Interest rate risk

Determination of the interest rate on receivables and liabilities 31 Dec 2013

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Receivables from credit institutions	250 271	250 271	250 271	0	0	0	0
Receivables from customers	3 710 853	3 710 853	655 377	1 668 572	751 259	605 975	29 670
Debt securities	326 191	326 280	326 280	0	0	0	0
Total receivables	**4 287 315**	**4 287 404**	**1 231 928**	**1 668 572**	**751 259**	**605 975**	**29 670**
Liabilities to credit institutions	0	0	0	0	0	0	0
Liabilities to others	2 143 436	2 142 103	68 994	686 862	756 307	600 314	29 626
Debt securities in issue	1 059 870	1 055 418	225 757	420 810	408 852	0	0
Subordinated liabilities	88 029	88 029	0	0	50 000	0	38 029
Total liabilities	**3 291 335**	**3 285 550**	**294 751**	**1 107 672**	**1 215 159**	**600 314**	**67 655**
Derivatives – receivables	5 663	1 089 967	225 757	420 810	443 401	0	0
Derivatives – liabilities	31 273	1 121 089	263 536	857 553	0	0	0
Derivatives – net	**-25 609**	**-31 122**	**-37 779**	**-436 744**	**443 401**	**0**	**0**

The item "Receivables from credit institutions" does not include the ERDF assets deposited, EUR 26,172,000. Their use is regulated separately.

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.

Determination of the interest rate on receivables and liabilities 31 Dec 2012

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Receivables from credit institutions	143 506	143 506	143 506	0	0	0	0
Receivables from customers	3 007 214	3 007 214	798 789	1 079 985	570 904	513 355	44 181
Debt securities	269 593	269 670	269 670	0	0	0	0
Total receivables	**3 420 313**	**3 420 390**	**1 211 965**	**1 079 985**	**570 904**	**513 355**	**44 181**
Liabilities to credit institutions	85 000	85 000	75 000	10 000	0	0	0
Liabilities to others	1 485 096	1 482 748	66 605	297 146	542 366	550 178	26 453
Debt securities in issue	937 427	921 414	108 869	244 955	567 591	0	0
Subordinated liabilities	82 388	82 388	0	0	50 000	0	32 388
Total liabilities	**2 589 911**	**2 571 550**	**250 474**	**552 101**	**1 159 957**	**550 178**	**58 841**
Derivatives – receivables	80 387	965 424	108 869	244 955	567 591	44 010	0
Derivatives – liabilities	7 067	909 027	98 105	810 922	0	0	0
Derivatives – net	**73 320**	**56 397**	**10 764**	**-565 968**	**567 591**	**44 010**	**0**

The item "Receivables from credit institutions" does not include the ERDF assets deposited, EUR 28,531,000. Their use is regulated separately.

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 7.8 million and an 0.1 percentage unit decrease in the interest rate decreases the net interest income by EUR 0.8 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.03 million if the interest rates decrease by 0.1 percentage unit. Respectively, their fair value decreases by EUR 0.3 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.

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 2013	31 Dec 2012
The USD strengthens by 10% against the euro	21 784	1 629
The USD weakens by 10% against the euro	-17 829	-1 333

The exchange rate risk arises from the drawdown of Finnish Export Credit's dollar-denominated loans in the near future and from a dollar account kept to provide for dollar-denominated claims in export credit guarantees.

At the end of 2013, the balance of the dollar account was EUR 181 million greater than at the start of the year.

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.

Micro-financing clients are enterprises with less than 10 employees that operate locally. Micro-financing provides financial services for the start-up and development of enterprises in cooperation with regional enterprise services and other financiers.

The clients of **regional financing** are SMEs and, on special grounds, large enterprises. The clientele includes companies engaged in production or services. In cooperation with other financiers, regional financing provides financing solutions especially for development and growth needs and for changes of generation.

The clients of **financing for growth and internationalisation** are SMEs with a growth strategy based on internationalisation. Some clients already operate on the international market and engage in exports, while others are still at the start of this development. In general, these enterprises also use the services of other organisations providing services for growth enterprises (Finpro, Tekes, Centres for Economic Development, Transport and the Environment) and make use of the services offered by Finnvera for export financing.

Export financing clients are mostly exporters operating in Finland and classified as large enterprises, as well as domestic and foreign bodies providing financing for these exports. Finnvera has official Export Credit Agency (ECA) status. Export financing offers competitive export credit guarantee services to meet client needs.

Two of Finnvera's subsidiaries – Veraventure Ltd and Seed Fund Vera Ltd – make venture capital investments in enterprises. Finnish Export Credit Ltd offers financing of export credits and administers the interest equalisation system associated with export credits granted on OECD terms and domestic ship financing.

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 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–31 Dec 2013

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internatio-nalisation	Export financing	Venture capital financing	Eliminations	Total
Net interest income	9 108	24 661	15 886	4 594	1 315	0	55 564
Net fee and commission income	3 968	17 247	17 901	95 171	-2	0	134 284
Net impairment loss on financial assets, guarantee and security losses	-3 220	-20 966	-25 339	-12 585	-1 476	0	-63 586
Operating expenses*	-10 189	-14 733	-9 242	-14 553	-5 938	4 557	-50 098
Depreciation and amortization	-91	-475	-231	-309	-40	0	-1 146
Other income/expenses**	532	1 415	845	1 937	959	-5 607	82
Operating profit	**107**	**7 150**	**-182**	**74 256**	**-5 182**	**-1 049**	**75 099**
Total assets	**159 134**	**536 654**	**318 685**	**3 574 571**	**318 066**	**-303 649**	**4 603 461**
Receivables from customers	228 764	761 149	485 410	2 353 159	12 887	-130 516	3 710 853
Total liabilities	**101 295**	**326 247**	**283 212**	**3 084 437**	**94 311**	**-134 607**	**3 754 895**

Consolidated income statement and balance sheet by segments for the period 1 Jan–31 Dec 2012

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationa-lisation	Export financing	Venture capital financing	Eliminations	Total
Net interest income	10 410	31 459	11 803	7 034	2 077	0	62 783
Net fee and commission income	3 897	18 856	14 280	74 824	-1	0	111 856
Net impairment loss on financial assets, guarantee and security losses	-2 797	-44 218	-18 337	-8 424	-1 556	0	-75 331
Operating expenses*	-10 680	-14 423	-8 254	-13 389	-5 231	4 083	-47 893
Depreciation and amortization	-122	-622	-289	-339	-41	0	-1 413
Other income/expenses**	802	3 052	731	1 917	1 705	-4 081	4 125
Operating profit	**1 510**	**-5 897**	**-66**	**61 624**	**-3 048**	**2**	**54 127**
Total assets	**240 768**	**881 382**	**378 822**	**2 151 071**	**174 936**	**-19 171**	**3 807 808**
Receivables from customers	249 818	960 181	386 096	1 411 257	17 659	-17 798	3 007 214
Total liabilities	**182 943**	**677 876**	**343 178**	**1 754 374**	**95 508**	**-17 858**	**3 036 021**

* 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.

Financial assets and liabilities

Classification of financial assets and liabilities

Under IFRS rules, financial assets can be classified into four main categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial investments. Financial assets at fair value through profit or loss can be further divided into the following categories: classified as held for trading and upon initial recognition designated by the entity as at fair value through profit or loss. The Group has no financial assets to be held for trading or held until maturity.

Under IFRS rules, the Group's financial liabilities can be classified into two main categories: Financial liabilities at fair value through profit or loss and other financial liabilities. Other financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities at fair value through profit or loss are presented in the same manner as financial assets, classified as being held for trading and upon initial recognition designated by the entity as at fair value through profit or loss. The Group has no financial liabilities to be held for trading.

Fair value measurement principles applied by the Group

1. Debt securities

The fair value of debt securities are based on the market quote on the end date of the financial period or the value of the discounted market interest rate on the end date of the financial period.

2. Derivatives

The fair values of interest rate and currency swaps and currency futures are specified using a method based on the current value of cash flows, in which the market interest rates on the end date of the financial period and other market information serve as the accounting principle. The Group uses common valuation techniques in determining the fair value of these instruments. Fair values are equivalent to average market prices in situations where the Group would transfer or sell derivatives in the course of normal business under market conditions on the end date of the financial period. The credit risk related to derivatives is mitigated by means of collateral arrangements. Fair values are monitored on a daily basis using calculations from counterparties and those made in-house.

3. Investments in associates

The fair value of subsidiaries involved in venture capital investment is determined using a valuation technique approved by the Board of Directors that complies with the International Equity and Venture Capital Valuation (IPEV) Guidelines and recommendations for early stage ventures. In this technique, the determination of the investment's fair value is based on the valuation and investments made by outside investors as well as on the portfolio company valuation approved by the fund's Board of Directors. The valuation of companies is done continuously throughout the year, with valuations being updated on a biannually basis, for Group reporting in a separate process, where investments are examined by investment portfolio. The basis for valuation is the value to be determined based on the previous round of investments. If necessary, this value can be adjusted in accordance with change factors in the portfolio company its performance and its operating environment. In accordance with State aid regulations, all investment rounds include private investors, with whom investments are made under mutually applicable conditions and at a valuation approved by private investors. In determining the value of a holding, attention is also given to the impact that any options and rights of exchange may have on the holding value If fair value cannot be determined reliably, venture capital investments shall be measured at amortised cost using the effective interest method. Initial investments less than a year old are measured at their book value. When fair values decrease, valuation can be based on an estimate made by the administrative company.

Fund investments are also made in accordance with IPEV Guidelines. The valuation of fund portfolio companies is done by private fund administration companies, which report their valuations to the funds' boards of directors and investors.

4. Shares and participations

Shares and reserve shares listed on the NASDAQ OMX Helsinki stock exchange that are classified as available-for-sale shares and participations are measured at the exchange rate on the date of the financial statements. Unlisted shares classified as available-for-sale shares and participations are measured using the effective interest method. because their measurement using fair value measurement models has not been possible, nor could the fair value of investments otherwise be reliably determined. The most significant item of this kind comprehends the shares for the Finnish Fund for Industrial Cooperation Ltd (EUR 13.67 million).

5. Financial liabilities at fair value through profit or loss

The fair value of liabilities are calculated using a method based on the current value of cash flows. In this method, market interest rates on the end date of the financial period and other accounting information serve as the accounting principle. The company's own credit risk is also taken into consideration in the measurement of liabilities.

Financial assets 31 Dec 2013

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
Loans and receivables from credit institutions	276 443			276 443	276 443
Loans and receivables from customers	3 710 853			3 710 853	3 929 693
Debt securities			326 191	326 191	326 191
Derivatives		8 159		8 159	8 159
Investments in associates		77 846		77 846	77 846
Shares and participations		43 572	74 447	118 019	118 019
Other financial assets	47 819			47 819	47 819
Total	**4 035 115**	**129 576**	**400 638**	**4 565 330**	**4 784 170**

Financial liabilities 31 Dec 2013

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		0	0	0
Liabilities to other institutions	35 883	2 107 553	2 143 436	2 227 067
Debt securities in issue	1 059 870	0	1 059 870	1 059 870
Derivatives	31 272		31 272	31 272
Other financial liabilities		304 298	304 298	304 298
Subordinated liabilities		88 029	88 029	88 029
Total	**1 127 025**	**2 499 880**	**3 626 905**	**3 710 537**

Financial assets 31 Dec 2012

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
Loans and receivables from credit institutions	172 037			172 037	172 037
Loans and receivables from customers	3 007 214			3 007 214	3 081 171
Debt securities			269 593	269 593	269 593
Derivatives		80 387		80 387	80 387
Investments in associates		76 023		76 023	76 023
Shares and participations		34 426	79 618	114 044	114 044
Other financial assets	68 941			68 941	68 941
Total	**3 248 192**	**190 836**	**349 211**	**3 788 238**	**3 862 195**

Financial liabilities 31 Dec 2012

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		85 000	85 000	85 000
Liabilities to other institutions	46 386	1 388 738	1 435 125	1 500 896
Debt securities in issue	937 427	49 972	987 399	987 399
Derivatives	7 067		7 067	7 067
Other financial liabilities		313 158	313 158	313 158
Subordinated liabilities		82 388	82 388	82 388
Total	**990 881**	**1 919 256**	**2 910 136**	**2 975 908**

Hierarchy for recognition at fair value

Financial assets 31 Dec 2013

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		8 159	
Investments in associates			77 846
Shares and holdings			43 572
Available-for-sale			
Debt securities		326 191	
Shares and holdings	59 727		14 720
Total	**59 727**	**334 350**	**136 137**

Financial liabilities 31 Dec 2013

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions		35 883	
Debt securities in issue		1 059 870	
Derivatives		31 272	
Total		**1 127 025**	

Financial assets 31 Dec 2012

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		80 387	
Investments in associates			76 023
Shares and holdings			34 426
Available-for-sale			
Debt securities		269 593	
Shares and holdings	65 388		14 230
Total	**65 388**	**349 980**	**124 679**

Financial liabilities 31 Dec 2012

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions		46 386	
Debt securities in issue		937 427	
Derivatives		7 067	
Total		**990 881**	

Financial assets and liabilities recognised at fair value

Level 3, Financial assets

(EUR 1,000)	31 Dec 2013	31 Dec 2012
Financial assets carried at fair value		
Balance 1 Jan	**124 679**	**109 332**
Profits and losses entered in the income statement, in total	-2 668	153
Acquisitions	19 639	20 706
Sales	-5 512	-5 512
Balance 31 Dec	**136 137**	**124 679**
Profits and losses entered in the income statement for the instruments held by Finnvera on 31 Dec	751	1 912

Notes

Notes to the income statement

Note 1: Net interest income

(EUR 1,000)		2013		2012
Interest income				
Loans to customers		97 356		88 892
Subsidies passed on to customers				
- Regional interest subsidy	954		1 243	
- Interest subsidy to special loans	4 136		5 278	
- Interest subsidy from the ERDF	1 774		2 705	
- National interest subsidy (ERDF)	1 945	8 808	2 995	12 221
Interest on export credit guarantee and special guarantee receivables		213		181
Interest on guarantee receivables		1 710		1 331
Other interest income				
- On receivables from credit institutions	1 207		1 743	
- On debt securities, available-for-sale	717		662	
- On other	173	2 097	272	2 677
Total interest income		**110 184**		**105 302**
Interest expenses				
On liabilities to credit institutions		292		1 795
On liabilities to other institutions		51 314		30 982
On debt securities in issue		2 702		9 448
Other interest expenses		313		294
Total interest expenses		**54 620**		**42 519**
Net interest income		**55 564**		**62 783**
Interest income on financial assets which are not carried at fair value totalled		**110 184**		**105 302**
Interest expenses on financial liabilities which are not carried at fair value totalled		**51 533**		**33 260**
Interest income include interest accrued on impaired loans		**2 866**		**3 550**

Interest subsidy from the state and the European Regional Development Fund

The interest subsidy passed on to customers is calculated on the basis of the passage of time, similar to interest, and is presented as a separate item under interest income in the income statement. In 2001 the Group began to grant investment and working capital loans that include interest subsidy from the European Regional Development Fund (ERDF), as well as national interest subsidy granted by the State of Finland.

Interest-subsidised loans and guarantees in total at 31 December	**436 220**	**560 920**

Note 2: Net fee and commission income

(EUR 1,000)	2013	2012
Fee and commission income		
From export credit guarantees and special guarantees	103 994	81 189
From other guarantees	24 982	24 928
From credit operations	9 333	8 958
From other	1 206	119
Total fee and commission income	**139 515**	**115 194**

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

Fee and commission expenses		
From reinsurance	4 439	2 143
From borrowing	755	1 156
From payment transactions	37	39
From other	0	0
Total fee and commission expenses	**5 231**	**3 338**
Fee and commission expenses from financial assets which are not carried at fair value totalled	**4 476**	**2 182**
Net fee and commission income	**134 284**	**111 856**

Note 3: Gains and losses

(EUR 1,000)			2013			2012
From financial instruments carried at fair value through profit or loss (net)	**Gains and losses from sales**	**Changes in fair value**	**Total**	**Gains and losses from sales**	**Changes in fair value**	**Total**
Derivatives	0	-100 634	-100 634	0	24 315	24 315
Liabilities carried at fair value	0	101 827	101 827	0	-21 293	-21 293
Shares and participations	2 270	-4 877	-2 607	103	-719	-616
Translation differences	0	-264	-264	0	-246	-246
	2 270	**-3 948**	**-1 678**	**103**	**2 057**	**2 160**

By categories of financial instruments (categories in accordance with IAS 39)	**Gains and losses from sales**	**Changes in fair value**	**Total**	**Gains and losses from sales**	**Changes in fair value**	**Total**
Liabilities carried at fair value	2 270	-3 684	-1 414	103	2 303	2 406
Loans and other receivables	0	0	0	0	0	0
	2 270	**-3 684**	**-1 414**	**103**	**2 303**	**2 406**

Note 4: Net income from investments

(EUR 1,000)		2013		2012
Available-for-sale financial assets				
Shares and participations				
- Gains/losses	81		-278	
- Impairment losses	-142	-61	-493	-771
Dividends		970		1 258
Total available-for-sale financial assets		**909**		**487**

Investment property				
Rental income	0		0	
Depreciation	0		-177	
Gains/losses from sale	0	**0**	0	**-177**
Share of profit of associates		0		2
Total net income from investments		**909**		**313**

Note 5: Other operating income

(EUR 1,000)	2013	2012
Fee for the management of the old liability	194	248
Management fee for the handling of ERDF loans	154	631
Rental income	187	141
Other	315	633
Total other operationg income	**850**	**1 653**

Note 6: Employee benefit expenses

(EUR 1,000)		2013		2012
Wages and salaries		23 444		23 952
Social security costs				
Pension costs				
- Defined contribution plans	3 907		3 508	
- Defined benefit plans	1 021		775	
Other social security costs	1 508	6 436	1 569	5 853
Total		**29 880**		**29 805**

Personnel in average	2013	2012
Permanent full-time	360	374
Permanent part-time	16	22
Temporary	23	15
Total	**399**	**411**

Note 7: Auditor's fees

(EUR 1,000)		2013		2012
Fees for auditing	70		97	
Fees for expert services provided by auditors	159	**229**	115	**212**

Note 8: Other operating expenses

(EUR 1,000)	2013	2012
Rental expenses	4 325	4 126
Expenses from property in own use	1 144	1 027
Other expenses	1 792	40
Total	**7 261**	**5 193**
Depreciation and amortization		
Intangible assets	718	820
Property, plant and equipment		
- Properties	5	9
- Machinery and equipment	423	332
- Other tangible assets	0	252
Total	**1 146**	**1 413**
Total other operating expenses	**8 408**	**6 606**

Note 9: Net impairment loss on financial assets

(EUR 1,000)	2013	2012
Receivables written down as credit and guarantee losses		
Credit losses	61 277	66 429
Guarantee losses	29 432	31 166
Reversal of losses recognized		
Credit losses	-5 997	-5 921
Guarantee losses	-1 965	-1 711
Change in impairment of individually assessed loans during the period	9 104	24 548
Change in impairment of collectively assessed loans during the period	9 018	496
Total impairment losses on loans and guarantees	**100 869**	**115 007**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-47 976**	**-49 661**
Finnvera plc's share	**52 893**	**65 346**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2013 these loans and guarantees totalled EUR 2,525 (2,671) million. The compensation was 56.5% (54.2%) of the credit and guarantee losses recognized during the period.

(EUR 1,000)	2013	2012
Export credit guarantees and special guarantees		
Claims paid	3 538	18 839
Change in the claims provision during the period	10 657	-1 216
Accumulated recoveries	-2 702	-1 036
Change in recovery receivables	-800	-6 601
Impairment losses on export credit guarantee and special guarantee operations recognised in the financial statements	**10 693**	**9 986**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognised in the income statement	**63 586**	**75 331**

Note 10: Income tax expense

(EUR 1,000)	2013	2012
Current period	1 002	272
Adjustment for prior periods	0	0
Deferred taxes	-436	493
Income tax expense in the income statement	**566**	**765**

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

Notes to the balance sheet

Note 11: Loans and receivables from credit institutions

(EUR 1,000)	2013	2012
Payable on demand	250 271	143 506
Other	26 172	28 531
Total	**276 443**	**172 037**

Note 12: Loans and receivables from customers

(EUR 1,000)	2013	2012
Loans		
Subordinated loans	39 404	47 208
Other loans	3 610 121	2 905 434
Total loans	**3 649 525**	**2 952 642**
Guarantee receivables	**46 023**	**38 129**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	605	2 096
Recovery receivables	14 700	14 346
Total receivables from export credit guarantee and special guarantee operations	**15 305**	**16 442**
Total receivables from customers	**3 710 853**	**3 007 214**

Impairment losses on individually assessed loans

(EUR 1,000)	2013	2012
Impairment losses at the beginning of the period	56 815	34 229
Credit losses realized during the period on which an impairment loss has been earlier recognised	-16 285	-11 384
Impairment losses recognised during the period	20 399	36 777
Reversal of impairment losses	-4 754	-6 583
Effect of discounting	3 190	3 776
Impairment losses at the end of the period	**59 365**	**56 815**
Impairment losses on collectively assessed loans at the beginning of the period	35 731	34 220
Impairment losses on collectively assessed loans recognized during the period	6 056	1 511
Impairment losses on collectively assessed loans at the end of the period	**41 787**	**35 731**
Total impairment losses	**101 152**	**92 546**

An impairment loss on loans and other receivables is recognised 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 13: Investments

(EUR 1,000)	2013	2012
Debt securities	326 191	269 593
Associates	78 195	76 448
Other shares and participations	118 019	114 044
Investment property	0	28
Total	**522 405**	**460 112**
Debt securities		
Available-for-sale		
- Certificates of deposits	119 549	24 698
- Commercial papers	0	123 438
- Other	206 643	121 457
Total	**326 191**	**269 593**

Investments have been made to non-publicly quoted debt securities.

Associates		
At the beginning of the period	76 448	70 366
Share of profit for the period	0	0
Additions	3 778	9 230
Disposals	-2 031	-3 149
At the end of the period	**78 195**	**76 448**

Associates accounted for using the equity method in 2013:

Name	Carrying amount	Ownership	Assets	Liabilities	Carrying net sales	Profit/Loss
Kiinteistö Oy Kajaanin Kauppakatu 1	349	36,43%	1 595	7	107	0

Associates accounted for using the equity method in 2012:

Name	Carrying amount	Ownership	Assets	Liabilities	Carrying net sales	Profit/Loss
Iin Micropolis Oy	76	23,08%	378	378	116	4
Kiinteistö Oy Kajaanin Kauppakatu 1	349	36,43%	1 591	2	106	3

(EUR 1,000)	2013	2012
Other shares and participations		
At fair value through profit or loss	43 572	34 426
Available-for-sale	74 447	79 618
Total	**118 019**	**114 044**
Other shares that are publicly quoted	**59 727**	**65 388**
Total investments	**522 405**	**460 085**

Note 14: Intangible assets

(EUR 1,000)	2013	2012
Acquisition cost		
Acquisition cost at 1 Jan	35 869	34 990
Additions	1 293	879
Disposals	-20	0
Acquisition cost at 31 Dec	**37 142**	**35 869**
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	33 889	33 098
Amortization for the period	680	791
Accumulated amortization and impairment losses at 31 Dec	**34 569**	**33 889**
Carrying amount at 1 Jan	1 980	1 892
Carrying amount at 31 Dec	2 572	1 980

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

Note 15: Property, plant and equipment

(EUR 1,000)			2013			2012
	Properties	Machinery and equipment	Total	Properties	Machinery and equipment	Total
Acquisition cost						
Acquisition cost at 1 Jan	7 997	10 298	18 295	7 997	10 320	18 317
Additions	0	529	529	0	183	184
Disposals	-293	-24	-317	0	-38	-38
Acquisition cost at 31 Dec	**7 704**	**10 803**	**18 507**	**7 997**	**10 466**	**18 463**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	6 851	8 943	15 794	6 572	8 772	15 344
Depreciation for the period	20	423	443	279	339	617
Accumulated depreciation and impairment losses at 31 Dec	**6 871**	**9 367**	**16 237**	**6 851**	**9 111**	**15 961**
Carrying amount at 1 Jan	1 146	1 355	2 501	1 425	1 548	2 973
Carrying amount at 31 Dec	834	1 437	2 270	1 146	1 355	2 501

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

Note 16: Other assets

(EUR 1,000)	2013	2012
Credit loss receivables from the state and the ERDF	6 516	49 360
Other	5 030	3 684
Total other assets	**11 546**	**53 044**

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 17: Prepayments and accrued income

(EUR 1,000)	2013	2012
Interest	15 736	10 270
Fee and commission receivables	6 847	5 280
Prepayments and other accrued income	46 532	14 795
Total prepayments and accrued income	**69 115**	**30 344**

Note 18: Tax assets and liabilities

(EUR 1,000)	2013	2012
Tax assets		
Income tax assets	**98**	**0**
Deferred tax assets at 1 Jan	0	17
Increase/decrease to income statement during the period	0	0
Increase/decrease to other items in comprehensive income during the period	0	-17
Deferred tax assets at 31 Dec	**0**	**0**
Tax liabilities		
Current income tax liabilities	0	0
Deferred tax liabilities		
- On fair value changes recognized in fair value reserve	3 645	4 230
Total tax liabilities	**3 645**	**4 230**
Deferred tax liabilities at 1 Jan	**4 230**	**3 680**
Increase/decrease to income statement during the period	-436	431
Increase/decrease to other items in comprehensive income during the period	188	119
Deferred tax liabilities at 31 Dec	**3 982**	**4 230**

Note 19: Liabilities to credit and other institutions

(EUR 1,000)			2013			2012
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	0	0	0	85 000	0	85 000
Other institutions						
- At fair value through profit or loss	35 883	0	35 883	46 386	0	46 386
- At amortized cost	2 107 553	0	2 107 553	1 388 738	0	1 388 738
Total	**2 143 436**	**0**	**2 143 436**	**1 520 125**	**0**	**1 520 125**

Note 20: Debt securities in issue

(EUR 1,000)			2013			2012
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	1 055 418	4 452	1 059 870	921 414	16 013	937 427
At amortized cost	0	0	0	49 972	0	49 972
Total	**1 055 418**	**4 452**	**1 059 870**	**971 386**	**16 013**	**987 399**
Average interest rate, %		0.30			0.37	

Liabilities have 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 21: Derivatives

(EUR 1,000)			2013			2012
	Fair value			Fair value		
	Positive	Negative	Total nominal value	Positive	Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	8 159	31 272	1 089 967	80 387	7 067	965 424
Total derivatives	**8 159**	**31 272**	**1 089 967**	**80 387**	**7 067**	**965 424**

Derivatives hedge liabilities. 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 22: Provisions

(EUR 1,000)	2013	2012
Provision for export credit guarantee losses at 1 Jan	2 870	4 048
Provisions made during the period	12 975	2 803
Provisions used during the period	-2 144	-3 980
Other change	-165	0
Provision for export credit guarantee losses at 31 Dec	**13 536**	**2 870**

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

(EUR 1,000)	2013	2012
Impairment losses on guarantees at the beginning of the period	**41 688**	**41 675**
- of which individually assessed guarantees	26 010	24 748
- of which collectively assessed guarantees	15 678	16 927
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-6 226	-7 410
Individually assessed impairment losses recognized during the period	15 089	9 659
Collectively assessed impairment losses recognized during the period	2 778	-1 249
Reversal of impairment losses	-2 490	-1 128
Effect of discounting	181	141
Impairment losses at the end of the period	**51 020**	**41 688**
- of which individually assessed guarantees	32 564	26 010
- of which collectively assessed guarantees	18 456	15 678

A provision for domestic guarantee losses is recognised 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.

Other provisions	1 045	1 045
Total provisions	**33 037**	**19 593**

Note 23: Defined benefit obligations

On 1 January 2013, the Group adopted the revised IAS 19R standard. The impact of the adoption is presented under 'New and revised IFRSs and interpretations applied'.

The Group has several defined benefits group pension insurance plans, which cover personnel who transferred to Finnvera from previous organisations and supplementary pension insurance plans for Management Group members and Regional Directors appointed before 2 April 2009. At the end of the year, there were 163 people covered by the plan. When a person is terminated or retires, the insurance is changed to a defined contribution plan, because paid-up policies and pensions are increased by a credit issued by the insurance provider.

In the beginning of the year 2013, management group supplementary pension insurance changed from defined benefits to defined contribution, with the retirement age remaining 63 years, with certain transitional conditions. This is presented in accounting in compliance with obligations.

On the balance sheet, the obligation is shown as the pledge made to all insurees and the asset is shown as the share of this obligation assumed by the insurance provider. The amount of assets is calculated using the same discount interest rate as an equivalent obligation. As a result, the risk posed by changes in the discounted interest rate only affects the net liabilities. A hypothetical 0.25% increase in salary would increase the obligation 1.3% and, correspondingly, an equivalent decrease would have the opposite effect.

Balance sheet items arising from the defined benefit:

(EUR 1,000)		2013		2012
Pension obligation				
Present value of funded obligations 1 Jan		9 357		6 548
Unrecognised actuarial gains or losses	921		337	
Interest on obligation	281		311	
Effect of fulfilling the plan and reducing the obligation	-2 415		-597	
Revaluation of defined benefit pension plans				
- Caused by changes in financial assumptions	-1 081		2 240	
- Caused by changes in demographic assumptions	-603		740	
- Based on experience	-3 381	-6 278	-222	2 809
Present value of funded obligations 31 Dec		3 079		9 357
Fair value of assets				
Fair value of plan assets 1 Jan		8 037		4 719
Interest income on assets	249		237	
Effect of fulfilling the obligation	-2 308		-597	
Return on plan assets, excluding items contained in interest expenses or income	-2 283		3 200	
Contributions paid to the plan	-130	-4 472	478	3 318
Fair value of plan assets 31 Dec		3 565		8 037
Net liabilities (difference between obligations and assets)		**-486**		**1 320**
Consolidated statement of comprehensive income – pension costs				
Unrecognised actuarial gains or losses		921		337
Effect of fulfilling the obligation		-107		0
Net interest expenses		32		74
Consolidated income statement defined benefit pension costs		846		411
Items resulting from revaluation		**-2 782**		**-442**

The net liabilities of the Group's defined benefits have changed during the financial period as follows:

(EUR 1,000)	2013	2012
Defined benefit net liabilities		
Pension debt (+) / Pension receivable (-) 1.1.	1 320	1 829
Expenses recognised in the income statement	846	411
Paid pension contributions	130	-478
Other items recognised in the consolidated statement of comprehensive income	-2 782	-442
Pension debt (+) / Pension receivable (-) 31.12.	**-486**	**1 320**

Information on the distribution of assets by plan asset category is unavailable, because the assets belong to the insurance provider.

Actuarial assumptions	2013	2012
Discount rate	3.00%	3.00%
Future salary increases	2.40%	2.44%
Future pension increases	0.69%	2.10%

Finnvera expects to pay EUR 159,406 in contributions to defined benefit plans in 2014. The duration of the obligation, based on a weighted average, is 14.8 years.

Note 24: Accruals and deferred income

(EUR 1,000)	2013	2012
Interest	14 065	9 280
Advance interest payments received	807	706
Guarantee premiums paid in advance	286 443	301 432
Other accruals and deferred income	6 990	21 410
Total accruals and deferred income	**308 304**	**332 827**

Note 25: Subordinated liabilities, Finnvera plc

(EUR 1,000)			2013			2012
Subordinated loans from the state in 2005 and 2007*					EUR	2 388
Increase in the share capital of Seed Fund Vera Ltd					Interest rate, %	0
					Loan period	20 yrs
Subordinated loan from the state in 2009*		EUR	28 029		EUR	30 000
Increase in the share capital of Seed Fund Vera Ltd	20 529	Interest rate, %	0	22 500	Interest rate, %	0
Increase in the share capital of Veraventure Ltd	7 500	Loan period	15 yrs	7 500	Loan period	15 yrs
Subordinated loan from the state in 2009**		EUR	50 000		EUR	50 000
		Interest rate, %	0		Interest rate, %	0
		Loan period	7 yrs		Loan period	7 yrs
Subordinated loan from the state in 2013		EUR	10 000			
		Interest rate, %	0			
		Loan period	15 yrs			

* 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 loan granted in 2007 for raising the share capital of Seed Fund Vera Ltd was cancelled in its entirety in 2013. In addition, EUR 1,971 million of the loan granted in 2009 was cancelled because of the loss shown by Seed Fund Vera Ltd for the financial year 2012.

** 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 26: Equity

(EUR 1,000)		2013		2012
EEquity attributable to the parent company's shareholders				
Share capital		196 605		196 605
Reserves				
Restricted reserves				
- Share premium	51 036		51 036	
- Fair value reserve	518	51 554	318	51 354
Unrestricted reserves				
- Fund for domestic operations	137 172		139 770	
- Fund for export credit guarantee and special guarantee operations	357 825		295 726	
- Fund for venture capital investments	17 225	512 223	17 461	452 958
Retained earnings				
Profit/loss for previous periods	527		2 856	
Profit/loss for the period	82 064	82 590	57 545	60 401
Total equity attributable to the parent company's shareholders		842 972		761 319
Share of equity held by non-controlling interests		5 594		10 468
Total equity		**848 566**		**771 787**

Share capital	Shares, nb	Ownership	Shares, nb	Ownership
The state	11 565	100%	11 565	100%

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.

Fund for venture capital investments

In 2011, a fund for venture capital investments was established in the unrestricted equity on the balance sheet. The purpose is to monitor the assets allocated for venture capital investments in accordance with ERDF operational programmes. The Ministry of Employment and the Economy has allocated to Finnvera the sum of EUR 17.5 million, to be used for venture capital investments in accordance with ERDF operational programmes during the programme period 2007–2013. These assets have been recorded in the above fund.

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 recognised.

Other notes

Note 27: Contingencies at 31 Dec

(EUR 1,000)	2013	2012
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
- Buyer credit guarantees	9 631 727	9 877 153
- Credit risk guarantees	182 580	240 145
- Export receivables guarantees	118 994	100 671
- Letter of credit guarantees	223 387	408 430
- Bank risk guarantees	4 894	14 276
- Investment guarantees	72 511	75 792
- Bond guarantees	170 845	67 317
- Finance guarantees	420 840	222 345
Total	**10 825 778**	**11 006 129**
Special guarantees		
- Environmental guarantees	75 638	85 722
- Ship guarantees	102 120	111 535
- Venture capital guarantees	0	0
Total	**177 759**	**197 257**
Total export credit guarantees and special guarantees	**11 003 537**	**11 203 386**
Provision for export credit guarantees	-13 536	-2 870
Total	**10 990 001**	**11 200 515**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 13.2 (15.3) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

(EUR 1,000)	2013		2012	
Binding financing offers	**2 171 239**		**1 948 066**	
Liability	**Total**	**Group and asociated companies**	**Total**	**Group and asociated companies**
Domestic guarantees	1 046 853		1 068 115	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	9 760 786	3 551 431	9 332 150	2 492 040
Liability for special guarantees	177 759		292 591	
	10 985 398	**3 551 431**	**10 692 856**	**2 492 040**

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 28: Operating leases

(EUR 1,000)	2013	2012
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts		
Within one year	532	523
Between one and five years	8 178	13 770
Later than five years	0	0
Total	**8 710**	**14 293**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	122	107
Between one and five years	0	0
Later than five years	0	0
Total	**122**	**107**

Group companies

Note 29: Finnvera plc's shares and holdings

Shares and holdings in Group companies in 2013:

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Book value
Seed Fund Vera Ltd, Kuopio	Development and investment company	93.31%	93.31%	90 000 000
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%	20 181 579
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%	48 633 752
Shares and holdings in associates				
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43%	36.43%	349 000

Subsidiaries' shares and holdings in 2013 (holding over 20%):

	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
Seed Fund Vera Ltd					
Abacus Diagnostica Oy	Manufacture of chemical products, not classified elsewhere	30.69%	30.69%	-1 108	-810
APL Systems Oy	Private security services	21.96%	21.96%	27	-35
Autoprod Oy	Machine and process design	38.28%	38.28%	-840	-1 645
BCB Medical Oy	Design and manufacture of software	20.74%	20.74%	247	-396
Bone Index Finland Oy	Medical research and development	30.86%	30.86%	143	-106
CadFaster Oy	Design and manufacture of software	32.50%	32.50%	15	-388
CWP Coloured Wood Products Oy	Sawing, planing and preservative treatment of wood	28.53%	28.53%	-156	-158
Dodreams Oy	Design and manufacture of software	27.25%	27.25%	47	-174
eGen Oy	Manufacture of electric motors, generators and transformers	23.27%	23.27%	445	-223
Ekogen Oy	Electrotechnical design	31.13%	31.13%	411	-463
Enviprobe Oy	Wholesale trade of machinery and equipment, not classified elsewhere	22.66%	22.66%	-236	-146
Feedbackdialog Oy	Design and manufacture of software	21.71%	21.71%	30	-162

Finnester Coatings Oy	Manufacturing of other rubber products	34.35%	34.35%	14	-157
Gasera Oy	Manufacture of measurement, testing and navigation instruments and equipment	20.90%	20.90%	596	-261
GlowWay Oy	Manufacture of electric lighting equipment	21.21%	21.21%	6	-139
Goodmill Systems Oy	Design and manufacture of software	39.79%	39.79%	103	-351
Helpten Oy	Wireless network management and services	25.28%	25.28%	18	-1 143
Hermo Pharma Oy	Medical research and development	21.51%	21.51%	-3	-1 446
HLD Healthy Life Devices Oy	Other health care services	24.04%	24.04%	1 156	-769
Injeq Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	23.24%	23.24%	624	-66
Juno Medical Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	36.52%	36.52%	48	-446
Liquid Zone Oy	Design and manufacture of software	24.57%	24.57%	4	-70
Medanets Oy	Machine and process design	35.21%	35.21%	137	-92
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	37.53%	37.53%	140	-325
Nervogrid Oy	Data processing, server rental and related services	30.27%	30.27%	125	-770
Netled Oy	Electrotechnical design	25.00%	25.00%	149	-254
Norsepower Oy Ltd	Building of ships and floating structures	24.42%	24.42%		
Ozics Oy	Manufacture of measuring, testing and navigation instruments and equipment	22.62%	22.62%	55	-605
Pharmatest Services Ltd	Other technical testing and analysis	27.17%	27.17%	49	54
PlexPress Oy	Manufacture of measuring, testing and navigation instruments and equipment	23.36%	23.36%	-452	-339
Reliplay Oy	Other advertising service	31.00%	31.00%		
Safera Oy	Machine and process design	28.17%	28.17%	-149	11
Senseg Oy	Technological research and development	22.71%	22.71%	-1 376	-1 574
Sensire Oy	Design and manufacture of software	33.15%	33.15%	57	-54
Spinfy Oy	Design and manufacture of software	26.90%	26.90%	51	-321
Steam Republic Oy	Recording studios; publishing of sound and music recordings	22.00%	22.00%	29	-755

Steelbow Oy	Manufacture of pipes, profile pipes and their accessories in steel	22.71%	22.71%	-9	-263
StreamPlay Oy	Computer equipment and software consulting	33.14%	33.14%	162	-17
Tamturbo Oy	Machine and process design	22.25%	22.25%	358	-216
Tassu ESP Oy	Metal treatment and coating	35.64%	35.64%	183	-103
Techila Technologies Oy	Design and manufacture of software	31.91%	31.91%	4	-34
Telespro Finland Oy	Retail trade in health care supplies	27.77%	27.77%	265	161
TimerGPS Europe Oy	Manufacture of measuring, testing and navigation instruments and equipment	25.03%	25.03%	228	-89
TWID Oy	Design and manufacture of software	27.21%	27.21%	173	-419
Vactech Oy	Biotechnological research and development	23.99%	23.99%	-115	-4
Wello Oy	Hydro and wind power generation	20.44%	20.44%	4 133	-280
Woodprime Oy	Manufacture of builders' carpentry and joinery n.e.c.	24.39%	24.39%	1 548	-502
Voyantic Oy	Electrotechnical design	27.08%	27.08%	195	-93
Veraventure Ltd					
Clean Future Fund Ky	Venture capital investments	35.30%	35.30%	1 615	-550
Gorilla Kiihdytys 2012 Ky	Venture capital investments	44.64%	44.64%		
Indekon Oy	Venture capital investments	34.45%	34.45%	4 126	-117
Itä-Suomen Rahasto Oy	Venture capital investments	36.63%	36.63%	13 090	951
JyväsSeed Fund Oy	Venture capital investments	40.00%	40.00%	1 081	20
Luoteis-Venäjä Rahasto Oy	Venture capital investments	69.99%	49.99%	2 291	-51
Länsi-Suomen Pääomarahasto Oy	Venture capital investments	40.12%	40.12%	7 419	-222
Midinvest Oy	Venture capital investments	29.17%	29.17%	4 264	-64
Pikespo Invest Oy Ltd	Venture capital investments	40.52%	40.52%	7 432	368
Royal Majestics Fashion & Desing Fund I Ky	Venture capital investments	36.86%	36.86%		
Spinno-Seed Oy	Venture capital investments	28.30%	28.30%	1 294	-271
Teknoventure Oy	Venture capital investments	48.38%	48.38%	14 673	-752
Uudenmaan Pääomarahasto Oy	Venture capital investments	41.13%	41.13%	15 750	897
Virtaa Hämeeseen Oy	Venture capital investments	21.71%	21.71%	4 596	-52
Wedeco Oy Ab	Venture capital investments	39.80%	39.80%	13 572	886
Vendep Starup Rahasto I Ky	Venture capital investments	39.20%	39.20%		

Shares and holdings in Group companies in 2012

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Book value
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61%	92.61%	89 003 000
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52%	63.52%	6 831 438
Spikera Oy, Kuopio	Development and investment company	100.00%	100.00%	134 550
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%	20 181 579
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%	48 633 752
Shares and holdings in associates				
Iin Micropolis Oy, Ii	Development company	23.08%	23.08%	75 685
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43%	36.43%	349 000

Subsidiaries' shares and holdings in 2012 (holding over 20%)

	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
Seed Fund Vera Ltd					
7signal Oy	Use and control services of data processing and equipment	38.06%	38.06%	319	-583
Abacus Diagnostica Oy	Manufacture of chemical products, not classified elsewhere	29.54%	29.54%	36	-508
APL Systems Oy	Private security services	21.96%	21.96%	2	-15
Beddit.com Oy	Manufacture of measurement, testing and navigation instruments and equipment	23.00%	23.00%	479	-207
Bone Index Finland Oy	Medical research and development	28.58%	28.58%		
C2 SmartLight Oy	Computer equipment and software consulting	26.31%	26.31%	125	-389
CadFaster Oy	Design and manufacture of software	33.97%	33.97%	91	-451
CEM4 Mobile Solutions Oy	Design and manufacture of software	23.28%	23.28%	724	-477
CWP Coloured Wood Products Oy	Sawing, planing and preservative treatment of wood	25.34%	25.34%	1	-340
Ekogen Oy	Electrotechnical design	21.89%	21.89%	172	-252
Enercomp Oy	Machine and process design	41.50%	41.50%	-27	-208
Enfucell Oy	Design and manufacture of software	21.05%	21.05%	792	-607

Enviprobe Oy	Wholesale trade of machinery and equipment, not classified elsewhere	25.03%	25.03%	210	-73
Feedbackdialog Oy	Design and manufacture of software	22.74%	22.74%	273	-169
Finnester Coatings Oy	Manufacturing of other rubber products	32.94%	32.94%	27	-40
Gasera Oy	Manufacture of measurement, testing and navigation instruments and equipment	22.33%	22.33%	857	21
Global Innovation Network Oy	Security and commodity contracts brokerage	29.05%	29.05%		
GlowWay Oy	Manufacture of electric lighting equipment	22.58%	22.58%	-130	-37
Goodmill Systems Oy	Design and manufacture of software	40.60%	40.60%	-1	-37
HammerKit Oy	Design and manufacture of software	26.30%	26.30%	316	-270
Helpten Oy	Wireless network management and services	25.00%	25.00%	195	-324
HLD Healthy Life Devices Oy	Other health care services	21.50%	21.50%	248	-505
Idem Oy	Wireless network management and services	39.84%	39.84%	-23	-1002
Injeq Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	23.30%	23.30%		
Juno Medical Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	30.96%	30.96%	334	-290
Liquid Zone Oy	Design and manufacture of software	24.57%	24.57%	73	-108
Medanets Oy	Machine and process design	35.21%	35.21%	97	-160
Miradore Oy	Design and manufacture of software	20.40%	20.40%	326	-325
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	34.29%	34.29%	52	-196
Nervogrid Oy	Data processing, server rental and related services	30.87%	30.87%	449	-380
Netled Oy	Electrotechnical design	25.00%	25.00%	67	0
Nordic Clinic Oy	Other health care services	20.00%	20.00%		
Northforce Oy	Wholesale of dairy products and edible oils and fats	22.02%	22.02%	10	-209
Ozics Oy	Manufacture of measuring, testing and navigation instruments and equipment	22.62%	22.62%	1898	-164
Pharmatest Services Ltd	Other technical testing and analysis	25.00%	25.00%	3	-417
Powerkiss Oy	Machine and process design	25.53%	25.53%	89	-339
RapidBlue Solutions Oy	Other telecommunications activities	23.93%	23.93%	229	-575
Reliplay Oy	Other advertising service	22.51%	22.51%	-118	-13

RM5 Software Oy	Design and manufacture of software	25.70%	25.70%	226	-401
Safera Oy	Machine and process design	28.17%	28.17%	40	-104
Sensinode Oy	Design and manufacture of software	30.37%	30.37%	105	-861
Sensire Oy	Design and manufacture of software	33.15%	33.15%	111	-111
Steam Republic Oy	Recording studios; publishing of sound and music recordings	28.17%	28.17%	-21	-299
StreamPlay Oy	Computer equipment and software consulting	33.14%	33.14%	71	-129
Tamturbo Oy	Machine and process design	20.32%	20.32%	34	-264
Tassu ESP Oy	Metal treatment and coating	34.64%	34.64%	73	-70
Techila Technologies Oy	Design and manufacture of software	30.93%	30.93%	38	-188
Telespro Finland Oy	Retail trade in health care supplies	28.00%	28.00%	104	-13
TWID Oy	Design and manufacture of software	22.21%	22.21%	152	-424
Ultranat Oy	Other scientific research and development	20.40%	20.40%	2	-164
Wello Oy	Hydro and wind power generation	22.99%	22.99%	2637	-173
Wisteq Oy	Manufacture of electronic components	23.08%	23.08%	-199	-65
Woodprime Oy	Manufacture of builders' carpentry and joinery n.e.c.	24.40%	24.40%		
Voyantic Oy	Electrotechnical design	27.10%	27.10%	409	156
Veraventure Ltd					
Clean Future Fund Ky	Venture capital investments	35.30%	35.30%	1518	-15
Indekon Oy	Venture capital investments	34.45%	34.45%	4243	-58
Itä-Suomen Rahasto Oy	Venture capital investments	36.63%	36.63%	12401	528
JyväsSeed Fund Oy	Venture capital investments	40.00%	40.00%	1 309	-86
Luoteis-Venäjä Rahasto Oy	Venture capital investments	69.99%	49.99%	2 342	-1 059
Länsi-Suomen Pääomarahasto Oy	Venture capital investments	40.12%	40.12%	5 491	-373
Midinvest Oy	Venture capital investments	29.17%	29.17%	4 229	66
Pikespo Invest Oy Ltd	Venture capital investments	40.52%	40.52%	7 822	235
Spinno-Seed Oy	Venture capital investments	28.30%	28.30%	1 565	-692
Teknoventure Oy	Venture capital investments	48.38%	48.38%	15 627	361
Uudenmaan Pääomarahasto Oy	Venture capital investments	41.13%	41.13%	15 119	530
Virtaa Hämeeseen Oy	Venture capital investments	21.71%	21.71%	5 159	409
Wedeco Oy Ab	Venture capital investments	39.80%	39.80%	12 988	349
Matkailunkehitys Nordia Oy					

Hiihtokeskus Ukkohalla Oy	Ski resort	25.48%	25.48%	369	10
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	33.29%	33.29%	90	-342
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00%	25.00%	200	120
Hotelli Pyhätunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.00%	30.00%	-475	-79
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00%	45.00%	315	59
Kristina Cruises Oy, Kotka	Cruises	20.00%	20.00%	1 439	-1 897
Kultaranta Resort Oy, Naantali	Hotel and restaurant business	20.00%	20.00%	1 097	-729
Levi Magic Oy, Kittilä	Project / No operations	57.70%	55.70%	819	-4
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	100.00%	100.00%	1 633	366

Note 30: Related parties

The relationships within the Group are presented in Note 29. Related parties include the following: the parent company, its subsidiaries and associated companies; companies and associates outside the Finnvera Group where the State holds the majority of shares and where the Ministry of Employment and the Economy exercises ownership steering; and the State Treasury. Related parties also include the members of the Supervisory Board and the Board of Directors, the CEO and the Executive Vice President.

(EUR 1,000)	2013	2012
The related party transactions		
Services purchased	3 774	4 083
Loans	130 516	17 797
Receivables	4 664	1 009
Long-term liabilities	2 291 089	1 388 738
Short-term liabilities	4 664	1 009
Guarantees	2 307 840	1 434 602

Management employee benefit expenses In the Group, key management personnel are members of the parent company Board of Directors, members of the Supervisory Board, CEO, Executive Vice President as well as the Management Group, which is comprised of the CEO and Executive Vice President, along with: Annamarja Paloheimo, John Erickson, Pentti Kinnunen, Hannu Puhakka, Kari Villikka, Ulla Hagman, Risto Huopaniemi, Tarja Svartström and Leo Houtsonen.

The table below shows the employment benefits received by key management personnel. The employment benefits shown are performance-based. Employee benefits include the bonus corresponding to one month's total remuneration paid to the Chief Executive Officer and the other members of the Management Group in 2012. Post-employment benefits are dealt with as voluntary pension plans, which include both defined contribution and defined benefit pension plans.

(EUR 1,000)	2013	2012
Salaries and other short-term employee benefits	1 886	1 832
Supplementary pension commitments	156	378
Remuneration of the Board of Directors and Supervisory Board members	247	234
Total	**2 289**	**2 444**

The CEO belongs to the defined contribution pension plan, whose retirement age is 63 years. The group supplementary pension plan was changed from defined benefit to defined contribution as of 1 Jan 2013. The target retirement age for the CEO is starting at 63 years of age and the supplementary pension with a fixed 11.47 per cent bonus and other performance-based salary items deducted from the earnings-related pension insurance (TyEL).

The Executive Vice President belongs to the old, defined benefit pension plan, which offers eligibility for retirement at 60 years of age. Therefore, the target pension is 60 per cent of the average yearly earnings over the previous five years. Lowering the retirement age from the statutory retirement age is done with a defined benefit supplementary pension.

The period of notice for the CEO is six months, in addition to which the CEO will receive termination benefits equivalent to 18 months' salary if the company terminates their employment. The period of notice for the Executive Vice President is six months, in addition to which the Executive Vice President will receive termination benefits equivalent to 12 months' salary if the company terminates their employment.

The monthly remuneration for members of the Board of Directors is: EUR 1,500 for the chairman, EUR 850 for the deputy chairman, 700 for members and EUR 400 for deputy members. The attendance allowance is EUR 500/meeting.

The attendance allowance for members of the Supervisory Board are: EUR 800/meeting for the chairman, EUR 600/meeting for the deputy chairman and 500/meeting for members.

	Salary, remuneration and social security costs		**Pension commitments**	
(EUR 1,000)	**2013**	**2012**	**2013**	**2012**
Management salaries, remuneration and social security costs as well as applicable pension commitments				
CEO Pauli Heikkilä	331	310	36	48
Executive Vice President Topi Vesteri	252	251	76	71
Other members of the Management Group	1 303	1 271	44	259

Members of the Board of Directors:				
Markku Pohjola, chairman	33	18	No	No
Pekka Timonen, I deputy chairman	14		No	No
Marianna Uotinen, II deputy chairman	14		No	No
Kirsi Komi, member	12		No	No
Vesa Luhtanen, member	12		No	No
Pirkko Rantanen-Kervinen, member	13		No	No
Risto Paaermaa, I deputy chairman until 26 April 2013	22	11	No	No
Marjaana Aarnikka, member until 26 April 2013	8	14	No	No
Johanna Ala-Nikkola, member until 26 April 2013	7	9	No	No
Leila Helaakoski, member until 26 April 2013	8	9	No	No
Timo Kekkonen, member until 26 April 2013	9	16	No	No
Timo Lindholm, member 26 April 2013	9	14	No	No
Elise Pekkala, member until 26 April 2013	2	8	No	No
Kristina Sarjo, II deputy chairman until 26 April 2013	10	14	No	No
Heikki Solttila, member until 26 April 2013	2	12	No	No
Petri Vanhala, member until 26 April 2013	8	9	No	No
Esko Hamilo, member until 30 April 2012		5	No	No
Pirkko-Liisa Hyttinen, member until 30 April 2012		5	No	No
Kalle J. Korhonen, chairman until 30 April 2012		9	No	No
Members of the Supervisory Board (total)	63	61	No	No

Note 31: Capital adequacy

Capital adequacy ratio	**2013**	**2012**
Finnvera Group	**17.6**	**16.3**
Finnvera Group, capital for calculating capital adequacy		
Shareholders' equity	849	772
Subordinated loan*	50	50
Intangible assets	-2	-2
Fund for export credit guarantees and special guarantees	-358	-296
Profit for the period attributable to export credit guarantees	-78	-62
Total	**461**	**462**
Finnvera Group, risk-weighted items		

Receivables from credit institutions	55	34
Receivables from clients	2 117	2 238
Investments and derivatives	233	363
Receivables, prepayments, interest and other receivables, other assets	21	16
Binding financing offers	94	91
Operational risk	96	96
Total	**2 616**	**2 838**

* 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.

Note 32: Events after the period under review

After the end of the financial period, in February 2014, it turned out that a risk in short-term export credit guarantees may be realised during 2014. According to the current estimate, the risk may cause a final loss of EUR 15–35 million.

Finnvera plc's financial statements

Comprehensive income statement

(EUR 1,000)	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Interest income	1		
- Loans		43 247	55 730
- Subsidies passed on to customers		8 808	12 221
- Export credit and special guarantee receivables		213	181
- Guarantee receivables		1 710	1 331
- Other		1 794	1 999
Total interest income		**55 773**	**71 462**
Interest expenses	1	-3 268	-11 517
Net interest income	**1**	**52 504**	**59 945**
Net fee and commission income	2	132 567	110 029
Gains and losses from financial instruments carried at fair value	3	1 821	2 700
Net income from investments	4	-36	643
Other operating income	5	2 174	2 852
Administrative expenses			
- Wages and salaries	6	-22 203	-22 497
- Social security costs	6	-6 162	-5 532
- Other administrative expenses	7	-11 915	-11 780
Total administrative expenses		**-40 281**	**-39 809**
Other operating expenses	8	-9 057	-6 519
Impairment loss on financial assets	9		
- Impairment losses on credits and losses on guarantees		-99 394	-113 451
- Credit loss compensation from the State		47 976	49 661
- Losses on export credit guarantees and special guarantees		-10 693	-9 986
Net impairment loss on financial assets		**-62 110**	**-73 775**

Impairment losses on other financial assets		-9 003	0
Operating profit		**68 578**	**56 065**
Income tax expense	10	0	0
Profit for the period		**68 578**	**56 065**
Other comprehensive income			
Items that may not be reclassified subsequently to the statement of income			
– Revaluation of defined benefit pension plans		2 782	442
Items that may be reclassified subsequently to the statement of income			
– Change in the fair value of shares		115	51
Total other comprehensive income		**2 897**	**493**
Total comprehensive income for the period		**71 475**	**56 558**

Balance sheet

ASSETS (EUR 1,000)	**Note**	**31 Dec 2013**	**31 Dec 2012**
Loans and receivables from credit institutions	11		
- Payable on demand		215 646	101 671
- Other than payable on demand		26 172	28 531
		241 818	**130 201**
Loans and receivables from customers	12		
- Loans		1 540 016	1 555 158
- Guarantee receivables		46 023	38 129
- Receivables from export credit and special guarantee operations		15 305	16 442
		1 601 344	**1 609 730**
Investments	13		
- Debt securities		326 191	264 893
- Investments in group companies		158 815	164 784
- Associates	28	349	425
- Other shares and participations	28	15 246	14 698
		500 602	**444 800**
Derivatives	21	8 159	80 387
Intangible assets	14	2 490	1 903
Property and equipment	15		
- Properties		834	1 146
- Equipment		1 437	1 355
		2 270	**2 501**
Other assets	16		
- Credit loss receivables from the state		6 516	49 360
- Other		5 894	3 684
		12 410	**53 044**
Prepayments and accrued income	17	53 952	19 513
TOTAL ASSETS		**2 423 044**	**2 342 080**

LIABILITIES (EUR 1,000)	**Note**	**31 Dec 2013**	**31 Dec 2012**
Liabilities to credit institutions	18	0	85 000
Liabilities to other institutions	18		
- At fair value through profit or loss		0	0
Debt securities in issue	19		
- At fair value through profit or loss		1 059 870	987 399
Derivatives	20	29 915	5 047
Provisions	21	65 601	46 586
Other liabilities	18	49 790	51 920
Accruals and deferred income	23	293 824	322 986
Capital loans	24	88 029	82 388
		1 587 029	**1 581 325**
EQUITY	25		
Share capital		196 605	196 605
Share premium		51 036	51 036
Fair value reserve		-71	-186
Unrestricted funds			
- Fund for domestic operations		137 172	139 770
- Fund for export credit guarantees and special guarantees		357 825	295 726
- Fund for venture capital investments		17 225	17 461
- Retained earnings		76 223	60 342
		588 445	**513 300**
Total equity		**836 015**	**760 754**
TOTAL LIABILITIES AND EQUITY		**2 423 044**	**2 342 080**

Statement of changes in equity

Legend:

A = Share capital
B = Share premium
C = Fair value reserve
D = Fund for domestic operations
E = Fund for export credit guarantee and special guarantee operations
F = Fund for venture capital investments
G = Retained earnings
H = Total

(EUR 1,000)	A	B	C	D	E	F	G	H
Balance at 1 Dec 2011	**196 605**	**51 036**	**-237**	**135 753**	**241 378**	**17 529**	**59 206**	**701 270**
Amendment in calculation principle, IAS 19							-803	**-803**
Balance at 1 January 2012	**196 605**	**51 036**	**-237**	**135 753**	**241 378**	**17 529**	**58 404**	**700 467**
Cancelled amount of subordinated loan received from the owner							3 435	**3 435**
Total comprehensive income for the year / Change in the fair value of shares			51				56 065	**56 116**
Transfer into funds				4 017	54 348	-68	-58 366	**-68**
Balance at 31 December 2012	**196 605**	**51 036**	**-186**	**139 770**	**295 726**	**17 461**	**60 342**	**760 754**
Amendment in calculation principle, IAS 19							-337	-337
Balance at 1 January 2013	**196 605**	**51 036**	**-186**	**139 770**	**295 726**	**17 461**	**60 005**	**760 417**
Cancelled amount of subordinated loan received from the owner							4 359	**4 359**
Total comprehensive income for the year / Revaluation of defined pension plans							2 782	**2 782**
Total comprehensive income for the year / Change in the fair value of shares			115				68 578	**68 693**
Transfer into funds				-2 598	62 099	-236	-59 501	**-236**
Balance at 31 December 2013	**196 605**	**51 036**	**-71**	**137 172**	**357 825**	**17 225**	**76 223**	**836 015**

Statement of cash flow

(EUR 1,000)	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flows from operating activities		
Withdrawal of loans granted	-270 552	-311 905
Repayments of loans granted	230 477	348 288
Purchase of investments	-10 686	
Interest received	42 165	57 143
Interest paid	-3 429	-14 197
Interest subsidy received	9 923	9 522
Payments received from commission income	122 443	172 131
Payments received from other operating income	68 135	21 159
Payments for operating expenses	-69 704	-34 936
Claims paid	-49 738	-66 122
Taxes paid	0	0
Net cash from operating activities (A)	**69 034**	**181 083**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-1 463	-963
Proceeds from other investments	4 956	1 952
Dividends received from investments	24	24
Net cash used in investing activities (B)	**3 517**	**1 012**
Cash flows from financing activities		
Repayment of loans	464 490	331 346
Repayment of loans	-364 126	-371 057
Net cash used in financing activities (C)	**100 364**	**-39 711**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**172 915**	**142 384**
Cash and cash equivalents at the beginning of the period	**395 094**	**252 710**
Cash and cash equivalents at the end of the period	**568 009**	**395 094**

Cash and cash equivalents at the end of period		
Receivables from credit institutions	241 818	130 201
Debt securities	326 191	264 893
Total	**568 009**	**395 094**

Segment information

Finnvera plc's income statement and balance sheet by segments for the period 1 Jan–31 Dec 2013

(EUR 1,000)	Local micro enterprises	Domestic market SMEs	SMEs aiming at growth in exports and internalisation	Export financing	Financing of export credits	Other segments	Finnvera plc total
Net interest income	9 108	24 661	15 886	2 625	225	0	52 504
Net fee and commission income	3 968	17 247	17 901	92 131	1 322	0	132 567
Net impairment loss on financial assets	-3 220	-20 966	-25 339	-12 585	0	0	-62 110
Operating expenses*	-10 189	-14 725	-9 242	-10 483	-2 789	-804	-48 232
Depreciation and amortization	-91	-475	-231	-309	0	0	-1 106
Other income, net**	532	1 408	845	-69	1 242	-9 003	-5 046
Operating profit	**107**	**7 150**	**-181**	**71 310**	**0**	**-9 807**	**68 578**
Total assets	**159 134**	**536 654**	**318 685**	**757 770**	**512 168**	**138 634**	**2 423 044**
Loans and receivables from customers	228 764	761 149	485 410	12 729	113 291	0	1 601 344
Total liabilities	**101 295**	**326 247**	**283 212**	**296 965**	**512 168**	**67 142**	**1 587 029**

Finnvera plc's income statement and balance sheet by segments for the period 1 Jan–31 Dec 2012

(EUR 1,000)	Local micro enterprises	Domestic market SMEs	SMEs aiming at growth in exports and internalisation	Export financing	Financing of export credits	Other segments	Finnvera plc total
Net interest income	10 410	31 453	11 803	6 349	0	-70	59 945
Net fee and commission income	3 897	18 856	14 280	73 265	0	-269	110 029
Net impairment loss on financial assets	-2 797	-44 218	-18 337	-8 424	0	0	-73 775
Operating expenses*	-10 680	-14 382	-8 254	-10 374	0	-1 266	-44 956
Depreciation and amortization	-122	-622	-289	-339	0	0	-1 372
Other income, net**	802	2 907	731	150	0	1 605	6 194
Operating profit	**1 510**	**-6 008**	**-66**	**60 628**	**0**	**0**	**56 065**
Total assets	**240 768**	**880 685**	**378 822**	**697 336**	**0**	**144 468**	**2 342 080**
Loans and receivables from customers	249 818	960 181	386 096	13 634	0		1 609 730
Total liabilities	**182 943**	**677 411**	**343 178**	**307 540**	**0**	**70 254**	**1 581 325**

* Operating expenses = administration expenses + other operating expenses – depreciation and amortisation
** Other income, net = gains and losses from financial instruments carried at fair value + net income from investments + other operating income
Inter-segment revenue is not significant.

Financial assets and liabilities

Financial assets 31 Dec 2013

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Loans and receivables from credit institutions	241 818			241 818	241 818
Loans and receivables from customers	1 601 344			1 601 344	1 600 284
Debt securities			326 191	326 191	326 191
Derivatives		8 159		8 159	8 159
Shares and participations*			15 246	15 246	15 246
Other financial assets	32 673			32 673	32 673
Total	**1 875 835**	**8 159**	**341 437**	**2 225 431**	**2 224 371**

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

Financial liabilities 31 Dec 2013

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		0	0	0
Debt securities in issue	1 059 870	0	1 059 870	1 059 870
Derivatives	29 915		29 915	29 915
Other financial liabilities		290 698	290 698	290 698
Subordinated liabilities		88 029	88 029	88 029
Total	**1 089 785**	**378 727**	**1 468 512**	**1 468 512**

The company does not have financial liabilites held for trading.

Financial assets 31 Dec 2012

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Loans and receivables from credit institutions	130 201			130 201	130 201
Loans and receivables from customers	1 609 730			1 609 730	1 608 970
Debt securities			264 893	264 893	264 893
Derivatives		80 387		80 387	80 387
Shares and participations*			14 698	14 698	14 698
Other financial assets	55 059			55 059	55 059
Total	**1 794 991**	**80 387**	**279 591**	**2 154 969**	**2 154 208**

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

Financial liabilities 31 Dec 2012

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		85 000	85 000	85 000
Debt securities in issue	937 427	49 972	987 399	987 399
Derivatives	5 047		5 047	5 047
Other financial liabilities		304 393	304 393	304 393
Subordinated liabilities		82 388	82 388	82 388
Total	**942 474**	**521 752**	**1 464 226**	**1 464 226**

The Company does not have financial liabilities held for trading.

Hierarchy for recognition at fair value

Financial assets 31 Dec 2013

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		8 159	
Saleable			
Debt securities		326 191	
Shares and holdings	526		14 720
Total	**526**	**334 350**	**14 720**

Financial liabilities 31 Dec 2013

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions			
Debt securities in issue		1 059 870	
Derivatives		29 915	
Total		**1 089 785**	

Financial assets 31 Dec 2012

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		80 387	
Saleable			
Debt securities		264 893	
Shares and holdings	468		14 230
Total	**468**	**345 280**	**14 230**

Financial liabilities 31 Dec 2012

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions			
Debt securities in issue		937 427	
Derivatives		5 047	
Total		**942 474**	

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).

Financial assets and liabilities recognised at fair value

Level 3, Financial assets

(EUR 1,000)	31 Dec 2013	31 Dec 2012
Financial assets carried at fair value		
Balance 1 January	**14 230**	**15 386**
Profits and losses entered in the income statement, in total	-61	796
Acquisitions	624	0
Sales	-55	-1 951
Other	-18	
Balance 31 Dec	**14 720**	**14 230**
Profits and losses entered in the income statement for the instruments held by Finnvera on 31 December	-142	0

Financial instruments set off in the balance sheet or subject to netting agreements

31 Dec 2013
(EUR 1,000)

Amounts not set off but subject to master netting agreements and similar agreements

	Gross recognised financial assets	Gross recognised financial liabilities set off in the balance sheet	Net carrying amount in the balance sheet	Financial instruments	Financial instruments received as collateral	Cash received as collateral	Net amount
Financial assets							
Derivatives	8 159	0	8 159	-7 029	0	0	
Total	8 159	0	8 159	-7 029	0	0	1 130

	Gross recognised financial liabilities	Gross recognised financial assets set off in the balance sheet	Net carrying amount in the balance sheet	Financial instruments	Financial instruments pledged as collateral	Cash pledged as collateral	Net amount
Financial liabilities							
Derivatives	29 915	0	29 915	-7 029	0	-18 700	
Total	29 915	0	29 915	-7 029	0	-18 700	4 186

31 Dec 2012 (EUR 1,000)				Amounts not set off but subject to master netting agreements and similar agreements			
	Gross recognised financial assets	**Gross recognised financial liabilities set off in the balance sheet**	**Net carrying amount in the balance sheet**	**Financial instruments**	**Financial instruments received as collateral**	**Cash received as collateral**	**Net amount**
Financial assets							
Derivatives	80 387	0	80 387	-5 047	0	-15 000	60 340
Total	80 387	0	80 387	-5 047	0	-15 000	60 340

	Gross recognised financial liabilities	**Gross recognised financial assets set off in the balance sheet**	**Net carrying amount in the balance sheet**	**Financial instruments**	**Financial instruments pledged as collateral**	**Cash pledged as collateral**	**Net amount**
Financial liabilities							
Derivatives	5 047	0	5 047	-5 047	0	0	0
Total	5 047	0	5 047	-5 047	0	0	0

Notes

Notes to the income statement

Note 1: Net interest income

(EUR 1,000)		2013		2012
Interest income				
Loans to customers		43 247		55 730
Subsidies passed on to customers				
- Regional interest subsidy	954		1 243	
- Interest subsidy to special loans	4 136		5 278	
- Interest subsidy from the ERDF	1 774		2 705	
- National interest subsidy (ERDF)	1 945	8 808	2 995	12 221
Interest on export credit guarantee and special guarantee receivables		213		181
Interest on guarantee receivables		1 710		1 331
Other interest income				
- On receivables from credit institutions	1 072		1 318	
- On debt securities, available-for-sale	695		617	
- On other	27	1 794	64	1 999
Total interest income		**55 773**		**71 462**
Interest expenses				
On liabilities to credit institutions		292		1 795
On liabilities to other institutions		-24		24
On debt securities in issue		2 702		9 448
Other interest expenses		299		249
Total interest expenses		**3 268**		**11 517**
Net interest income		**52 504**		**59 945**
Interest income on financial assets which are not carried at fair value totalled		55 773		71 462
Interest expenses on financial liabilities which are not carried at fair value totalled		426		2 592
Interest income include interest accrued on impaired loans		2 866		3 550

Interest subsidy from the state and the European Regional Development Fund

The interest subsidy passed on to customers is calculated on the basis of the passage of time, similar to interest, and is presented as a separate item under interest income in the income statement. In 2001 the Group began to grant investment and working capital loans that include interest subsidy from the European Regional Development Fund (ERDF), as well as national interest subsidy granted by the State of Finland.

Interest-subsidised loans and guarantees in total at 31 December	**436 220**	**560 920**

Note 2: Net fee and commission income

(EUR 1,000)	2013	2012
Fee and commission income		
From export credit guarantees and special guarantees	103 994	81 189
From other guarantees	24 982	24 928
From credit operations	8 795	7 200
From other	25	49
Total fee and commission income	**137 796**	**113 366**
All fee and commission income is from financial assets which are not carried at fair value.		
Fee and commission expenses		
From reinsurance	4 439	2 143
From borrowing	755	1 156
From payment transactions	36	38
Total fee and commission expenses	**5 229**	**3 336**
Fee and commission expenses from financial assets which are not carried at fair value totalled	4 475	2 181
Net fee and commission income	**132 567**	**110 029**

Note 3: Gains and losses

(EUR 1,000)			2013			2012
From financial instruments carried at fair value through profit or loss	**Gains and losses from sale**	**Changes in fair value**	**Total**	**Gains and losses from sale**	**Changes in fair value**	**Total**
Derivatives	0	-85 230	-85 230	0	24 451	24 451
Liabilities carried at fair value	0	87 347	87 347	0	-21 489	-21 489
Translation differences	-297	0	-297	-262	0	-262
	-297	**2 117**	**1 821**	**-262**	**2 962**	**2 700**

By categories of financial instruments (categories in accordance with IAS 39)	Gains and losses from sale	Changes in fair value	Total	Gains and losses from sale	Changes in fair value	Total
Liabilities carried at fair value	0	2 117	2 117	0	2 962	2 962
Loans and other receivables	-297	0	-297	-262	0	-262
	-297	**2 117**	**1 821**	**-262**	**2 962**	**2 700**

Note 4: Net income from investments

(EUR 1,000)	2013	2012
From available-for-sale financial assets		
Shares and participations		
- Gains/losses	81	796
- Impairment losses on investment property	-142	-177
Dividends	24	24
Total net income from investments	**-37**	**642**

Note 5: Other operating income

(EUR 1,000)	2013	2012
Fee for the management of the old liability	194	248
Management fee for the handling of ERDF loans	154	631
Rental income	356	257
Other	1 469	1 715
Total other operating income	**2 174**	**2 852**

Note 6: Employee benefit expenses

(EUR 1,000)		2013		2012
Wages and salaries		22 203		22 497
Social security costs				
Pension costs				
- Defined contribution plans	3 675		3 233	
- Defined benefit plans	1 021		775	
Other social security costs	1 466	6 162	1 524	5 532
Total		**28 366**		**28 029**

Personnel in average		
Permanent full-time	345	357
Permanent part-time	16	22
Temporary	21	14
Total	**382**	**393**

Note 7: Auditors' fees

(EUR 1,000)	2013	2012
Fees for auditing	56	73
Fees for expert services provided by auditors	159	72
Total	**215**	**145**

Note 8: Other operating expenses

(EUR 1,000)	2013	2012
Rental expenses	4 312	4 119
Expenses from property in own use	1 144	1 027
Other expenses	879	1
Total	**6 335**	**5 147**
Depreciation and amortisation		
Intangible assets	679	779
Property, plant and equipment		
- Properties	5	261
- Machinery and equipment	423	332
Total	**1 106**	**1 372**
Total other operating expenses	**7 441**	**6 519**

Note 9: Net impairment loss on financial assets

(EUR 1,000)	2013	2012
Receivables written down as credit and guarantee losses		
Credit losses	59 802	64 873
Guarantee losses	29 432	31 166
Reversal of losses recognized		
Credit losses	-5 997	-5 921
Guarantee losses	-1 965	-1 711
Change in impairment of individually assessed loans during the period	9 104	24 548
Change in impairment of collectively assessed loans during the period	9 018	496
Total impairment losses on loans and guarantees	**99 394**	**113 451**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-47 976**	**-49 661**
Finnvera plc's share	**51 418**	**63 790**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2013 these loans and guarantees totalled EUR 2,525 (2,671) million. The compensation was 56.5% (54.2%) of the credit and guarantee losses recognised during the period.

(EUR 1,000)	2013	2012
Export credit guarantees and special guarantees		
Claims paid	3 538	18 839
Change in the claims provision during the period	10 657	-1 216
Accumulated recoveries	-2 702	-1 036
Change in recovery receivables	-800	-6 601
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	**10 693**	**9 986**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**62 110**	**73 775**

Note 10: Income tax expense

(EUR 1,000)	2013	2012
Current period	0	0
Adjustment for prior periods	0	0
Income tax expense in the income statement	**0**	**0**

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

Notes to the balance sheet

Note 11: Loans and receivables from credit institutions

(EUR 1,000)	2013	2012
Payable on demand	215 646	101 671
Other	26 172	28 531
Total	**241 818**	**130 201**

Note 12: Loans and receivables from customers

(EUR 1,000)	2013	2012
Loans		
Subordinated loans	**37 026**	42 061
Other loans	1 372 474	1 495 299
Total loans	**1 409 500**	**1 537 361**
Loans to Group companies	**130 516**	**17 798**
Guarantee receivables	**46 023**	**38 129**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	605	2 096
Recovery receivables	14 700	14 346
Total receivables from export credit guarantee and special guarantee operations	**15 305**	**16 442**
Total receivables from customers	**1 601 344**	**1 609 730**

Impairment losses on individually assessed loans:

(EUR 1,000)	2013	2012
Impairment losses at the beginning of the period	56 815	34 229
Credit losses realised during the period on which an impairment loss has been earlier recognised	-16 285	-11 384
Impairment losses recognised during the period	20 399	36 777
Reversal of impairment losses	-4 754	-6 583
Effect of discounting	3 190	3 776
Impairment losses at the end of the period	**59 365**	**56 815**
Impairment losses on collectively assessed loans at the beginning of the period	35 731	34 220
Impairment losses on collectively assessed loans recognized during the period	6 056	1 511
Impairment losses on collectively assessed loans at the end of the period	**41 787**	**35 731**
Total impairment losses	**101 152**	**92 546**

An impairment loss on loans and other receivables is recognised 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 13: Investments

(EUR 1,000)	2013	2012
Debt securities	326 191	264 893
Investments in Group companies	158 815	164 784
Associates	349	425
Other shares and participations	15 246	14 698
Total	**500 602**	**444 800**
Debt securities		
Available-for-sale		
- Certificates of deposits	0	19 998
- Commercial papers	119 549	123 438
- Local authority paper	181 754	121 457
- Bonds	24 889	0
Total	**326 191**	**264 893**

Investments have been made to non-publicly quoted debt securities.

Investments in Group companies		
At the beginning of the period	164 784	164 784
Additions	10 000	0
Disposals	-6 966	0
Impairment losses	-9 003	0
At the end of the period	158 815	164 784
Associates		
At the beginning of the period	425	602
Disposals	76	177
At the end of the period	349	425

Associates accounted for using the equity method in 2013:

Name	Carrying amount	Ownerhip	Assets	Liabilities	Carrying net sales	Profit/ loss
Kiinteistö Oy Kajaanin Kauppakatu	349	36,43%	1 595	7	107	0

Associates accounted for using the equity method in 2012:

Name	Carrying amount	Ownerhip	Assets	Liabilities	Carrying net sales	Profit/ loss
Iin Micropolis Oy	76	23,08%	378	378	116	4
Kiinteistö Oy Kajaanin Kauppakatu	349	36,43%	1 591	2	106	3

(EUR 1,000)	2013	2012
Other shares and participations		
Available-for-sale	15 246	14 698
Total	**15 246**	**14 698**
Other shares that are publicly quoted	**526**	**468**
Total investments	**500 602**	**444 800**

Note 14: Intangible assets

(EUR 1,000)	2013	2012
Acquisition cost		
Acquisition cost at 1 Jan	35 938	35 121
Additions	1 271	818
Acquisition cost at 31 Dec	**37 209**	**35 938**
Accumulated amortisation and impairment losses		
Accumulated amortisation and impairment losses at 1 Jan	33 809	33 048
Amortisation for the period	663	761
Accumulated amortisation and impairment losses at 31 Dec	**34 472**	**33 809**
Carrying amount at 1 Jan	1 903	1 846
Carrying amount at 31 Dec	2 490	1 903

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

Note 15: Property, plant and equipment

(EUR 1,000)			2013			2012
	Properties	Machinery and equipment	Total	Properties	Machinery and equipment	Total
Acquisition cost						
Acquisition cost at 1 Jan	7 996	10 298	22 591	7 996	10 153	18 148
Additions	0	529	529	0	183	184
Disposals	-293	-24	-317	0	-38	-38
Acquisition cost at 31 Dec	**7 703**	**10 803**	**18 506**	**7 996**	**10 298**	**18 294**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	6 851	8 943	15 794	6 572	8 611	15 183
Depreciation for the period	20	423	443	279	332	611
Accumulated depreciation and impairment losses at 31 Dec	**6 871**	**9 367**	**16 237**	**6 851**	**8 943**	**15 794**
Carrying amount at 1 Jan	1 146	1 355	2 501	1 424	1 541	2 965
Carrying amount at 31 Dec	834	1 437	2 270	1 146	1 355	2 501

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

Note 16: Other assets

(EUR 1,000)	2013	2012
Credit loss receivables from the state and the ERDF	6 516	49 360
Other	5 894	3 684
Total other assets	**12 410**	**53 044**

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 17: Prepayments and accrued income

(EUR 1,000)	2013	2012
Interest	764	709
Fee and commission receivables	6 672	4 885
Prepayments and other accrued income	46 516	13 919
Total prepayments and accrued income	**53 952**	**19 513**

Note 18: Liabilities to credit and other institutions

(EUR 1,000)			2013			2012
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	0	0	0	85 000	0	85 000
Other institutions						
- At fair value through profit or loss	0	0	0	0	0	0
Total	**0**	**0**	**0**	**85 000**	**0**	**85 000**

Note 19: Debt securities in issue

(EUR 1,000)			2013			2012
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	1 055 418	4 452	1 059 870	921 414	16 013	937 427
At amortised cost	0	0	0	0	0	0
	1 055 418	**4 452**	**1 059 870**	**921 414**	**16 013**	**937 427**
Average interest rate, %			0,30			0,37

Liabilities have 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 20: Derivatives

(EUR 1,000)			2013			2012
	Fair value			Fair value		
	Positive	Negative	Total nominal value	Positive	Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	8 159	29 915	1 055 418	80 387	5 047	921 414
Total derivatives	**8 159**	**29 915**	**1 055 418**	**80 387**	**5 047**	**921 414**

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

Note 21: Provisions

(EUR 1,000)	2013	2012
Provision for export credit guarantee losses at 1 Jan	2 870	4 048
Provisions made during the period	12 975	2 803
Provisions used during the period	-2 144	-3 980
Other change	-165	0
Provision for export credit guarantee losses at 31 Dec	**13 536**	**2 870**

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.

(1,000 e)	2013	2012
Impairment losses at 1 Jan	41 688	41 675
- of which individually assessed guarantees	26 010	24 748
- of which collectively assessed guarantees	15 678	16 927
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-6 226	-7 410
Individually assessed impairment losses recognized during the period	15 089	9 659
Collectively assessed impairment losses recognized during the period	2 778	-1 249
Reversal of impairment losses	-2 490	-1 128
Effect of discounting	181	141
Impairment losses at 31 Dec	**51 020**	**41 688**
- of which individually assessed guarantees	32 564	26 010
- of which collectively assessed guarantees	18 456	15 678

A provision for domestic guarantee losses is recognised 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.

Other provisions	1 045	1 045
Total provisions	**47 145**	**29 925**

Note 22: Defined benefit obligations

On 1 January 2013, the Group adopted the revised IAS 19R standard. The impact of the adoption is presented under 'New and revised IFRSs and interpretations applied'.

The Group has several defined benefits group pension insurance plans, which cover personnel who transferred to Finnvera from previous organisations and supplementary pension insurance plans for Management Group members and Regional Directors appointed before 2 April 2009. At the end of the year, there were 163 people covered by the plan. When a person is terminated or retires, the insurance is changed to a defined contribution plan, because paid-up policies and pensions are increased by a credit issued by the insurance provider.

In the beginning of the year 2013, management group supplementary pension insurance changed from defined benefits to defined contribution, with the retirement age remaining 63 years, with certain transitional conditions. This is presented in accounting in compliance with obligations.

On the balance sheet, the obligation is shown as the pledge made to all insurees and the asset is shown as the share of this obligation assumed by the insurance provider. The amount of assets is calculated using the same discount interest rate as an equivalent obligation. As a result, the risk posed by changes in the discounted interest rate only affects the net liabilities. A hypothetical 0.25% increase in salary would increase the obligation 1.3% and, correspondingly, an equivalent decrease would have the opposite effect.

Balance sheet items arising from the defined benefit:

(EUR 1,000)		2013		2012
Pension obligation				
Present value of funded obligations 1 Jan		9 357		6548
Unrecognised actuarial gains or losses	921		337	
Interest on obligation	281		311	
Effect of fulfilling the plan and reducing the obligation	-2 415		-597	
Revaluation of defined benefit pension plans				
- Caused by changes in financial assumptions	-1 081		2 240	
- Caused by changes in demographic assumptions	-603		740	
- Based on experience	-3 381	-6 278	-222	2 809
Present value of funded obligations 31 Dec		3 079		9 357
Fair value of assets				
Fair value of plan assets 1 Jan		8 037		4719
Interest income on assets	249		237	
Effect of fulfilling the obligation	-2 308		-597	
Return on plan assets, excluding items contained in interest expenses or income	-2 283		3 200	
Contributions paid to the plan	-130	-4 472	478	3 318
Fair value of plan assets 31 Dec		3 565		8 037
Net liabilities (difference between obligations and assets)		**-486**		**1 320**
Consolidated statement of comprehensive income – pension costs				
Unrecognised actuarial gains or losses		921		337
Effect of fulfilling the obligation		-107		0
Net interest expenses		32		74
Consolidated income statement defined benefit pension costs		**846**		**411**
Items resulting from revaluation		**-2 782**		**-442**

The net liabilities of the Group's defined benefits have changed during the financial period as follows:

(EUR 1,000)	2013	2012
Defined benefit net liabilities		
Pension debt (+) / Pension receivable (-) 1.1.	1 320	1 829
Expenses recognised in the income statement	846	411
Paid pension contributions	130	-478
Other items recognised in the consolidated statement of comprehensive income	-2 782	-442
Pension debt (+) / Pension receivable (-) 31.12.	**-486**	**1 320**

Information on the distribution of assets by plan asset category is unavailable, because the assets belong to the insurance provider.

Actuarial assumptions	2013	2012
Discount rate	3.00%	3.00%
Future salary increases	2.40%	2.44%
Future pension increases	0.69%	2.10%

Finnvera expects to pay EUR 159,406 in contributions to defined benefit plans in 2014.

The duration of the obligation, based on a weighted average, is 14.8 years.

Note 23: Accruals and deferred income

(EUR 1,000)	2013	2012
Interest	512	672
Advance interest payments received	807	706
Guarantee premiums paid in advance	286 443	301 432
Other accruals and deferred income	6 063	20 176
Total accruals and deferred income	**293 824**	**322 986**

Note 24: Subordinated liabilities, Finnvera plc

(EUR 1,000)			2013			2012
Subordinated loan from the state in 2007*		**EUR**			**EUR**	2 388
Increase in the share capital of Seed Fund Vera Ltd		Interest rate, %			Interest rate, %	0
		Loan period			Loan period	20 yrs
Subordinated loan from the state in 2009*		**EUR**	28 029		**EUR**	30 000
Increase in the share capital of Seed Fund Vera Ltd	20 529	Interest rate, %	0	22 500	Interest rate, %	0
Increase in the share capital of Veraventure Ltd	7 500	Loan period	15 yrs	7 500	Loan period	15 yrs
Subordinated loan from the state in 2009**		**EUR**	50 000		**EUR**	50 000
		Interest rate, %	0		Interest rate, %	0
		Loan period	7 yrs		Loan period	7 yrs
Subordinated loan from the state in 2013		**EUR**	10 000			
Increase in the share capital of Seed Fund Vera Ltd		Interest rate, %	0			
		Loan period	15 yrs			

* 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 loan granted in 2007

for raising the share capital of Seed Fund Vera Ltd was cancelled in its entirety in 2013. In addition, EUR 1,971 million of the loan granted in 2009 was cancelled because of the loss shown by Seed Fund Vera Ltd for the financial year 2012.

** 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 fi nancial period or on a balance sheet included in more recent financial statements.

Note 25: Equity

(EUR 1,000)		2013		2012
Equity attributable to the parent company's shareholders				
Share capital		196 605		196 605
Reserves				
Restricted reserves				
- Share premium	51 036		51 036	
- Fair value reserve	-71	50 965	-186	50 850
Unrestricted reserves				
- Fund for domestic operations	137 172		139 770	
- Fund for export credit guarantee and special guarantee operations	357 825		295 726	
- Fund for venture capital investments	17 225	512 223	17 461	452 958
Retained earnings				
Profit/loss for previous periods	504		841	
Profit/loss for the period	75 719	**76 223**	59 501	60 342
Total equity		**836 015**		**760 754**

	Shares, nb	Ownership	Shares, nb	Ownership
Share capital				
The state	11,565	100%	11,565	100%

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.

Fund for venture capital investments

In 2011, a fund for venture capital investments was established in the unrestricted equity on the balance sheet. The purpose is to monitor the assets allocated for venture capital investments in accordance with ERDF operational programmes. The Ministry of Employment and the Economy has allocated to Finnvera the sum of EUR 17.5 million, to be used for venture capital investments in accordance with ERDF operational programmes during the programme period 2007–2013. These assets have been recorded in the above fund.

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 recognised.

Other notes

Note 26: Contingencies

(EUR 1,000)	2013	2012
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
- Buyer credit guarantees	9 631 727	9 877 153
- Credit risk guarantees	182 580	240 145
- Export receivables guarantees	118 994	100 671
- Letter of credit guarantees	223 387	408 430
- Bank risk guarantees	4 894	14 276
- Investment guarantees	72 511	75 792
- Bond guarantees	170 845	67 317
- Finance guarantees	420 840	222 345
Total	**10 825 778**	**11 006 129**
Special guarantees		
- Environmental guarantees	75 638	85 722
- Ship guarantees	102 120	111 535
Total	**177 759**	**197 257**
Total export credit guarantees and special guarantees	**11 003 537**	**11 203 386**
Provision for export credit guarantees	-13 536	-2 870
Total	**10 990 001**	**11 200 515**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 13.2 (15.3) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

(EUR 1,000)	2013	2012
Binding financing offers	**187 576**	**181 167**

Liabilities	Total	Group and associated companies	Total	Group and associated companies
Domestic guarantees	1 046 853		1 068 115	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	9 760 786	3 551 431	9 332 150	2 492 040
Liability for special guarantees	177 759		292 591	
	10 985 398	**3 551 431**	**10 692 856**	**2 492 040**

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 27: Operating leases

(EUR 1,000)	2013	2012
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	532	523
Between one and five years	8 178	13 770
Later than five years	0	0
Total	**8 710**	**14 292**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	122	107
Between one and five years	0	0
Later than five years	0	0
Total	**122**	**107**

Group companies

Note 28: Finnvera plc's shares and holdings

Shares and holdings in Group companies in 2013:

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes
Seed Fund Vera Ltd, Kuopio	Development and investment company	93.31%	93.31%
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%
Shares and holdings in associates:			
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43%	36.43%

Finnvera plc's shares and holdings in 2012:

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%
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 equalisation	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 Kajaanin Kauppakatu 1	Real estate company	36.43%	36.43%

Note 29: 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)		Share of activities defined in the Act 1 Jan–31 Dec 2013		Share of other activities 1 Jan–31 Dec 2013		Finnvera total 1 Jan–31 Dec 2013
INCOME STATEMENT						
Interest income						
Interest from the public and public corporations	0		43 247		43 247	
Subsidies passed on to customers	0		8 808		8 808	
Interest from guarantee receivables	213		1 710		1 923	
Other interest income	2 244	2 457	-449	53 316	1 794	55 773
Interest expenses		0		3 268		3 268
Net interest income		**2 457**		**50 048**		**52 504**
Net fee and commission income		99 596		32 971		132 567
Gains and losses from financial instruments carried at fair value through profit or loss		-366		2 186		1 821
Net income from investments		0		-36		-36
Other operating income		328		1 846		2 174
Administrative expenses						
- Wages and salaries	5 815		16 388		22 203	
- Social security costs	1 718		4 445		6 162	
- Other administrative expenses	4 166	11 699	7 749	28 582	11 915	40 281
Other operating expenses		1 820		7 237		9 057
Net impairment loss on financial assets						
- Loans and guarantees	0		99 394		99 394	
- Credit loss compensation from the state	0		-47 976		-47 976	
- Export credit guarantees and special guarantees	10 693	10 693	0	51 418	10 693	62 110

Impairment losses on other financial assets	0	9 003	9 003
Operating profit	**77 803**	**-9 225**	**68 578**
Income taxes	0	0	0
Profit for the period	**77 803**	**-9 225**	**68 578**

* 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 (444/1998).

Signatures

In Helsinki on 27 February 2014

Markku Pohjola

Pekka Timonen

Marianna Uotinen

Kirsi Komi

Vesa Luhtanen

Risto Paaermaa

Pirkko Rantanen-Kervinen

Pauli Heikkilä
CEO

Auditor's report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

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 2013. The financial statements comprise both the consolidated and the parent company's balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- both the consolidated and the parent company's financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and 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.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Supervisory Board and the Board of Directors as well as the Managing Director of the parent company be discharged from liability for the financial period audited by us.

Helsinki, 27 February 2014
KPMG OY AB

Juha-Pekka Mylén
Authorized Public Accountant

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 2013, as well as the auditors' report issued on 27 February 2014.

We propose to the Annual General Meeting that the financial statements, in which the consolidated income statement shows a profit of EUR 74,533,147.11 and the parent company's income statement shows a profit of EUR 68,577,647.20, be adopted and that the parent company's profit be used in accordance with the proposal made by the Board of Directors.

Helsinki, 27 February 2014

Johannes Koskinen

Lauri Heikkilä

Paula Aikio-Tallgren

Kaija Erjanti

Helena Hakkarainen

Lasse Hautala

Miapetra Kumpula-Natri

Leila Kurki

Esko Kurvinen

Kasperi Launis

Anna Lavikkala

Jari Myllykoski

Lea Mäkipää

Antti Rantakangas

Osmo Soininvaara

Timo Vallittu

Sofia Vikman

Antti Zitting