



# Q2

**Interim Report  
1 January–30 June 2015**

# The Finnvera Group's Interim Report for January–June 2015

## An eventful start of the year for Finnvera

Finnvera's mandates and tasks have expanded on several occasions during last year and the current year. In the period under review, it became possible for Finnvera to guarantee the refinancing of export credits granted by banks. This arrangement promotes the acquisition of funds for financing exports.

A new guarantee, known as the Start Guarantee, was taken into use in April. It is intended for the financing of starting enterprises that have been in business for no more than three years. Demand for the guarantee, which is given for a loan granted by a bank, has been brisk. Within three months, over 400 enterprises have been granted these guarantees, for a total sum of almost EUR 20 million. Improvements to the provision of financing have been implemented in all enterprise size categories. Since the beginning of this year, when certain conditions are met, Finnvera has been able to provide a growth enterprise a loan of at most EUR 2 million without collateral in order to finance growth.

In line with the Government Programme, public actors are still given the task of offsetting shortcomings that exist in enterprise financing on the commercial market. During the summer and early autumn, Finnvera will work under the Ministry of Employment and the Economy to prepare new measures for implementing the Government Programme.

### Business operations and the financial trend

<b>Finnvera Group</b>	<b>1 January–30 June 2015 / 30 June 2015</b>	<b>1 January–30 June 2014/ 31 Dec 2014</b>
Offered financing		
Loans and guarantees	541 MEUR	403 MEUR
Export credit guarantees and special guarantees	5,124 MEUR	1,260 MEUR
Export credits	3,601 MEUR	1,227 MEUR
Outstanding commitments		
Loans and guarantees	2,369 MEUR	2,378 MEUR
Export credit guarantees and special guarantees	16,585 MEUR	12,600 MEUR
Export credits	3,982 MEUR	3,319 MEUR
Operating profit	56 MEUR	34 MEUR
Profit for the period	55 MEUR	34 MEUR
Equity ratio	15,1%	14,4%
Capital adequacy, Tier 2	18,2%	18,6%
Cost-income ratio	26,5%	25,7%

During the first half of the year, the volume of export credit guarantee offers given by Finnvera was over four times greater than in the first six months of 2014. As concerns financing offers for export credits, the figure was nearly three times greater. The volume of loans and guarantees granted to SMEs and enterprises larger than the SME definition applied by the EU was 34 per cent greater than the year before.

The Finnvera Group's profit for January–June came to EUR 55 million (34 million). This was EUR 20 million more than for the first six months of 2014. The main factors improving the financial performance were the decreases in impairment losses on receivables and guarantee losses, as well as the increase in the fee and commission income of the parent company, Finnvera plc.

The profit of the parent company, Finnvera plc, stood at EUR 56 million (40 million). The Group companies and associated companies had an effect of EUR -1 million on the profit (-5 million). Venture capital investments accounted for EUR -6 million of this effect (-7 million). Interest equalisation and the financing of export credits by Finnish Export Credit Ltd accounted for EUR 5 million (1 million).

The parent company's export financing and SME financing showed a profit: the separate result for export credit guarantees and special guarantees came to EUR 46 million (31 million), while the profit for loans and guarantees in SME financing was EUR 10 million (4 million).

In accordance with IAS 8 standard, an adjustment affecting the previous financial periods has been made in the Finnvera Group's financial statements for January–June 2015. Owing to a system error in the accrual of income from export credit guarantees and expenses from reinsurance, the sums recognised on the income statement had been too small. Correspondingly, the sums for guarantee premiums and reinsurance premiums paid in advance and shown on the balance sheet had been too large. The adjustment had an effect of EUR 53 million on the equity attributable to the parent company on the balance sheet as per 31 December 2014 and 30 June 2015. The effect on the net value of fee and commission income and expenses for the reference period 1 January–30 June 2014 was EUR 43 thousand (Notes to the accounts 1).

<b>Finnvera Group Financial performance</b>	<b>Q2/2015 MEUR</b>	<b>Q1/2015 MEUR</b>	<b>Change %</b>	<b>Q2/2014 MEUR</b>	<b>Change %</b>	<b>H1/2015 MEUR</b>	<b>H1/2014 MEUR</b>	<b>Change %</b>
Net Interest income	15	14	7	15	-2	28	28	2
Fee and commission income and expenses (net)	36	37	-3	34	7	73	71	4
Gains/losses from items carried at fair value	-7	1	-702	-4	89	-6	-7	-17
Administrative expenses	-11	-11	-4	-11	3	-22	-21	6
Impairment losses, guarantee losses	-3	-12	-78	-7	-60	-14	-35	-58
Loans and domestic guarantees	-7	-65	-89	-22	-68	-72	-41	76
Credit loss compensation from the State	5	55	-92	11	-59	60	23	162
Export credit guarantees and special guarantees	0	-2	-81	4	-109	-2	-17	-86
Operating profit	28	27	4	27	5	56	34	64
Profit for the period	28	26	8	27	7	55	34	59

**CEO Pauli Heikkilä:**

“For us, the first six months of the year were busy as concerns both demand for financing and the granting of financing. Thanks to our ever wider range of financing opportunities, we were able to participate in many financial arrangements. For instance, we completed our first bond subscription during the period under review. Our anchor role ensured that financing could be arranged for the total investment of over 100 million euros by Kotkamills. We are also participating in the financial arrangements for the bioproduct mill to be constructed in Äänekoski by Metsä Group. To facilitate equipment purchases from Finland, we provide guarantees for about half, or 400 million euros, of the debt needed for the project. Apart from Finnvera, six commercial banks, the Swedish Export Credits Guarantee Board (EKN) and the European Investment Bank are participating in the arrangements.”

## Finnvera Group

### Interim Report 1 January–30 June 2015

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*Aside from the parent company, Finnvera plc, the Finnvera Group comprises the following subsidiaries: Seed Fund Vera Ltd and Veraventure Ltd, engaged in venture capital investments, and Finnish Export Credit Ltd, which provides export credits and administers interest equalisation.*

## The Group's financial trend

### The Finnvera Group's January–June 2015

The Finnvera Group's profit for January–June came to EUR 55 million (34 million). This was EUR 20 million more than for the first six months of 2014. The main factors improving the financial performance were the decreases in impairment losses on receivables and guarantee losses, as well as the increase in the fee and commission income of the parent company, Finnvera plc.

The profit of the parent company, Finnvera plc, stood at EUR 56 million (40 million). The Group companies and associated companies had an effect of EUR -1 million on the profit (-5 million). Venture capital investments accounted for EUR -6 million (-7 million) of this effect. Interest equalisation and the financing of export credits by Finnish Export Credit Ltd accounted for EUR 5 million (1 million).

The parent company's export financing and SME financing showed a profit: the separate result for export credit guarantees and special guarantees came to EUR 46 million (31 million), while the profit for credits and guarantees in SME financing was EUR 10 million (4 million).

#### **Adjustment of the accrual of export credit guarantee income and reinsurance expenses for previous financial periods**

In accordance with IAS 8 standard, an adjustment affecting the previous financial periods has been made in the Finnvera Group's financial statements for January–June 2015. Owing to a system error in the accrual of income from export credit guarantees and expenses from reinsurance, the sums recognised on the income statement had been too small. Correspondingly, the sums for guarantee premiums and reinsurance premiums paid in advance and shown on the balance sheet had been too large. The adjustment had an effect of EUR 53 million on the equity attributable to the parent company on the balance sheet as per 31 December 2014 and 30 June 2015. The effect on the net value of fee and commission income and expenses for the reference period 1 January–30 June 2014 was EUR 43 thousand (Notes to the accounts 1).

### The Finnvera Group's April–June 2015

The Finnvera Group's profit for the second quarter of 2015 was EUR 28 million, or 8 per cent and EUR 2 million better than for the first quarter (26 million).

The main factors affecting the improved result were the impairment losses on receivables and guarantee losses, which were EUR 9 million less than during the first quarter. In addition, financial performance was improved by the increase of 7 per cent, or EUR 1 million, in the net interest income when compared to the previous quarter. Correspondingly, the result for the second quarter was impaired by the increase of EUR 8 million in losses on items carried at fair value and the decrease of 3 per cent, or EUR 1 million, in fee and commission income and expenses. Administrative expenses in the second quarter were level with administrative expenses in the first quarter.

### Analysis of the financial performance for January–June 2015

#### **Interest income and expenses and interest subsidies**

In January–June, the Group's net interest income amounted to EUR 28 million, or slightly more than during the first six months of 2014 (28 million).

The interest subsidies paid by the State and the European Regional Development Fund (ERDF), and passed on to clients directly, totalled EUR 2 million, or nearly 50 per cent less than the year before (4 million). The granting of interest-subsidised financing ceased at the beginning of 2014. This reduced the amount of interest subsidies paid during the period under review and will bring the accumulation of interest subsidies to a complete stop in the coming years.

#### **Fee and commission income and expenses**

The net value of the Group's fee and commission income and expenses came to EUR 73 million. This was 4 per cent more than during the same period the year before (71). Underlying the increase were some individual major export credit guarantees that came into effect and the general rise in risk premiums on the market.

The gross sum of the fee and commission income totalled EUR 79 million (74 million). Of this, the parent company's fee and commission income from export credit guarantees and special guarantees accounted for EUR 59 million, or 75 per cent (55), while SME financing accounted for EUR 19 million, or 25 per cent (19). Finnish Export Credit Ltd's fee and commission income from interest equalisation and export credit financing amounted to EUR 0.4 million (0.6 million).

The fee and commission expenses totalled EUR 6 million (3 million). The fee and commission expenses consisted mainly of reinsurance costs for policies taken out by the parent company, Finnvera plc. Reinsurance protection has been increased, which has contributed to the rise in reinsurance costs.

#### Gains/losses from items carried at fair value

The Group's losses from items carried at fair value totalled EUR 6 million (7 million). Of these losses, the change in the fair value of venture capital investments accounted for EUR 5 million (7 million). The change in the fair value of debts and interest rate and currency swaps, as well as exchange rate differences, accounted for EUR 1 million (1 million).

#### Other income

Net income from investments and other operating income were negative for the Group, totalling EUR -0.3 million in January-June (1 million). Losses in the assignment of debt securities caused the decline.

#### Impairment losses on receivables, guarantee losses

The Group's impairment losses and guarantee losses on loans, domestic guarantees, export guarantees and special guarantees totalled EUR 75 million (58 million). After the

compensation for credit losses by the State, the Finnvera Group's liability for the impairment and losses in the period under review was EUR 14 million (35 million).

Impairment, losses and provisions for losses on loans and guarantees totalled EUR 72 million (41 million). The compensation for credit losses paid by the State and the European Regional Development Fund totalled EUR 60 million (23 million), or 68 per cent of the losses materialised (51). Some large individual losses that materialised in January-June had an impact on the total compensation for credit losses.

Losses on export credit guarantees and special guarantees, including the change in the provisions for losses, were EUR 2 million during the period under review (17 million). The provisions for losses are estimates and were reduced during 2014.

Calculated according to the method harmonised at EU level, the net amount of doubtful and zero-interest receivables in SME financing stood at EUR 244 million at the end of June. When the impairment losses recognised are considered, doubtful and zero-interest receivables accounted for 9.7 per cent of the total outstanding commitments. When the State's compensation for credit losses – a reducing element in SME financing – is also taken into account, the ratio of doubtful and zero-interest receivables to total outstanding commitments was 5.0 per cent.

Finnvera Group Impairment losses on receivables, guarantee losses	Q2/2015 MEUR	Q1/2015 MEUR	Change %	Q2/2014 MEUR	Change %	H1/2015 MEUR	H1/2014 MEUR	Change %
Impairment losses on receivables, guarantee losses	-3	-12	-78	-7	-60	-14	-35	-58
Loans and domestic guarantees	-7	-65	-89	-22	-68	-72	-41	76
Credit loss compensation from the State	5	55	-92	11	-59	60	23	162
Export credit guarantees and special guarantees	0	-2	-81	4	-109	-2	-17	-86

#### Operating expenses

The Group's administrative expenses, including personnel expenses and other expenses, were EUR 22 million (21 million). Administrative expenses totalled EUR 1 million more than during the first six months of 2014 (1 million). Personnel expenses accounted for 70 per cent (68) of administrative expenses.

Other operating expenses, which include depreciation and costs associated with real property came to EUR 3 million (3 million).

#### 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. The period for reviewing self-sustainability is 10 years for SME financing and 20 years for export financing.

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 June 2015. Correspondingly, export financing has been economically self-sustainable during Finnvera's history of more than 15 years of operation. If the payment-based result of Finnvera's predecessor, the Finnish Guarantee Board, for its last years of operation is taken into account when reviewing the self-sustainability of export financing, economic self-sustainability is also realised over a 20-year period.

The extent and risk level of Finnvera's outstanding commitments will have a significant impact on its financial performance and long-term economic self-sustainability in the coming years. In examining the financial performance, it is important to note that, at the end of June 2015, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 16.6 billion and the commitments for loans and guarantees in SME financing, as well as guarantee receivables, stood at EUR 2.4 billion. Seen against these commitments, the net profit building a loss buffer on the balance sheet is now about 0.6 per cent at the annual level, and the equity is 6 per cent.

### Balance sheet 30 June 2015

At the end of June, the consolidated balance sheet total was EUR 7,066 million (6,619 million), while the balance sheet total of the parent company, Finnvera plc, came to EUR 4,642 million (4,122 million). The consolidated balance sheet total increased by 7 per cent, or EUR 447 million, during the first half of 2015. Most of the increase stemmed from the financing of export credits carried out by Finnish Export Credit Ltd. At the end of June, the balance sheet total of Finnish Export Credit Ltd was EUR 4,101 million (3,425 million).

At the end of June, the Group's outstanding credits amounted to EUR 5,175 million (4,593 million), or EUR 582 million more than at the start of the year. The outstanding credits of the parent company, Finnvera plc, came to EUR 2,792 million (2,193 million), of which the receivables from the subsidiaries totalled EUR 1,607 million (928 million).

The parent company's outstanding domestic guarantees increased slightly during early 2015 and totalled EUR 1,019 million on 30 June (988 million).

The outstanding commitments, as defined in the Act on the State's Export Credit Guarantees, totalled EUR 12,986 million at the end of June (10,755 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 16,585 million (12,600 million).

The parent company's long-term liabilities as per 30 June totalled EUR 2,985 million (2,650 million). Of this sum, EUR 2,894 million (2,564 million) consisted of bonds. The liabilities include subordinated loans of EUR 41 million received by Finnvera from the State for investment in the share capitals of Seed Fund Vera Ltd and Veraventure Ltd (36 million), and a subordinated loan of EUR 50 million granted by the State for strengthening capital adequacy (50 million).

At the end of the period under review, the Group's non-restricted reserves contained a total of EUR 811 million (756 million), of which the reserve for domestic operations accounted for EUR 136 million (135 million), the reserve for export credit guarantees and special guarantees EUR 536 million (436 million), the reserve for venture capital investments EUR 17 million (17 million) and retained profits for EUR 122 million (169 million). To comply with the requirements of IAS 8 standard, an adjustment in the non-restricted reserves was made during the period under review. The reason for the adjustment was a system error affecting export credit guarantee income and reinsurance expenses, which meant that the figures for guarantee premiums and reinsurance premiums paid in advance for the previous financial periods and shown on the balance sheet were too high.

The reserve for venture capital investments, under unrestricted equity on the balance sheet, is used to monitor the assets allocated by the ERDF to venture capital investments.

<b>Finnvera Group Balance sheet</b>	<b>30 June 2015 MEUR</b>	<b>31 Dec 2014 MEUR</b>	<b>Change MEUR</b>	<b>Change %</b>
Share capital	197	197	0	0
Share premium and fair value reserve	50	51	0	-1
Non-restricted reserves, in total	811	756	55	7
Reserve for domestic operations	136	135	1	1
Reserve for export credit guarantees and special guarantees	536	436	100	23
Other	17	17	0	2
Retained earnings	122	169	-46	-27
Equity attributable to the parent company's shareholders	1,058	1,004	55	5
Share of equity held by non-controlling interest	5	5	0	-5
Balance sheet total	7,066	6,619	447	7

### Acquisition of funds

In January–June, the Group's long-term acquisition of funds totalled EUR 443 million (905 million). EUR 372 million in long-term loans was repaid (213 million).

### Capital adequacy

According to the goal set by State of Finland, the owner of Finnvera, the Group's capital adequacy ratio should be at

least 12.0 per cent. At the end of June, the Group's capital adequacy ratio Tier 2 stood at 18.2 per cent (18.6) while the capital adequacy of the parent company, Finnvera plc, was 17.3 per cent (17.8). Capital adequacy has been calculated in accordance with the principles of the Basel III standard method.

<b>Capital adequacy Finnvera Group</b>	<b>30 June 2015 %</b>	<b>31 Dec 2014 %</b>	<b>Change % points</b>	<b>30 June 2014 %</b>
Tier 1	17.6	17.7	-0.1	16.4
Tier 2	18.2	18.6	-0.4	17.4

<b>Capital adequacy Finnvera plc</b>	<b>30 June 2015 %</b>	<b>31 Dec 2014 %</b>	<b>Change % points</b>	<b>30 June 2014 %</b>
Tier 1	16.7	16.9	-0.2	16.2
Tier 2	17.3	17.8	-0.5	17.2

The Act on Finnvera (443/1998) stipulates that domestic operations must be kept separate from export credit guarantee and special guarantee operations. In consequence, losses from domestic operations are covered from the reserve for domestic operations, while losses from export credit guarantees and special guarantees are covered from the reserve 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 reserve for export credit guarantee and special guarantee operations lack 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 prescribed 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.

At the end of June, the Finnvera Group's risk-weighted receivables totalled EUR 2,361 million (2,349 million). Of these, loans and guarantees pertaining to business proper



amounted to EUR 1,864 million (1,926 million), or 79 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 indi-

vidual 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.

<b>Finnvera Group Capital for calculating capital adequacy</b>	<b>30 June 2015 MEUR</b>	<b>31 Dec 2014 MEUR</b>	<b>30 June 2014 MEUR</b>
Equity excl. profit for the year	955	855	848
Intangible assets	-4	-3	-3
Reserve for export credit guarantees and special guarantees	-536	-436	-436
Profit for the period	0	101	0
Profit for the period attributable to export credit guarantees	0	-100	0
Subordinated loan	15	20	25
<b>Total</b>	<b>430</b>	<b>436</b>	<b>435</b>

<b>Finnvera Group Risk-weighted items</b>	<b>30 June 2015 MEUR</b>	<b>31 Dec 2014 MEUR</b>	<b>30 June 2014 MEUR</b>
Receivables from credit institutions	125	138	47
Receivables from clients	1,864	1,926	2,064
Investments and derivatives	150	73	198
Receivables, prepayments, interest and other receivables, other assets	22	27	20
Binding promises for loans	111	98	81
Operational risk	87	87	96
<b>Total</b>	<b>2,361</b>	<b>2,349</b>	<b>2,506</b>

Tier 2	18.2%	18.6%	17.4%
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## Risk position

### SME financing

The general economic situation in Finland was stagnant during the first half of 2015 and the GDP trend was around zero. However, credit risks in Finnvera's SME financing have become somewhat smaller and the sums involved, for instance, in bankruptcies and in restructuring of enterprises have been only half of the level that prevailed the year before. The changes in outstanding credits were relatively small and, when seen as a whole, no major changes occurred in the risk level during the first half of the year.

The comparable outstanding commitments totalled EUR 2.5 billion at the end of June; this was at the same level as the year before. During the first six months of 2015, the amount of new financing offers increased by about 20

per cent when compared against the same period a year earlier. The growth in commitments centred on category B2, where credit risks are on the average level. Otherwise there were only minor changes in the credit risk distribution. In the first half of the year, impairment losses on receivables for loans, as well as losses and provisions for losses on guarantees, came to EUR 72 million, or EUR 32 million more than the year before. The growth in credit losses is explained by a single entry of EUR 44 million. However, this did not have a direct effect on Finnvera plc's financial performance during the period under review.

### Venture capital investments and investments in subsidiaries

Finnvera's subsidiaries follow the risks of their own investments independently, and report on these risks separately. The investment portfolios of companies engaged in venture capital investment are valued according to the

recommendations issued by the Finnish Venture Capital Association. In addition, the companies' risk-taking is followed through ownership steering conducted by the parent company.

The parent company's liability for investments in subsidiaries totalled EUR 191 million at the end of June. In the first six months of the year, the parent company invested EUR 15 million of funds obtained through the government in Seed Fund Vera Ltd.

### Export financing

At the end of June, outstanding commitments for Finnvera's export financing totalled EUR 16.4 billion. This was EUR 4.0 billion more than at the start of the year. This significant increase in outstanding commitments was mainly associated with export deals in the sectors of shipbuilding and telecommunications, and with the strengthening of the U.S. dollar, which had an impact of EUR 0.8 billion on the increase. The ten largest concentrations of commitments account for about 58 per cent of all outstanding guarantees. The risk ratings of enterprises, banks and countries have remained virtually unchanged. However, the rating of Russia – an important country for the company – fell from 3 to 4 at the start of the year.

Over 90 per cent of Finnvera's outstanding commitments are in the average credit rating category B2 or a better category. As a result of uncertainties and rapid changes associated with financial markets, the international situation and economic trends, abrupt events can lead to credit losses. Individual risk concentrations are great in relation to the size of Finnvera's outstanding commitment; therefore, a loss arising from one counterparty alone, if manifested, may be considerable.

The loans arranged by Finnvera's subsidiary Finnish Export Credit Ltd for export financing totalled EUR 4.0 billion at the end of June (EUR 3,3 billion). The State bears the responsibility for interest risks arising from interest equalisation; thus, the risks in interest equalisation do not affect the Finnvera Group's profit. The State Treasury monitors this risk and is responsible for any protection measures.

### Personnel

At the end of June, the Group had 400 employees (412 on 30 June 2014), of whom 355 (372) held a permanent post

and 45 (40) a fixed-term post. Of the fixed-term personnel, 24 (23) were summer workers.

## Changes in the operating environment and in industrial and ownership policies

### A new refinancing guarantee adopted

As from 1 May 2015, it became possible for Finnvera to guarantee the refinancing of export credits granted by banks to buyers. The Refinancing Guarantee is a specific guarantee used to arrange financing for export trade. Its purpose is to facilitate the funding of export credits granted to buyers. Finnvera can grant the guarantee, for instance, to an institutional investor that refinances an export credit given by a bank. The guarantee can also be utilised in the financing of domestic investments that benefit exports.

### A loan of USD 500 million issued

On 28 May 2015, Finnvera issued a ten-year fixed-rate note of USD 500 million. The note was issued under Finnvera's EMTN (Euro Medium Term Note) programme.

### Events after the period under review

Finnvera guarantees new shipbuilding contracts and participates in the financing of two cruise vessels, Mein Schiff 7 and 8, ordered by TUI Cruises GmbH and to be built at the Turku shipyard of Meyer Turku Ltd. Finnvera provides guarantees for the pre-delivery financing granted to the shipyard and for the post-delivery financing granted to the buyer. Finnvera guarantees 50 per cent of the pre-delivery credit and 80 per cent of advance payments, as well as 95 per cent of the post-delivery buyer credits for the vessels ordered by TUI Cruises GmbH.

Finnvera's subsidiary, Finnish Export Credit Ltd, provides financing for the buyer credits arranged by commercial banks. When the ships ordered both earlier and now are considered together, Finnvera's commitments on behalf of the shipowner will rise at most to about EUR 2 billion. After these latest orders for ships placed by TUI Cruises GmbH, Finnvera's commitments for the financing of Meyer Turku Ltd can rise at most to about EUR 850 million.

After the period under review, some of Finnvera's client enterprises have carried out company reorganisations and financial arrangements. It is thought that these will reduce the parent company Finnvera plc's credit risks and will

have a positive impact on the Finnvera Group's financial performance in the third quarter.

### Outlook for demand for financing

During the first half of 2015, demand for Finnvera's SME financing was considerably livelier than it was a year ago. The value of the applications increased by 44 per cent. Above all, the growth was attributable to Finnvera's wider mandates, such as the possibility to finance enterprises larger than SMEs and to subscribe bonds. The SME financing volume is also expected to remain on high level during the latter half of the year.

Individual large projects increased the demand for export financing, which was more than triple the figure for the corresponding period the year before. Demand for export credit guarantees is expected to remain brisk in Finland. However, the worldwide demand for guarantees has shown signs of decline in many countries because banks have increasingly often started once again to provide financing for large export transactions and, on the other hand, because investments have been falling, especially in the energy sector.

## Comprehensive income statement

(EUR 1,000)	Note	Finnvera Group		Finnvera plc	
		1-6 2015	1-6 2014	1-6 2015	1-6 2014
Interest income					
Loans		57 057	51 780	23 561	22 057
Subsidies passed on to customers		1 947	3 669	1 947	3 669
Other		2 710	2 013	2 555	2 265
<b>Total interest income</b>		<b>61 714</b>	<b>57 462</b>	<b>28 063</b>	<b>27 991</b>
Interest expenses		-33 311	-29 505	-3 045	-2 096
<b>Net interest income</b>		<b>28 403</b>	<b>27 957</b>	<b>25 018</b>	<b>25 895</b>
Net fee and commission income		73 261	70 740	72 865	70 146
Gains and losses from financial instruments carried at fair value	3	-5 961	-7 185	16	-438
Net income from investments		-322	555	-416	43
Other operating income		174	612	568	1 019
Administrative expenses					
Wages and salaries		-15 441	-14 132	-14 909	-13 570
Other administrative expenses		-6 749	-6 792	-6 442	-6 488
<b>Total administrative expenses</b>		<b>-22 190</b>	<b>-20 924</b>	<b>-21 351</b>	<b>-20 058</b>
Other operating expenses		-3 178	-2 957	-6 938	-2 955
Impairment loss on financial assets	4				
Impairment losses on credits and losses on guarantees		-72 288	-41 041	-71 823	-40 245
Credit loss compensation from the State		60 058	22 915	60 058	22 915
Losses on export credit guarantees and special guarantees		-2 266	-16 724	-2 266	-16 724
<b>Net impairment loss on financial assets</b>		<b>-14 496</b>	<b>-34 849</b>	<b>-14 031</b>	<b>-34 054</b>
<b>Operating profit</b>		<b>55 691</b>	<b>33 949</b>	<b>55 730</b>	<b>39 599</b>
Income tax expense		-1 040	322	0	0
<b>Profit for the period</b>		<b>54 651</b>	<b>34 272</b>	<b>55 730</b>	<b>39 599</b>
Other comprehensive income					
Items that may be reclassified subsequently to the statement of income					
-Comprehensive income for the period/Change in the fair value of shares for sale		-460	-315	-458	-332
<b>Total other comprehensive income</b>		<b>-460</b>	<b>-315</b>	<b>-458</b>	<b>-332</b>
<b>Total comprehensive income for the period</b>		<b>54 191</b>	<b>33 957</b>	<b>55 273</b>	<b>39 268</b>
<b>Distribution of the profit for the period attributable to</b>					
Equity holders of the parent company		54 934	34 397		
Non-controlling interest		-283	-125		
		<b>54 651</b>	<b>34 272</b>		
<b>Distribution of the total comprehensive income for the period attributable to</b>					
Equity holders of the parent company		54 474	34 082		
Non-controlling interest		-283	-125		
		<b>54 191</b>	<b>33 957</b>		

## Balance sheet

(EUR 1,000)	Finnvera Group		Finnvera plc		
	Note	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
<b>ASSETS</b>					
<b>Loans and receivables from credit institutions</b>					
Payable on demand		596 802	634 614	559 655	549 942
Other than payable on demand		30 095	56 304	8 163	20 252
		<b>626 897</b>	<b>690 918</b>	<b>567 818</b>	<b>570 194</b>
<b>Loans and receivables from customers</b>					
Loans		5 174 910	4 592 991	2 792 246	2 192 725
Guarantee receivables		37 233	38 740	37 233	38 740
Receivables from export credit and special guarantee operations		12 618	11 238	12 618	11 238
		<b>5 224 762</b>	<b>4 642 969</b>	<b>2 842 098</b>	<b>2 242 703</b>
<b>Investments</b>					
Debt securities		804 953	934 721	789 953	934 721
Investments in group companies		0	0	174 815	159 815
Associates		64 076	63 570	0	349
Other shares and participations		75 687	67 134	14 509	14 520
		<b>944 715</b>	<b>1 065 425</b>	<b>979 277</b>	<b>1 109 404</b>
<b>Derivatives</b>	<b>9</b>	91 644	51 434	91 048	51 434
<b>Intangible assets</b>		3 661	3 427	3 612	3 378
<b>Property and equipment</b>					
Properties		168	171	168	171
Equipment		1 545	1 171	1 545	1 171
		<b>1 713</b>	<b>1 342</b>	<b>1 713</b>	<b>1 342</b>
<b>Other assets</b>					
Credit loss receivables from the state		5 729	19 713	5 729	19 713
Other		7 249	4 345	7 249	7 783
		<b>12 979</b>	<b>24 059</b>	<b>12 979</b>	<b>27 496</b>
<b>Prepayments and accrued income</b>		159 540	139 136	143 699	116 168
<b>Tax assets</b>		190	190		
<b>TOTAL ASSETS</b>		<b>7 066 099</b>	<b>6 618 900</b>	<b>4 642 243</b>	<b>4 122 120</b>
<b>LIABILITIES</b>					
<b>Liabilities to credit institutions</b>		0	0	0	0
<b>Liabilities to other institutions</b>					
At fair value through profit or loss	<b>10</b>	37 814	35 769	0	0
Other financial liabilities		2 414 047	2 419 517	63 068	0
<b>Debt securities in issue</b>					
At fair value through profit or loss	<b>10</b>	2 893 681	2 564 141	2 893 681	2 564 141
<b>Derivatives</b>	<b>9</b>	144 734	106 232	144 734	103 794
<b>Provisions</b>		58 614	55 276	58 614	55 276
<b>Other liabilities</b>		58 609	50 769	50 758	50 705
<b>Accruals and deferred income</b>		301 672	289 211	295 200	272 621
<b>Tax liabilities</b>		2 281	2 862		
<b>Capital loans</b>	<b>10</b>	91 139	86 139	91 139	86 139
		<b>6 002 590</b>	<b>5 609 914</b>	<b>3 597 194</b>	<b>3 132 676</b>
<b>EQUITY</b>					
<b>Equity attributable to the parent company's shareholders</b>					
<b>Share capital</b>		196 605	196 605	196 605	196 605
<b>Share premium</b>		51 036	51 036	51 036	51 036
<b>Fair value reserve</b>		-559	-99	-694	-236
<b>Non-restricted reserves</b>					
Reserve for domestic operations		135 879	135 089	135 879	135 089
Reserve for export credit guarantees and special guarantees		536 064	435 628	536 064	435 628
Other		16 952	16 619	16 952	16 619
Retained earnings		122 415	168 708	109 207	154 704
		<b>811 311</b>	<b>756 044</b>	<b>798 102</b>	<b>742 039</b>
<b>Total equity</b>		<b>1 058 393</b>	<b>1 003 586</b>	<b>1 045 049</b>	<b>989 443</b>
<b>Share of equity held by non-controlling interest</b>		5 116	5 399		
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7 066 099</b>	<b>6 618 900</b>	<b>4 642 243</b>	<b>4 122 120</b>

## Statement of changes in equity

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Finnvera Group</b>										
<b>Equity attributable to the parent company's shareholders</b>										
<b>Reported balance at 31 Dec 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>-99</b>	<b>135 089</b>	<b>435 628</b>	<b>16 619</b>	<b>115 736</b>	<b>950 613</b>	<b>5 399</b>	<b>956 012</b>
Error in the accrual of fee and commission income and expenses							52 973	52 973		52 973
<b>Restated balance at 1 Jan 2015</b>	<b>196 605</b>	<b>51 036</b>	<b>-99</b>	<b>135 089</b>	<b>435 628</b>	<b>16 619</b>	<b>168 709</b>	<b>1 003 586</b>	<b>5 399</b>	<b>1 008 985</b>
Cancelled amount of subordinated loan received from the owner							0	0		0
Comprehensive income for the period/Change in the fair value of shares for sale			-460				54 934	<b>54 474</b>	0	<b>54 474</b>
Transfer to reserves				791	100 436	333	-101 227	<b>333</b>		<b>333</b>
Adjustments										<b>0</b>
<b>Balance at 30 June 2015</b>	<b>196 605</b>	<b>51 036</b>	<b>-559</b>	<b>135 879</b>	<b>536 064</b>	<b>16 952</b>	<b>122 415</b>	<b>1 058 392</b>	<b>5 116</b>	<b>1 063 792</b>
<b>Reported balance at 31 Dec 2013</b>	<b>196 605</b>	<b>51 036</b>	<b>518</b>	<b>137 172</b>	<b>357 825</b>	<b>17 225</b>	<b>82 590</b>	<b>842 972</b>	<b>5 594</b>	<b>848 566</b>
Error in the accrual of fee and commission income and expenses							54 411	54 411		54 411
<b>Restated balance at 1 Jan 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>518</b>	<b>137 172</b>	<b>357 825</b>	<b>17 225</b>	<b>137 001</b>	<b>897 383</b>	<b>5 594</b>	<b>902 977</b>
Cancelled amount of subordinated loan received from the owner							0	0		0
Comprehensive income for the period/Change in the fair value of shares for sale			-110				34 354	<b>34 244</b>	-125	<b>34 117</b>
Transfer to reserves				-2 084	77 803	0	-75 719	<b>0</b>		<b>0</b>
<b>Reported balance at 30 June 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>408</b>	<b>135 088</b>	<b>435 628</b>	<b>17 225</b>	<b>95 636</b>	<b>931 626</b>	<b>5 468</b>	<b>937 095</b>
Error in the accrual of fee and commission income and expenses							43	43		43
<b>Restated balance at 30 June 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>408</b>	<b>135 088</b>	<b>435 628</b>	<b>17 225</b>	<b>95 679</b>	<b>931 669</b>	<b>5 468</b>	<b>937 138</b>
<b>Finnvera plc</b>										
<b>Reported balance at 31 Dec 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>-236</b>	<b>135 089</b>	<b>435 628</b>	<b>16 619</b>	<b>101 731</b>	<b>936 472</b>		
Error in the accrual of fee and commission income and expenses							52 973			
<b>Balance at 1 Jan 2015</b>	<b>196 605</b>	<b>51 036</b>	<b>-236</b>	<b>135 089</b>	<b>435 628</b>	<b>16 619</b>	<b>154 704</b>	<b>936 472</b>		
Cancelled amount of subordinated loan received from the owner							0	0		
Comprehensive income for the period/Change in the fair value of shares for sale			-458				55 730	<b>55 273</b>		
Transfer to reserves				791	100 436	333	-101 227	<b>333</b>		
Adjustments										<b>0</b>
<b>Balance at 30 June 2015</b>	<b>196 605</b>	<b>51 036</b>	<b>-694</b>	<b>135 879</b>	<b>536 064</b>	<b>16 952</b>	<b>109 207</b>	<b>1 045 049</b>		
<b>Reported balance at 31 Dec 2013</b>	<b>196 605</b>	<b>51 036</b>	<b>-71</b>	<b>137 172</b>	<b>357 825</b>	<b>17 225</b>	<b>76 223</b>	<b>836 015</b>		
Error in the accrual of fee and commission income and expenses							54 411			
<b>Restated balance at 1 Jan 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>-71</b>	<b>137 172</b>	<b>357 825</b>	<b>17 225</b>	<b>130 634</b>	<b>836 015</b>		
Cancelled amount of subordinated loan received from the owner							0	0		
Comprehensive income for the period/Change in the fair value of shares for sale			-154				39 556	<b>39 402</b>		
Transfer to reserves				-2 084	77 803	0	-75 719	<b>0</b>		
<b>Reported balance at 30 June 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>-225</b>	<b>135 088</b>	<b>435 628</b>	<b>17 225</b>	<b>94 470</b>	<b>929 827</b>		
Error in the accrual of fee and commission income and expenses							43			
<b>Restated balance at 30 June 2014</b>	<b>196 605</b>	<b>51 036</b>	<b>-379</b>	<b>133 004</b>	<b>513 431</b>	<b>17 225</b>	<b>58 350</b>	<b>969 272</b>		

Legend:

A = Share capital

B = Share premium

C = Fair value reserve

D = Reserve for domestic operations

E = Reserve for export credit guarantees and special guarantees

F = Other reserves

G = Retained earnings

H = Total

I = Share of equity held by non-controlling interest

J = Total equity

## Statement of cash flow

	Finnvera Group		Finnvera plc	
	1–6 2015	1–6 2014	1–6 2015	1–6 2014
(EUR 1,000)				
<b>Cash flows from operating activities</b>				
Withdrawal of loans granted	-1 170 486	-1 013 043	-1 169 126	-609 769
Repayments of loans granted	745 901	514 827	575 340	386 817
Purchase of investments	-6 848	-7 686	-15 000	-10 000
Proceeds from investments	3 383	9 763	0	0
Interest received	56 172	49 590	22 635	20 195
Interest paid	-37 639	-31 135	-2 591	-1 616
Interest subsidy received	406	2 869	406	2 869
Payments received from commission income	91 879	71 441	89 520	69 633
Payments received from other operating income	107 267	12 410	103 793	12 073
Payments for operating expenses	-33 460	-35 242	-34 421	-33 470
Claims paid	-18 827	-20 683	-18 827	-20 683
Taxes paid	-1 047	-802	0	0
<b>Net cash used in (-) / from (+) operating activities (A)</b>	<b>-263 299</b>	<b>-447 691</b>	<b>-448 271</b>	<b>-183 951</b>
<b>Cash flow from investing activities</b>				
Purchase of property and equipment and intangible assets	-1 096	-429	-1 096	-429
Proceeds from other investments	255	178	255	178
Dividends received from investments	106	303	18	12
<b>Net cash used in (-) / from (+) investing activities (B)</b>	<b>-735</b>	<b>52</b>	<b>-823</b>	<b>-239</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans	442 943	904 626	505 678	502 870
Repayment of loans	-371 840	-212 685	-201 177	-91 116
Payments from derivatives collateral	-2 550	0	-2 550	0
<b>Net cash used in (-) / from (+) financing activities (C)</b>	<b>68 553</b>	<b>691 941</b>	<b>301 951</b>	<b>411 754</b>
<b>Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>-195 481</b>	<b>244 303</b>	<b>-147 143</b>	<b>227 564</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 615 330</b>	<b>661 834</b>	<b>1 504 914</b>	<b>568 009</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 419 849</b>	<b>906 137</b>	<b>1 357 771</b>	<b>795 573</b>
<b>Cash and cash equivalents at the end of the period</b>				
Receivables from credit institutions	604 965	225 343	567 818	177 407
Debt securities	804 953	624 167	789 953	618 167
Investments in short-term interest reserves	9 931	56 628	0	0
	<b>1 419 849</b>	<b>906 137</b>	<b>1 357 771</b>	<b>795 573</b>



## Notes to the accounts

### Accounting principles

The financial statements of the Finnvera Group and the parent company, Finnvera plc, are drawn up according to the International Financial Reporting Standards (IFRS). The income statement is presented in accordance with the IAS 1 Presentation of Financial Statements.

Finnvera's Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU. The principles for drawing up the financial statements are described in Finnvera's Financial Statements for 2014.

The new and amended standards introduced by the Finnvera Group and their interpretations are presented in the accounting principles for the 2014 financial statements. They do not have any major impact on the consolidated financial statements.

### 1 Error in the accrual of fee and commission income and expenses for guarantees, which affects previous periods

Owing to a system error, income from premiums on export guarantees (fee and commission income) and reinsurance expenses (fee and commission expenses) have been recognised overly small on the income statements for previous periods. Correspondingly, the sums for guarantee premiums paid in advance (deferred income) and reinsurance premiums paid in advance (accrued income) have been too large on the balance sheet. The error has been corrected in accordance with the requirements of Standard IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors by adjusting the financial statements as follows:

(1 000 e)	Finnvera Group			Finnvera plc		
	Reported	Adjustment	Adjusted	Reported	Adjustment	Adjusted
<b>1 Jan 2014</b>						
Prepayments and accrued income	69 115	-7 704	61 411	53 952	-7 704	46 248
Accruals and deferred income	307 616	-62 114	245 502	293 824	-62 114	231 710
Retained earnings	82 590	54 411	137 001	76 223	54 411	130 634
<b>Total equity</b>						
- Equity holders of the parent company	842 972	54 411	897 383	836 015	54 411	890 426
- Share of equity held by non-controlling interest	5 594	0	5 594			
<b>The Year 2014</b>						
Impact on the balance sheet, 31 Dec 2014						
Prepayments and accrued income	148 875	-9 739	139 136	125 907	-9 739	116 168
Accruals and deferred income	351 923	-62 712	289 211	335 333	-62 712	272 621
Retained earnings *)	115 736	52 973	168 708	101 731	52 973	154 704
<b>Total equity</b>						
- Equity holders of the parent company	950 613	52 973	1 003 586	936 471	52 973	989 443
- Share of equity held by non-controlling interest	5 399	0	5 399			
<b>Impact on the income statement, 1 Jan - 30 June 2014</b>						
Net fee and commission income	70 697	43	70 740	70 103	43	70 146
Profit for the period	34 228	43	34 271	39 556	43	39 599
<b>Impact on the income statement, 1 Jan - 31 Dec 2014</b>						
Net fee and commission income	138 487	-1 438	137 049	137 457	-1 438	136 019
Profit for the period	101 321	-1 438	99 883	93 878	-1 438	92 440

\*) By virtue of Section 4 of the Act on the State-owned Specialised Financing Company, the profit is transferred to the non-restricted reserves, as decided by the General Meeting. The adjustment applies to the profit from export credit guarantees and special guarantees. The decision on the transfer of this adjustment to the reserve for export credit guarantees and special guarantees will be made by the General Meeting at the same time as the decision on the use of the profit for the financial period 2015.

## 2 Segment information

Segment reporting in the Finnvera Group is based on internal business areas and organisational structure. Client enterprises have been divided into business areas by size, need for financing and 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. The segments and the principles governing the segment accounting are described in more detail in the Finnvera's Financial Statements for 2014.

### Income statement and balance sheet by segments

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Venture capital investments	Eliminations	Total
<b>Finnvera Group</b>							
<b>1–6/2015</b>							
Net interest income	4 532	15 230	3 407	4 897	338	0	<b>28 403</b>
Net fee and commission income	2 171	10 779	6 734	53 579	-1	0	<b>73 261</b>
Net impairment loss on financial assets	-1 062	-11 862	-2 830	1 723	-465	0	<b>-14 496</b>
Operating expenses*	-5 403	-7 692	-5 266	-9 775	-2 326	5 585	<b>-24 877</b>
Depreciation and amortization	-40	-211	-103	-138	0	0	<b>-491</b>
Other income, net**	-34	-155	-30	-202	-3 873	-1 815	<b>-6 109</b>
<b>Operating profit</b>	<b>163</b>	<b>6 089</b>	<b>1 912</b>	<b>50 085</b>	<b>-6 328</b>	<b>3 770</b>	<b>55 691</b>
<b>1–6/2014</b>							
Net interest income	4 453	12 072	7 842	2 714	876	0	<b>27 957</b>
Net fee and commission income	2 006	8 197	9 810	48 013	2 714	0	<b>70 740</b>
Net impairment loss on financial assets	876	-12 944	-6 409	-15 577	-795	0	<b>-34 849</b>
Operating expenses*	-5 089	-6 991	-5 642	-4 240	-3 079	1 634	<b>-23 407</b>
Depreciation and amortization	-39	-203	-99	-133	0	0	<b>-474</b>
Other income, net**	-347	-954	-754	1 410	-3 744	-1 629	<b>-6 018</b>
<b>Operating profit</b>	<b>1 861</b>	<b>-824</b>	<b>4 749</b>	<b>32 188</b>	<b>-4 029</b>	<b>6</b>	<b>33 949</b>
<b>Finnvera plc</b>							
<b>1–6/2015</b>							
Net interest income	4 532	15 230	3 407	1 850			<b>25 018</b>
Net fee and commission income	2 171	10 779	6 734	53 181			<b>72 865</b>
Net impairment loss on financial assets	-1 062	-11 862	-2 830	1 723			<b>-14 031</b>
Operating expenses*	-5 403	-7 692	-5 266	-9 437			<b>-27 797</b>
Depreciation and amortization	-40	-211	-103	-138			<b>-491</b>
Other income, net**	-34	-155	-30	387			<b>168</b>
<b>Operating profit</b>	<b>163</b>	<b>6 089</b>	<b>1 912</b>	<b>47 566</b>			<b>55 730</b>
<b>1–6/2014</b>							
Net interest income	4 453	12 072	7 842	1 528			<b>25 895</b>
Net fee and commission income	2 006	8 197	9 810	50 133			<b>70 103</b>
Net impairment loss on financial assets	876	-12 944	-6 409	-15 577			<b>-34 054</b>
Operating expenses*	-5 089	-6 991	-5 642	-4 817			<b>-22 539</b>
Depreciation and amortization	-39	-203	-99	-133			<b>-474</b>
Other income, net**	-347	-954	-754	2 679			<b>624</b>
<b>Operating profit</b>	<b>1 861</b>	<b>-824</b>	<b>4 749</b>	<b>33 771</b>			<b>39 556</b>

\*) 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

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

(EUR 1,000)	Finnvera Group		Finnvera plc	
	1 Jan–30 June 2015	1 Jan–30 June 2014	1 Jan–30 June 2015	1 Jan–30 June 2014
Derivatives	-34 545	-5 549	-2 561	1 120
Liabilities designated fair value through profit and loss	33 622	4 947	2 086	-2 070
Exchange rate differences	349	501	491	511
Venture capital investments; fair value changes	-5 388	-7 084	0	0
<b>Total</b>	<b>-5 961</b>	<b>-7 185</b>	<b>16</b>	<b>-438</b>

### 4 Impairment losses on receivables, guarantee losses

Loans and receivables are considered impaired when there is objective evidence of impairment.

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

(1 000 e)	Finnvera Group		Finnvera plc	
	1 Jan–30 June 2015	1 Jan–30 June 2014	1 Jan–30 June 2015	1 Jan–30 June 2014
<b>Impairment losses on receivables and guarantee losses</b>				
Impairment losses on receivables	-65 322	-29 890	-64 857	-29 094
- Credit losses materialised	-79 371	-33 285	-78 906	-32 490
- Change in impairment of individually assessed loans	14 507	1 766	14 507	1 766
- Change in impairment of collectively assessed loans	-459	1 630	-459	1 630
	0	0	0	0
Guarantee losses	-6 965	-11 151	-6 965	-11 151
- Guarantee losses materialised	-7 835	-11 879	-7 835	-11 879
- Change in individually assessed provisions for losses	244	2 327	244	2 327
- Change in collectively assessed provisions for losses	626	-1 600	626	-1 600
<b>Total, gross</b>	<b>-72 288</b>	<b>-41 041</b>	<b>-71 823</b>	<b>-40 245</b>
The State's and the ERDF's share of the credit and guarantee losses materialised	60 058	22 915	60 058	22 915
<b>Total, net</b>	<b>-12 230</b>	<b>-18 125</b>	<b>-11 765</b>	<b>-17 330</b>
<b>Losses on export credit guarantees and special guarantees</b>				
Guarantee losses	-2 266	-16 724	-2 266	-16 724
- Claims paid	-1 089	-497	-1 089	-497
- Accumulated recoveries	5 976	573	5 976	573
- Change in recovery receivables	-2 948	-1 862	-2 948	-1 862
- Provisions for losses on export credit guarantees and special guarantees	-4 205	-14 937	-4 205	-14 937
<b>Total</b>	<b>-2 266</b>	<b>-16 724</b>	<b>-2 266</b>	<b>-16 724</b>
<b>Impairment losses on credits and guarantee losses in total</b>	<b>-14 496</b>	<b>-34 849</b>	<b>-14 031</b>	<b>-34 054</b>

## 5 Classification of financial instruments

(EUR 1,000)	Finnvera Group					Finnvera plc				
Assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
<b>30 June 2015</b>										
Loans and receivables from credit institutions	626 897			626 897	626 897	567 818			567 818	567 818
Loans and receivables from customers	5 224 762			5 224 762	5 210 393	2 842 098			2 842 098	2 841 039
Debt securities			804 953	804 953	804 953			789 953	789 953	789 953
Derivatives		91 644		91 644	91 644		91 048		91 048	91 048
Investments in associates		38 384		64 076	64 076				0	0
Shares and participations		51 247	24 439	75 687	75 687			14 509	14 509	14 509
Other financial assets	133 163			133 163	133 163	116 749			116 749	116 749
<b>Total 30 June 2015</b>	<b>5 984 821</b>	<b>181 276</b>	<b>855 083</b>	<b>7 021 180</b>	<b>7 006 812</b>	<b>3 526 665</b>	<b>91 048</b>	<b>804 461</b>	<b>4 422 174</b>	<b>4 421 115</b>
<b>31 Dec 2014</b>										
Loans and receivables from credit institutions	690 918			690 918	690 902	570 194			570 194	570 194
Loans and receivables from customers	4 642 969			4 642 969	4 737 704	2 242 703			2 242 703	2 241 732
Debt securities			934 721	934 721	934 721			934 721	934 721	934 721
Derivatives		51 434		51 434	51 434		51 434		51 434	51 434
Investments in associates		35 369		63 570	63 570				349	349
Shares and participations		51 581	15 553	67 134	67 134			14 520	14 520	14 520
Other financial assets	131 894			131 894	131 894	104 769			104 769	104 769
<b>Total 31 Dec 2014</b>	<b>5 465 781</b>	<b>138 384</b>	<b>978 474</b>	<b>6 582 640</b>	<b>6 677 359</b>	<b>2 917 666</b>	<b>51 434</b>	<b>949 589</b>	<b>3 918 690</b>	<b>3 917 718</b>

(EUR 1,000)	Finnvera Group					Finnvera plc				
Liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value		
<b>30 June 2015</b>										
Liabilities to credit institutions			0	0			0	0		
Liabilities to other institutions	37 814	2 414 047	2 451 860	2 537 542		0	0	0		
Debt securities in issue	2 893 681		2 893 681	2 894 105	2 893 681		2 893 681	2 893 681		
Derivatives	144 734		144 734	144 734	144 734		144 734	144 734		
Other financial liabilities		303 306	303 306	303 306		288 968	288 968	288 968		
Subordinated liabilities		91 139	91 139	91 139		91 139	91 139	91 139		
<b>Total 30 June 2015</b>	<b>3 076 229</b>	<b>2 808 492</b>	<b>5 884 721</b>	<b>5 970 826</b>	<b>0</b>	<b>3 038 415</b>	<b>380 107</b>	<b>3 418 522</b>		
<b>31 Dec 2014</b>										
Liabilities to credit institutions			0	0			0	0		
Liabilities to other institutions	35 769	2 419 517	2 455 285	2 510 812			0	0		
Debt securities in issue	2 564 141		2 564 141	2 564 141	2 564 141		2 564 141	2 564 141		
Derivatives	106 232		106 232	106 232	103 794		103 794	103 794		
Other financial liabilities		343 004	343 004	343 004		328 302	328 302	328 302		
Subordinated liabilities		86 139	86 139	86 139		86 139	86 139	86 139		
<b>Total 31 Dec 2014</b>	<b>2 706 141</b>	<b>2 848 659</b>	<b>5 554 800</b>	<b>5 610 327</b>	<b>0</b>	<b>2 667 935</b>	<b>414 441</b>	<b>3 082 376</b>		

## 6 Hierarchy for recognition at fair value

(EUR 1,000)		Finnvera Group			Finnvera plc		
Financial assets	30 June 2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans and other assets							
- Loans and receivables from credit institutions			626 897			567 818	
- Loans and receivables from customers			5 209 588	15 173		2 826 924	15 173
Financial instruments carried at fair value							
- Derivatives			91 644			91 048	
- Investments in associates				38 384			
- Shares and holdings				51 247			
Available-for-sale							
- Debt securities			804 953			789 953	
- Other shares and participations				25 691			0
- Shares and holdings		10 371		14 068	440		14 068
<b>Total</b>		<b>10 371</b>	<b>6 733 082</b>	<b>144 565</b>	<b>440</b>	<b>4 275 743</b>	<b>29 242</b>

Financial liabilities	30 June 2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial instruments carried at fair value							
- Liabilities to other institutions			37 814				
- Debt securities in issue			2 893 681			2 893 681	
- Derivatives			144 734			144 734	
Other financial liabilities							
- Liabilities to other institutions			2 414 047				
- Subordinated liabilities						91 139	
<b>Total</b>			<b>5 581 414</b>			<b>3 129 554</b>	

		Finnvera Group			Finnvera plc		
Financial assets	31 Dec 2014	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans and other assets							
- Loans and receivables from credit institutions			690 918			570 194	
- Loans and receivables from customers			4 628 137	14 833		2 227 871	14 833
Financial instruments carried at fair value							
- Derivatives			51 434			51 434	
- Investments in associates				35 369			
- Shares and holdings				51 581			
Available-for-sale							
- Debt securities			934 721			934 721	
- Other shares and participations				28 201			349
- Shares and holdings		1 485		14 068	451		14 068
<b>Total</b>		<b>1 485</b>	<b>6 305 210</b>	<b>144 052</b>	<b>451</b>	<b>3 784 219</b>	<b>29 250</b>

Financial liabilities	31 Dec 2014	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial instruments carried at fair value							
- Liabilities to other institutions			35 769				
- Debt securities in issue			2 564 141			2 564 141	
- Derivatives			106 232			103 794	
Other financial liabilities							
- Liabilities to other institutions			2 419 517				
- Subordinated liabilities			86 139			86 139	
<b>Total</b>			<b>5 211 796</b>			<b>2 754 074</b>	

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

**Level 2:** The values of interest rate and currency swaps are based on estimates of prices for terminating agreements and for concluding new, corresponding agreements. These estimates are given by banks operating actively on the market. The banks base their pricing on market interest rates and exchange rates. The fair values of liabilities are based on the value calculated on the basis of exchange rates and market interest rates on the reference day (current value of liabilities).

**Level 3:** The determination of the fair value of the venture capital investments of the subsidiaries engaged in venture capital investment activities is based on the valuation and investments made by outside investors as well as on the portfolio company valuation approved by the fund. The method used is in accordance with the valuation principles and recommendations for early-stage enterprises laid out in IPEV (International Equity and Venture Capital Valuation Guidelines).

## 7 Financial assets and liabilities recognised at fair value

LEVEL 3, Financial assets (EUR 1,000)	Finnvera Group		Finnvera plc	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
<b>Financial assets carried at fair value</b>				
<b>Balance at 1 Jan</b>	128 870	136 137	14 068	14 720
Profits and losses entered in the income statement, in total	-5 446	-6 973	0	-169
Acquisitions	2 654	22 538	0	0
Sales	-1 212	-22 753	0	-482
Other	0	-79	0	0
<b>Total at the end of the period</b>	<b>129 391</b>	<b>128 870</b>	<b>14 068</b>	<b>14 068</b>

Profits and losses entered in the income statement for the instruments held by Finnvera.	-5 355	-6 087	0	0
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## 8 Financial instruments set off in the balance sheet or subject to netting agreements

(EUR 1,000)	Finnvera Group / Finnvera plc						
	Gross recognised amounts	Gross netted in the balance sheet	Gross recognised amounts Net carrying amount in the balance sheet	Financial instruments*)	Financial instruments received as collateral *)	Cash received as collateral *)	Net amount *)
<b>Financial assets at 30 June 2015</b>							
Derivatives	91 048	0	91 048	-55 948	0	-39 200	-4 100
<b>Total</b>	<b>91 048</b>	<b>0</b>	<b>91 048</b>	<b>-55 948</b>	<b>0</b>	<b>-39 200</b>	<b>-4 100</b>
<b>Financial liabilities at 30 June 2015</b>							
Derivatives	144 734	0	144 734	-55 948	0	-81 270	7 516
<b>Total</b>	<b>144 734</b>	<b>0</b>	<b>144 734</b>	<b>-55 948</b>	<b>0</b>	<b>-81 270</b>	<b>7 516</b>
<b>Financial assets at 31 Dec 2014</b>							
Derivatives	51 434	0	51 434	-24 819	0	-27 000	-385
<b>Total</b>	<b>51 434</b>	<b>0</b>	<b>51 434</b>	<b>-24 819</b>	<b>0</b>	<b>-27 000</b>	<b>-385</b>
<b>Financial liabilities at 31 Dec 2014</b>							
Derivatives	103 794	0	103 794	-24 819	0	-74 220	4 755
<b>Total</b>	<b>103 794</b>	<b>0</b>	<b>103 794</b>	<b>-24 819</b>	<b>0</b>	<b>-74 220</b>	<b>4 755</b>

\*) Amounts not set off but subject to master netting agreements and similar agreements.

## 9 Derivatives

(EUR 1,000)	Finnvera Group			Finnvera plc		
	Fair value positive	Fair value negative	Total nominal value	Fair value positive	Fair value negative	Total nominal value
<b>Contracts entered in hedging purposes 30 June 2015</b>						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	91 644	144 734	2 897 013	91 048	144 734	2 897 013
<b>Total derivatives</b>	<b>91 644</b>	<b>144 734</b>	<b>2 897 013</b>	<b>91 048</b>	<b>144 734</b>	<b>2 897 013</b>
<b>Contracts entered in hedging purposes 31 Dec 2014</b>						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	51 434	106 232	2 545 897	51 434	103 794	2 545 897
<b>Total derivatives</b>	<b>51 434</b>	<b>106 232</b>	<b>2 545 897</b>	<b>51 434</b>	<b>103 794</b>	<b>2 545 897</b>

Derivatives are held for hedging borrowings. Derivatives and hedged liabilities are measured at fair value through profit or loss and their fair value changes are recognised through profit or loss (fair value option).

## 10 Changes in liabilities

(EUR 1,000)	Finnvera Group		Finnvera plc	
	2015		2015	
	Nominal value	Carrying value	Nominal value	Carrying value
<b>Liabilities to credit institutions and other institutions</b>				
Carrying amount at 1 Jan	2 453 945	2 455 286	0	0
- New loans	0	0	0	0
- Repayments	-170 663	-170 663	0	0
- Other changes	168 578	252 919	63 068	63 068
<b>Carrying amount at 30 June 2015</b>	<b>2 451 860</b>	<b>2 537 542</b>	<b>63 068</b>	<b>63 068</b>

(EUR 1,000)	Finnvera Group		Finnvera plc	
	2015		2015	
	Nominal value	Carrying value	Nominal value	Carrying value
<b>Debt securities in issue</b>				
Carrying amount at 1 Jan	2 545 897	2 564 141	2 545 897	2 564 141
- Debt securities in issue	441 813	433 869	441 813	433 869
- Repayments	-176 952	-201 177	-176 952	-201 177
- Other changes	86 255	96 849	86 255	96 849
<b>Carrying amount at 30 June 2015</b>	<b>2 897 013</b>	<b>2 893 681</b>	<b>2 897 013</b>	<b>2 893 681</b>

### Capital loans

<b>Capital loans at 30 June 2015</b>	<b>91 139</b>	<b>91 139</b>
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Borrowings are measured at fair value in the case they are hedged (fair value option).

## 11 Contingent liabilities and commitments

(EUR 1,000)	Finnvera Group		Finnvera plc	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
<b>Off-balance sheet items</b>				
Guarantees				
- Export guarantees and special guarantees	1 018 810	987 561	1 018 810	987 561
- Total guarantees	16 584 985	12 600 433	16 584 985	12 600 433
- Binding financing offers	3 688 529	3 090 405	216 695	182 497
<b>Total</b>	<b>21 292 325</b>	<b>16 678 398</b>	<b>17 820 491</b>	<b>13 770 490</b>

Commitments for domestic guarantees mean commitments referred to in §4 and §4a of the Act on Credits and Guarantees Provided by the State-owned Specialised Financing Company (18.6.1998/445) These commitments are current commitments.

Commitments for export credit guarantees and special guarantees mean commitments referred to in the Act on the State Guarantee Fund (18.6.1998/444). The commitments are presented as total outstanding commitments, which includes both current commitments and offers given:

The parent company's binding financing offers consist of irrevocable financing pledges given for the client in accordance with the Act on Credits and Guarantees Provided by the State-owned Specialised Financing Company. The pledge may be either a pledge to grant a credit or a guarantee, given for a third party, concerning a non-disbursed credit. The figure for the Group also includes the unused credit arrangements for export credits granted by Finnish Export Credit Ltd.

Outstanding commitments arising from export credit guarantees and special guarantees are divided between current commitments and offers given as follows:

(1 000 e)	Finnvera Group		Finnvera plc	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Current commitments				
- For export credit guarantees	13 887 606	12 049 578	13 887 606	12 049 578
- For special guarantees	13 735 826	11 890 141	13 735 826	11 890 141
Offers given	151 780	159 437	151 780	159 437
- For export credit guarantees	2 697 379	550 854	2 697 379	550 854
- For special guarantees	2 697 379	550 854	2 697 379	550 854
- For special guarantees	0	0	0	0
<b>Total</b>	<b>16 584 985</b>	<b>12 600 433</b>	<b>16 584 985</b>	<b>12 600 433</b>



## 12 Related parties

Finnvera Group			
(EUR 1,000)			
Business transactions carried out with related parties; receivables from and liabilities to related parties	1 Jan–30 June 2015	1 Jan–30 June 2014	
Services purchased	1 825	1 634	
	30 June 2015	31 Dec 2014	
Loans	1 606 917	927 570	
Receivables	73 541	8 034	
Long-term liabilities	2 414 047	2 419 517	
Short-term liabilities	73 541	8 034	
Guarantees	4 004 012	3 337 531	

Besides the Group companies, the Group's related parties include the companies where the State holds the majority of shares and where the Ministry of Employment and the Economy exercises ownership steering; as well as the State Treasury. Related parties also include the members of the Supervisory Board and the Board of Directors, the Chief Executive Officer and the Executive Vice President.

## 13 Key figures and their calculation

		Finnvera Group		Finnvera plc	
		30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
(EUR 1,000)					
Equity ratio		15,1	14,4	22,5	22,7
Capital adequacy ratio	Tier 1	17,6	17,7	16,7	16,9
	Tier 2	18,2	18,6	17,3	17,8
Expense-income ratio		26,5	25,7	28,9	27,3

### Calculation of key figures:

Equity ratio, %	$\frac{\text{(equity attributable to equity holders of the parent + non-controlling interest)} * 100}{\text{balance sheet total}}$
Capital adequacy ratio	calculated as per Basel III Standard
Cost-income ratio	$\frac{\text{administration expenses + other operating expenses}}{\text{net interest income + gains and losses from financial instruments carried at fair value + net fee and commission income + net income from investments + other operating income}}$

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