Q4/2015 and Financial Statements 1 Jan–31 Dec 2015

FINNVERA ANNUAL REPORT

Finnvera Group, Stock Exchange Release 26.2.2016, Financial statements

Q4 and Financial Statements for the Finnvera Group 1 January–31 December 2015

A variable and record-breaking year

Compared against the previous year, the world economy gained a little momentum in 2015. However, the economy did not develop steadily; instead, situations and divergent estimates varied throughout the year. The subdued outlook for exports and low spirits on the domestic market kept the demand for SME financing for investments modest. In contrast, financing for working capital and credits for changes of ownership were in great demand. In exports, shipbuilding orders were the biggest single factor increasing the demand for financing. Finnvera's contribution was also needed in some other large export projects.

Business operations and the financial trend

In 2015, Finnvera's offers for export credit guarantees increased by 28 per cent, while offers to finance export credits rose by 46 per cent on the previous year. The volume of loans and guarantees granted to SMEs and enterprises larger than the SME definition applied by the EU was 19 per cent greater than the year before.

Finnvera Group	1 Jan–31 Dec 2015 MEUR	1 Jan–31 Dec 2014 MEUR	Change, %
Financing decisions			
Loans and domestic guarantees	906	763	19%
Export credit guarantees and special guarantees	6,760	5,274	28%
Export credits	4,131	2,829	46%
	31 Dec 2015	**31 Dec 2014**	**Change, %**
Outstanding commitments			
Loans and domestic guarantees	2,285	2,378	-4%
Export credit guarantees and special guarantees	17,436	12,600	38%
Export credits	4,240	3,330	27%
	1 Jan–31 Dec 2015	**1 Jan–31 Dec 2014**	**Change, %**
Net interest income and fee and commission income and expenses (net)	197	189	4%
Operating profit	114	101	13%
Profit for the period	111	100	11%
	31 Dec 2015	**31 Dec 2014**	**Change, % point**
Equity ratio	13.3%	15.2%	-1.9%
Capital adequacy, Tier 2	19.6%	18.6%	1%
Cost/income ratio	28.3%	25.9%	2.4%

The profit for the last quarter of 2015 was EUR 5 million. The figure was two thirds, or EUR 46 million, less than the profit for the previous quarter (51 million). The main factors affecting the smaller profit were the impairment losses on receivables and guarantee losses, which doubled and were EUR 33 million more than in the previous quarter. The increase in the impairment losses on receivables and guarantee losses between the two quarters was partly due to the reversal and reduction of impairment losses and provisions for losses, which took place in the previous quarter.

The profit for the Group in 2015 was EUR 111 million (100 million). This was 11 per cent better than the year before. The main factor improving the financial performance was the decrease of 57 per cent, or EUR 19 million, in impairment losses on receivables and guarantee losses. In addition, the increase of 8 per cent in the net interest income and the rise of 3 per cent in the net value of fee and commission income and expenses improved the financial performance.

The profit of the parent company, Finnvera plc, in 2015 stood at EUR 95 million (92 million). This was 3 per cent more than the year before. When divided between the business areas, the parent company's financial performance was as follows: the profit for export financing was EUR 82 million (96 million) and that for SME financing EUR 38 million (6 million). In addition, the impairment losses recognised on investments, EUR 25 million (9 million), had an impact on the parent company's profit.

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Finnvera Group Profit	**Q4/2015 MEUR**	**Q3/2015 MEUR**	**Change %**	**Q4/2014 MEUR**	**Change %**	**2015 MEUR**	**2014 MEUR**	**Change %**
Net interest income	13	15	-12	10	35	56	52	8
Fee and commission income and expenses (net)	34	34	-1	35	-4	141	137	3
Gains/losses from items carried at fair value	-13	-2	-	4	-	-21	-10	108
Other operating income	2	0	-	0	-	2	2	43
Administrative expenses	-12	-9	32	-11	9	-44	-41	8
Impairment losses, guarantee losses	-17	16	201	-9	84	-15	-34	-57
Loans and domestic guarantees	-21	6	444	-26	-22	-87	-105	-18
Credit loss compensation from the State	13	9	42	18	-28	83	64	30
Export credit guarantees and special guarantees	-9	1	927	-1	-	-10	8	232
Operating profit	5	53	-90	27	-81	114	101	13
Profit for the period	5	51	-90	25	-80	111	100	11

Outlook for financing

Economic growth and investments are likely to remain at a low level in 2016, and SME financing continues to focus on working capital needs. However, it is expected that the increase in changes of ownership and the investments disclosed by large corporations will have a positive effect on the demand for SME financing. In addition, Finnvera's new mandates and financing products support the rise in the volume of SME financing.

Financing solutions offered to buyers will continue to play a pivotal role in exports of capital goods sold by large corporations. It is expected that the demand for export credit guarantees and export credits will decline slightly from the previous year if no individual major orders are placed in 2016. Ships, telecommunications and the forest industry are still anticipated to account for the bulk of demand associated with large corporations' exports.

According to the current estimate, the Finnvera Group's financial performance for 2016 is likely to fall below that for 2015. The uncertainty factors associated with economic trends make it difficult to predict financial performance. If more risks materialise than has been anticipated, the situation may weaken considerably from what is projected.

CEO Pauli Heikkilä:

"The new tasks assigned to us added momentum to the year and increased the demand for our financing. We granted markedly more financing to SMEs than the year before. This rise was mainly attributable to our new mandates and to a positive trend in changes of ownership. However, investments did not pick up yet; instead, SME financing continued to be needed mainly for working capital.

The total value of offers pertaining to exports was record high. The orders for ships that followed the ownership arrangements of the Turku shipyard, an event important from the point of view of industrial history, were the absolute highlight of the year and were also visible in our export financing. To provide financing for the buyer, export credit guarantees or, possibly, pre-delivery financing are needed in practice almost always for major shipbuilding projects. In consequence, ship financing will account for an exceptionally large share, or about one third, of our current commitments. The shipyard is an important employer in the Turku region and also has several hundreds of sub-contractors giving work to tens of thousands of people."

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Finnvera publishes its Annual Report for 2015 as an electronic document on the company's website in Finnish and English during week 10. The Annual Report also includes the Corporate Responsibility Report. The half year report 1 Jan–31 June of the company will be published on 11 August 2016.

Table of contents

Report of the Board of Directors

During the past year there were some positive signs of economic growth in the USA and also of gradual recovery in Europe. However, the slowing down of the Chinese economy and the recession in Russia and, for example, in Brazil also reduced Finnish companies' opportunities for growth. Growth was also hampered by our weak cost competitiveness and the time-consuming adjustment to the change in the structure of our industry.

The subdued outlook for exports and low spirits on the domestic market kept the demand for SME financing for investments modest. In contrast, financing for working capital and credits for changes of ownership were in great demand. In exports, shipbuilding orders were the biggest single factor increasing the demand for financing. In fact, Finnvera's risk-taking played a central role in securing the record-high volume of orders for the Turku shipyard. Finnvera's contribution was also needed in some other large export projects. Strict bank regulation has kept banks' interest in long-term financing of exports low. In consequence, such financing has largely been left for national export finance institutions.

During the period under review, Finnvera played a major role in managing financing tasks that were also important for the national economy. The rapid rise of the shipbuilding industry, investment in the bioproduct mill in Äänekoski, and participation in important ownership arrangements were good examples of these. In all, Finnvera's services affected the day-to-day lives of thousands of entrepreneurs and small and medium-sized enterprises by opening up new opportunities for them.

Finnvera revised and developed its operations briskly, in line with its strategy. This was seen, above all, as active work with clients. At the same time, service processes were made more efficient alongside digitisation and the establishment of the Credit Decision Unit and the Service Production Unit. New financing instruments were adopted successfully. These included the financing of SMEs larger than the EU's definition of an SME, participation in financing by means of bond subscriptions, and the possibility to provide export credit guarantees for long-term bank loans that are used to finance domestic purchases of machinery or equipment aimed at exports.

Finnvera is an active Team Finland actor and, together with the other actors in the network, provides financial services for enterprises seeking growth through internationalisation. Cooperation will become even closer in autumn 2016 when Finnvera, Finpro and Tekes move to joint premises in Ruoholahti, Helsinki. Finnish Industry Investment Ltd will follow suit at the start of 2017.

A new refinancing guarantee adopted

As from 1 May 2015, Finnvera has been able to guarantee the refinancing of export credits. 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.

Finnvera involved in important projects

Finnvera participates in the financing of two cruise vessels, Mein Schiff 7 and 8, ordered by TUI Cruises GmbH and 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's commitments on behalf of the shipowner will rise at most to about EUR 2 billion. After these 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.

Finnvera is participating in the financial arrangements for the world's first bioproduct mill, to be constructed by Metsä Group in Äänekoski, Finland. Valued at EUR 1.2 billion, the investment project is the largest ever carried out by the forest industry in Finland. Finnvera provides guarantees for about half of the debt needed for equipment purchases from Finland. Finnvera's guarantee covers 80 per cent of a credit of EUR 400 million. Apart from Finnvera, six commercial banks, the Swedish Export Credits Guarantee Board (EKN) and the European Investment Bank are also participating in the financial arrangements. The project will have a positive impact on Finnish exports, as it is expected to boost exports by EUR 0.5 billion annually. The investment also has substantial effects on employment.

During the year, Finnvera granted financing for many important enterprise and financial arrangements that were carried out in client enterprises and had, among other things, extensive impacts on employment.

Finnvera issued two loans

In May Finnvera issued a 10-year note of USD 500 million, and in September a 7-year note of EUR one billion. The notes have a fixed rate.

Finnvera uses the funds acquired both for SME financing and for financing export credits. By means of currency and interest rate swaps, Finnvera converts the funds acquired into euros or US dollars, depending on the final use of the funds.

The Government Programme sets new tasks for Finnvera

The Government Programme mentions several new tasks assigned to Finnvera. During the year, Finnvera made preparations for the adoption of a mezzanine financing instrument, known as junior financing, that supports the growth of SMEs and mid cap companies. In consequence, the Government decided on 17 December 2015 that Finnvera can grant a maximum of EUR 300 million for junior loans within a period of three years, and that the State will compensate Finnvera for 75 per cent of any losses arisen from these loans in all of Finland.

Preparations were made with the Federation of Finnish Enterprises to launch a financing programme for changes of ownership. In addition, possibilities of utilising the European Fund for Strategic Investments (EFSI) were charted in the financing of SMEs.

Maintaining export financing at the same level as in the principal competitor countries requires that Finnvera's authority to grant financing be raised. The issue was discussed with the Ministry of Employment and the Economy. As a result, the Government presented a Bill for the necessary legislative amendments on 17 December 2015.

Team Finland developed its services

During the period under review, the Team Finland network developed its domestic services for enterprises seeking growth through internationalisation. Thanks to the new service model, enterprises receive the services of the network organisations in a uniform manner. The first changes visible to enterprises were the common service number and contact form. Services are improved by concentrating customer service and by deepening cooperation between the organisations in the management of client relations. In regional activities, cooperation is conducted with local actors, such as regional development companies, chambers of commerce and the Federation of Finnish Enterprises. Thanks to the model, the entrepreneur need not have detailed information about the services of the various organisations.

Financial trend

The Finnvera Group in October–December 2015

The profit for the last quarter of 2015 was EUR 5 million. The profit was EUR 46 million, less than the profit for the previous quarter (51 million). The main factors affecting the smaller profit were the impairment losses on receivables and guarantee losses, which were EUR 33 million more than in the previous quarter. The increase in the impairment losses on receivables and guarantee losses between the two quarters was partly due to the reversal and reduction of impairment losses and provisions for losses, which took place in the previous quarter. Other factors decreasing the profit were the increase of EUR 12 million in losses on items carried at fair value and the increase of EUR 3 million in administrative expenses. The rise in administrative expenses was due to the accrual practices of personnel expenses and the timing of certain external services over the final months of the year.

The net interest income came to EUR 13 million in the last quarter. The net interest income declined by 12 per cent on the previous quarter, the reason being the fall in interest rates. The net value of the fee and commission income and expenses came to EUR 34 million, or about the same as in the previous quarter.

The Finnvera Group in January–December 2015

The profit for the Group in 2015 was EUR 111 million (100 million). This was 11 per cent better than the year before. The main factor improving the financial performance was the decrease of 57 per cent, or EUR 19 million, in the impairment losses on receivables and guarantee losses. In addition, the increase of 8 per cent in the net interest income and the rise of 3 per cent in the net value of fee and commission income and expenses improved the financial performance. The rise in the net interest income and in the net value of fee and commission income and expenses improved the result by a total of EUR 8 million.

The profit of the parent company, Finnvera plc, in 2015 stood at EUR 95 million (92 million). This was three per cent more than the year before. When divided between the business areas, the parent company's financial performance was as follows: the profit for export financing was EUR 82 million (96 million) and that for SME financing EUR 38 million (6 million). In addition, the impairment losses recognised on investments, EUR 25 million (9 million), had an impact on the parent company's profit.

The Group companies and associated companies had an effect of EUR 16 million on the Group's profit (7 million). Venture capital investments accounted for EUR -24 million (-6 million) of this effect. Interest equalisation and the financing of export credits by Finnish Export Credit Ltd accounted for EUR 15 million (5 million). In addition, elimination of events between the Group companies had an impact on the Group's financial performance.

Within the past few years, Finnvera's outstanding commitments and their risk levels have risen significantly. In 2015, the risk level of outstanding commitments for SMEs and enterprises larger than the EU's definition of an SME remained steady, but the overall risk level is still markedly higher than it was before the financial crisis and the subsequent recession. Risks associated with individual clients could be reduced during 2015. In export financing, no major losses have been recorded in recent years, nor have any major increases been made in provisions for losses when seen in proportion to all outstanding commitments. Altogether 43 per cent of commitments in export financing were either in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B2.

Analysis of financial performance in January–December 2015

Interest income and expenses and interest subsidies

The Finnvera Group's net interest income for January–December came to EUR 56 million. The net interest income was eight per cent greater than during the corresponding period in 2014 (52 million).

The interest subsidies paid by the State and the European Regional Development Fund (ERDF), and passed on to clients directly, totalled EUR 3 million, or nearly 50 per cent less than the year before. The granting of interest-subsidised financing ceased at the beginning of 2014. In consequence, the amount of interest subsidies during the period under review was smaller than before. The accumulation of interest subsidies will cease completely in the coming years when all interest-subsidised financing has been repaid.

Fee and commission income and expenses

The net value of the Group's fee and commission income and expenses came to EUR 141 million (137 million). This was three per cent more than during the same period the year before. Underlying the rise in fee and commission income were some individual major export credit guarantees that came into effect, while the increased use of reinsurance protection had an impact on the rise in fee and commission expenses.

The gross sum of the fee and commission income totalled EUR 158 million (145 million). Of this, the parent company's fee and commission income from export credit guarantees and special guarantees accounted for 74 per cent, or EUR 116 million, (106 million), while SME financing accounted for 26 per cent, or EUR 41 million (37 million). Finnish Export Credit Ltd's fee and commission income from interest equalisation and export credit financing amounted to EUR 1 million (1 million).

The fee and commission expenses totalled EUR 17 million (8 million). The fee and commission expenses consisted mainly of reinsurance costs for policies taken out by the parent company, Finnvera plc.

Gains/losses from items carried at fair value

The Group's losses from items carried at fair value totalled EUR 21 million (10 million). The change in the fair value includes the change in the fair values of liabilities, interest rate and currency swaps and venture capital investments, as well as exchange rate differences.

The fair value of venture capital investments is determined using a valuation method approved by Finnvera's Board of Directors. It complies with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) for early-stage enterprises (see Accounting principles). In accordance with the government's policy guidelines, Finnvera will give up a major part of its venture capital investments. Finnvera has already initiated measures to this end. In consequence, when the fair value of venture capital investments is determined, attention is also paid to how the management of both Finnvera and its subsidiaries engaged in venture capital investment assess the fair value of the investments.

Other income

In January–December, the Group's net income from investments totalled EUR 0.1 million (1 million). Other operating income totalled EUR 2 million (2 million), which comprised, among other things, rental income and the management fee paid by the State Guarantee Fund for managing the liability for export credit guarantees and special guarantees arisen prior to 1999.

Impairment losses on receivables, guarantee losses

The impairment losses on the Group's loans, domestic guarantees, export guarantees and special guarantees, as well as the guarantee losses recorded, totalled EUR 97 million (98 million). The credit and guarantee losses realised totalled EUR 135 million (125 million), while the change in impairment losses on credits and in provisions for losses accounted for EUR -40 million (-13 million). The reason for the exceptional negative change in impairment losses on credits and in provisions for losses was that the impairment losses and provisions for losses recognised in previous years were either reversed or decreased.

The compensation paid by the State and the European Regional Development Fund for credit and guarantee losses in SME financing totalled EUR 83 million (64 million), or 64 per cent of the realised losses. Some large individual losses that were realised in January–December had an impact on the total compensation for credit losses. 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 15 million (34 million).

Losses and provisions for losses in export credit guarantee and special guarantee operations totalled EUR 10 million in 2015 (-8 million).

Finnvera Group	Q4/ 2015	Q3/ 2015	Change	Q4/ 2014	Change	2015	2014	Change
Impairment losses	**MEUR**	**MEUR**	**%**	**MEUR**	**%**	**MEUR**	**MEUR**	**%**
Impairment losses, guarantee losses	-17	16	201	-9	84	-15	-34	-57
Loans and domestic guarantees	-21	6	444	-26	-22	-87	-105	-18
Credit loss compensation from the State	13	9	42	18	-28	83	64	30
Export credit guarantees and special guarantees	-9	1	927	-1	-	-10	8	232

Calculated according to the method harmonised at EU level, the net amount of doubtful receivables in SME financing stood at EUR 287 million at the end of December. When the impairment losses recognised are considered, doubtful receivables accounted for 8.3 per cent of the total outstanding commitments. The ratio of doubtful receivables to total outstanding commitments was 3.3 per cent, when the State's compensation for credit losses – a reducing factor in SME financing – is also taken into account.

Operating expenses

The Group's operating expenses, including personnel expenses and other administrative expenses, were EUR 44 million (41 million). Personnel expenses accounted for 69 per cent of operating expenses (69). The factors contributing to the increase in operating expenses on the previous year included the reorganisation and the associated development measures carried out.

Amortizations and other operating expenses in the Group amounted to EUR 7 million (6 million).

Long-term economic self-sustainability

In its operations, Finnvera is expected to attain economic self-sustainability. This means that 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 December 2015. Correspondingly, export financing has been economically self-sustainable during Finnvera's 17 years of operation. Economic self-sustainability is also realised over a 20-year period 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.

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 December 2015, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 17.4 billion and the exposure to credits and guarantees, as well as guarantee receivables, in the financing of SMEs and enterprises larger than the EU's definition of an SME, stood at EUR 2.3 billion. Seen against these exposures, the net profit building a loss buffer on the balance sheet is now about 0.5 per cent at the annual level, and the equity is 6 per cent.

Balance sheet 31 December 2015

At the end of December, the consolidated balance sheet total was EUR 8,418 million (6,619 million), while the balance sheet total of the parent company, Finnvera plc, came to EUR 5,783 million (4,132 million). The consolidated balance sheet total increased by 27 per cent, or EUR 1,799 million, during 2015. Most of the increase stemmed from the financing of export credits carried out by the subsidiary Finnish Export Credit Ltd. At the end of December, the balance sheet total of Finnish Export Credit Ltd was EUR 4,350 million (3,425 million).

At the end of December, the Group's outstanding credits came to EUR 5,347 million (4,593 million), or EUR 754 million more than at the start of the year. The outstanding credits of the parent company, Finnvera plc, came to EUR 2,772 million (2,193 million), of which the receivables from the subsidiaries totalled EUR 1,641 million (928 million).

The parent company's outstanding domestic guarantees increased slightly during 2015 and totalled EUR 1,003 million on at the end of December (988 million).

The outstanding guarantee exposure, as defined in the Act on the State's Export Credit Guarantees, totalled EUR 14,236 million at the end of December (10,755 million). Outstanding exposure arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 17,436 million (12,600 million).

In accordance with the government's policy guidelines, Finnvera will give up a major part of its venture capital investments. As a result, the shares of Finnvera's subsidiary Seed Fund Vera Ltd in the parent company's financial statements and, correspondingly, the assets and liabilities of Seed Fund Vera Ltd in the consolidated financial statements have been transferred to long-term assets available for sale. At the end of December, the long-term assets available for sale totalled EUR 102 million.

The parent company's long-term liabilities as per 31 December totalled EUR 4,046 million (2,650 million). Of this sum, EUR 3,958 million (2,564 million) consisted of debt securities. The liabilities include subordinated loans of EUR 38 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 December, the Group's non-restricted reserves contained a total of EUR 871 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 183 million (169 million).

To comply with the requirements of IAS 8 standard, the non-restricted reserves were adjusted during the second quarter of 2015. 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, EUR 53 million. The impact of the adjustment on the net value of the fee and commission income and expenses for the reference period of 1 January–31 December 2014 was EUR -1.4 million (see Accounting principles).

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.

Finnvera Group

Balance sheet	31 Dec 2015 MEUR	31 Dec 2014 MEUR	Change MEUR	Change %
Share capital	197	197	0	0
Share premium and fair value reserve	49	51	-2	-4
Non-restricted reserves, in total	871	756	115	15
Reserve for domestic operations	136	135	1	1
Reserve for export credit guarantees and special guarantees	536	436	100	23
Other	17	17	0	0
Retained earnings	183	169	14	8
Equity attributable to the parent company's owners	1,117	1,004	113	11
Share of equity held by non-controlling interests	4	5	-1	-22
Balance sheet total	**8,418**	**6,619**	**1,799**	**27**

Funding

In 2015, the Group's long-term funding totalled EUR 1,827 million (2,036 million). EUR 603 million in long-term debt was repaid (529 million).

Capital adequacy

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.

According to the goal set by the State of Finland, the owner of Finnvera, the Group's domestic operations' capital adequacy ratio should be at least 12.0 per cent. Capital adequacy is calculated in accordance with the principles of the Basel III standard method. At the end of December, the Group's domestic operations' Tier 2 capital adequacy ratio stood at 19.6 per cent (18.6) while the Tier 2 capital adequacy of the parent company's domestic operations, Finnvera plc, was 18.1 per cent (17.8). The Finnvera Group's leverage ratio was 14.1 per cent at the end of December.

Capital adequacy	31 Dec 2015	31 Dec 2014	Change
Finnvera Group, domestic operations	**%**	**%**	**% points**
Tier 1	19.2	17.7	1.5
Tier 2	19.6	18.6	1.0

Capital adequacy	31 Dec 2015	31 Dec 2014	Change
Finnvera plc, domestic operations	**%**	**%**	**% points**
Tier 1	17.7	16.9	0.8
Tier 2	18.1	17.8	0.3

The Finnvera Group's risk-weighted receivables totalled EUR 2,322 million at the end of December (2,349 million). Of these, loans and guarantees pertaining to business proper amounted to EUR 1,808 million (1,926 million), or 78 per cent of risk-weighted receivables. Most of the remaining receivables were associated with derivatives 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, domestic operations	31 Dec 2015	31 Dec 2014
Capital for calculating capital adequacy	**MEUR**	**MEUR**
Equity excl. profit for the year	954	855
Intangible assets	-4	-3
Reserve for export credit guarantees and special guarantees	-536	-436
Profit for the period	112	101
Profit for the period attributable to export credit guarantees	-79	-100
Subordinated loan	10	20
Total	**457**	**436**

Finnvera Group, domestic operations	31 Dec 2015	31 Dec 2014
Risk-weighted items	**MEUR**	**MEUR**
Receivables from credit institutions	118	138
Receivables from clients	1,808	1,926
Investments and derivatives	216	73
Receivables, prepayments, interest and other receivables, other assets	17	27
Loan commitments	80	98
Operational risk	83	87
Total	**2,322**	**2,349**

Risk position

At the end of 2015, credit and guarantee exposure for SMEs and enterprises larger than the EU's definition of an SME totalled EUR 2.7 billion. The credit and guarantee exposure were slightly less than at the same time the year before. Demand for SME financing focused on working capital, and demand for financing for investments continued to be low. In 2013 and 2014, outstanding commitments fell by nearly EUR 400 million. Seen against this trend, the decline in outstanding commitments came to a halt.

In practice, the risk level of credit and guarantee exposure remained unchanged during the year when calculated using the so-called indicator of expected losses, which stood at 3.4 per cent of credit and guarantee exposure at year's end. The overall risk level is still markedly higher than it was in 2008, before the financial crisis and the subsequent recession. The weak and uncertain general economic outlook and the risks associated with some individual major exposures have an impact on the risk level. In 2015, it was possible to reduce the risks pertaining to individual clients. This had a positive effect, for instance, on the amount of non-performing credits. No significant changes took place in the distribution of credit and guarantee exposure by risk category in 2015. As a result, there were fewer shifts to weaker risk categories than in the past few years.

Credit and guarantee losses and impairment losses totalled EUR 87 million. Although the gross amount of credit losses was at a high level, the share of losses at Finnvera's own responsibility, remaining after the State's compensation for losses, decreased markedly, in part because of incidental causes. The amount of new impairment losses at Finnvera's own responsibility fell notably when compared against previous years.

At the end of 2015, credit and guarantee exposure for export financing, monitored by risk management, totalled EUR 17.0 billion. The 'old liability' under the State Guarantee Fund's direct responsibility accounted for no more than EUR 3 million of this sum. Credit and guarantee exposure increased by EUR 4.8 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 4. Most of the guarantees granted during the year were also entered into these categories.

The volume of enterprises' commercial exposure, associated with export guarantees and special guarantees, rose by about EUR 4.6 billion during 2015, to EUR 15.7 billion at year's end. The sectors with the highest exposure were telecommunications, shipping companies, shipyards, and the forest industry. These sectors accounted for a total of 84 per cent of corporate exposure. Altogether 43 per cent of the commitments were either in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B2.

Guarantee losses totalled EUR 10 million in 2015.

The outstanding export credits provided by Finnvera's subsidiary Finnish Export Credit Ltd totalled EUR 4.2 billion at the end of December (3.3 billion). The outstanding loans include export credits financed both under the temporary system and the permanent system launched in 2012. The credit risks associated with the outstanding loans are fully covered by means of export credit guarantees granted by the parent company, Finnvera plc. These export credit guarantees are included in the above-mentioned guarantee exposure for export financing.

Finnvera's investments in subsidiaries engaged in venture capital investments totalled EUR 173 million at year's end. An additional investment of EUR 15 million were made in Seed Fund Vera Ltd using appropriations from the State Budget. Investments are distributed among numerous companies. This reduces the risk arising from the operations to the Finnvera Group. Owing to policy decisions made on venture capital investments, Veraventure Ltd exited from several investments in 2015.

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. Being responsible for the ownership and industrial policy steering of Finnvera, the Ministry of Employment and the Economy sets industrial and ownership policy goals for the company for a period of four years. Whenever necessary, the Ministry revises these goals annually.

Corporate governance

Personnel

At the end of the financial period, the Group had 396 employees (394). Finnvera plc had 381 employees (376), of whom 354 (358) held a permanent post and 27 (18) a fixed-term post.

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

Supervisory Board, Board of Directors and auditor

On 9 April 2015, 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 Mika Harjunen, Information Security Manager; Ann-Louise Laaksonen, Vice Chairman; Veli-Matti Mattila, Chief Economist; Hanna Sarkkinen, Member of Parliament; and Tommi Toivola, Senior Adviser, Financing.

Johannes Koskinen, Member of Parliament, was elected Chairman of the Supervisory Board. Koskinen resigned from membership and chairmanship of the Supervisory Board as of 1 September 2015, when he assumed the post of a Director in the European Bank for Reconstruction and Development. Lauri Heikkilä, Member of Parliament, continues as the Vice Chairman. The members continuing on the Supervisory Board are: Paula Aikio-Tallgren, Entrepreneur; Eeva-Johanna Eloranta, Member of Parliament; Lasse Hautala, Member of Parliament; Olli Koski, Chief Economist; Leila Kurki, Senior Adviser; Esko Kurvinen, Engineer; Anna Lavikkala, Labour Market Director; Lea Mäkipää, Member of Parliament; Antti Rantakangas, Member of Parliament; Osmo Soininvaara, Licentiate of Social Sciences; and Sofia Vikman, Member of Parliament.

The new members on the Board of Directors are Harri Sailas, B.Sc. (Econ.) and Antti Zitting, Chairman of the Board.

Markku Pohjola, B.Sc. (Econ.) continues as Chairman of Finnvera's Board of Directors. Pekka Timonen, Director General, continues as the First Vice Chairman and Marianna Uotinen, Specialist Counsel, as the Second Vice Chairman. The members continuing on the Board are Kirsi Komi, LL.M., and Pirkko Rantanen-Kervinen, B.Sc. (Econ.).

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

Strategic priorities for 2016

Finnvera allocates its financing so as to promote the growth and internationalisation of Finnish companies and offset market failures detected in enterprise financing. Domestic financing focuses on start-up enterprises and enterprises seeking growth through internationalisation. Finnvera participates actively in Team Finland cooperation and implements the objectives set for it. Finnvera continues to develop export financing so that Finnish exporters would have an internationally competitive system at their disposal. Operations are developed to enable efficient and rapid response to new challenges in enterprise financing.

Events after the period under review

In January 2016, the General Meeting of Shareholders of Seed Fund Vera Ltd approved the draft terms of demerger for the establishment of a new company called ERDF Seed Fund Ltd. All investments made using the assets of the European Regional Development Fund (ERDF), and all other assets and liabilities associated with ERDF activities, will be transferred from Seed Fund Vera Ltd to the new company. ERDF Seed Fund Ltd will start operations in April May 2016. Finnvera's holding of the company will be the same as that for Seed Fund Vera Ltd, or 94.59 per cent.

Outlook for financing

Economic growth and investments are likely to remain at a low level in 2016, and SME financing continues to focus on working capital needs. However, it is expected that the increase in changes of ownership and the investments disclosed by large corporations will have a positive effect on the demand for SME financing. In addition, Finnvera's new mandates and financing products support the rise in the volume of SME financing.

Financing solutions offered to buyers will continue to play a pivotal role in exports of capital goods sold by large corporations. It is expected that the demand for export credit guarantees and export credits will decline slightly from the previous year if no individual major orders are placed in 2016. Ships, telecommunications and the forest industry are still anticipated to account for the bulk of demand associated with large corporations' exports.

According to the current estimate, the Finnvera Group's financial performance for 2016 is likely to fall below that for 2015. The uncertainty factors associated with economic trends make it difficult to predict financial performance. If more risks are realised than has been anticipated, the situation may weaken considerably from what is projected.

Key Figures

Finnvera Group	2015	2014	2013	2012	2011
Net interest income and net fee and commission income, MEUR	197	189	190	175	158
Administrative expenses, MEUR	44	41	43	43	42
Write-down on receivables and guarantee losses, MEUR	97	98	112	125	87
Credit loss compensation from the State, MEUR	83	64	48	50	32
Operating profit or loss, MEUR	114	101	75	54	62
Profit for the year, MEUR	111	100	75	53	60
Return on equity, %	10.7	10.8	9.3	7.3	9.3
Return on assets, %	1.5	1.8	1.8	1.6	2.4
Equity ratio, %	13.3	15.2	18.4	20.3	24.7
Capital adequacy ratio, Tier 2, % [1)]	19.6	18.6	16.9	16.3	15.5
Expense-income ratio, %	28.3	25.9	27.0	27.6	29.2
Balance sheet total, MEUR	8,418	6,619	4,604	3,808	2,890
Shareholders' equity, MEUR	1,121	1,009	849	772	715
- of which unrestricted reserve, MEUR	871	756	595	513	456
Personnel at year end	396	394	399	411	413
Finnvera plc, SMEs					
Financing granted, MEUR	1,116	1,003	827	933	1,051
Total exposure, MEUR	2,672	2,802	3,020	3,013	3,187
Number of start-up enterprises financed	3,556	3,247	3,473	3,123	3,397
Number of new jobs created	8,624	8,105	8,663	8,660	10,159
Finnvera plc, Large Corporates					
Export credit guarantees and special guarantees offered, MEUR	6,550	5,034	3,327	5,272	3,722
Total exposure, MEUR [2)]	17,048	12,216	10,651	10,889	9,997
Finnvera plc, clients and personnel					
Number of clients, SMEs and Large Corporates together	28,400	28,800	29,700	30,000	29,900
Personnel at year end	381	376	382	393	391

1) The capital adequacy ratio for the years 2011-2012 has been calculated according to the Basel II methods.
2) Includes 64.3 MEUR of domestic financing granted by Large Corporates.

Formulas for the key indicators

Return on equity % (ROE)

Operating profit/loss - income taxes * 100
Equity + minority share + accumulated appropriations reduced by the deferred tax liability (average of the beginning and the end of the year)

Return on assets % (ROA)

Operating profit/loss - inome taxes * 100
Total assets in average (average of the beginning and the end of the year)

Equity ratio %

Equity + minority share + accumalated appropriations reduced by the deferred tax liability * 100
Total assets

Capital adequacy ratio

2013–2015 calculated according to Basel III standard method
2011–2012 calculated according to Basel II standard method

Expense-income ratio

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

The Board of Directors' proposal for measures concerning the profit for the financial period

The parent company's profit for the financial period was EUR 95,014,173.78.

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 reserves as follows:

To the reserve for export credit guarantee and special guarantee operations; the share of export credit guarantee and special guarantee operations EUR 79,402,726.63.

To the reserve for domestic operations; the share of domestic operations EUR 15,611,447.15.

Owing to an error made in the accrual of fee and commission income and expenses for export credit guarantees in previous financial periods, the sum of EUR 52,972,664.00, which had been entered directly in profits, is transferred to the reserve for export credit guarantees and special guarantees.

The total amount transferred to the reserve for export credit guarantee and special guarantee operations is EUR 132,375,390.63.

In addition, the cancellation of a subordinated loan received from the owner, EUR 3,050,189.20 and remeasurement gains in defined benefit pension plans, EUR 9,306.00, were entered directly into retained earnings during the financial period. It is proposed that this sum be transferred to the reserve for domestic operations.

The total amount transferred to the reserve for domestic opreations is EUR 18,670,942.35.

Consolidated comprehensive income statement

		Finnvera Group		Finnvera plc	
		1–12	1–12	1–12	1–12
(EUR 1,000)	**Note**	**2015**	**2014**	**2015**	**2014**
Interest income					
Interests from loans passed on to the customers	D1	113,270	106,963	48,658	45,950
Subsidies passed on to customers		3,377	6,397	3,377	6,397
Other		4,759	-335	4,140	-651
Total interest income		**121,406**	**113,025**	**56,175**	**51,696**
Interest expenses	D1	-65,389	-61,267	-7,798	-4,999
Net interest income		**56,016**	**51,758**	**48,377**	**46,697**
Net fee and commission income	D2	141,281	137,049	140,606	136,019
Gains and losses from financial instruments carried at fair value	D3	-20,813	-10,009	-2,281	-556
Net income from investments	D4	127	945	24	-298
Other operating income	D5	2,231	1,556	2,850	3,391
Administrative expenses					
- Personnel expenses	D6	-30,413	-28,073	-29,158	-26,659
- Other administrative expenses		-13,581	-12,669	-13,025	-12,085
Total administrative expenses		**-43,994**	**-40,743**	**-42,183**	**-38,745**
Depreciation and amortization on tangible and intangible assets	D8	-1,046	-1,047	-1,012	-1,005
Other operating expenses	D9	-5,552	-5,097	-13,075	-11,280
Impairment loss on financial assets	D10				
Loans and guarantees		-86,837	-105,374	-85,459	-104,341
Credit loss compensation from the State		82,566	63,708	82,566	63,708
Export credit guarantees and special guarantees		-10,398	7,848	-10,398	7,848
Net impairment loss on financial assets		**-14,669**	**-33,817**	**-13,291**	**-32,784**
Impairment losses on other financial assets		0	0	-25,000	-9,000
Operating profit		**113,582**	**100,596**	**95,014**	**92,440**
Income tax expense	D11	-2,399	-713	0	0
Profit for the period		**111,183**	**99,883**	**95,014**	**92,440**
Other comprehensive income					
Items that may not be reclassified subsequently to the statement of income					
- Revaluation of defined benefit pension plans		9	459	9	459
Items that may be reclassified subsequently to the statement of income					
- Change in the fair value of shares		-2,103	-617	-2,068	-165
Total other comprehensive income		**-2,094**	**-157**	**-2,059**	**294**
Total comprehensive income for the period		**109,090**	**99,727**	**92,957**	**92,735**
Distribution of the profit for the period attributable to					
Equity holders of the parent company		112,356	100,077		
Non-controlling interest		-1,173	-194		
		111,183	**99,883**		
Distribution of the total comprehensive income for the period attributable to					
Equity holders of the parent company		110,262	99,921		
Non-controlling interest		-1,173	-194		
		109,090	**99,727**		

Balance sheet

		Finnvera Group		Finnvera plc	
(EUR 1,000)	Note	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
ASSETS					
Loans and receivables from credit institutions	E1				
- Payable on demand		543,105	634,614	508,667	549,942
- Other than payable on demand		31,975	56,304	7,873	20,252
		575,080	**690,918**	**516,540**	**570,194**
Loans and receivables from customers	E2				
- Loans		5,347,182	4,592,991	2,772,264	2,192,725
- Guarantee receivables		34,282	38,740	34,282	38,740
- Receivables from export credit and special guarantee operations		12,164	11,238	12,164	11,238
		5,393,628	**4,642,969**	**2,818,709**	**2,242,703**
Investments	E3				
Debt securities		2,014,386	934,721	2,014,386	934,721
Investments in group companies		0	0	68,815	159,815
Investments in associates		19,860	63,570	0	349
Other shares and participations		24,409	67,134	14,520	14,520
		2,058,655	**1,065,425**	**2,097,721**	**1,109,404**
Derivatives	E11	115,791	51,434	114,543	51,434
Intangible assets	E4	4,447	3,427	4,432	3,378
Property and equipment	E5				
Properties		164	171	164	171
Equipment		1,425	1,171	1,425	1,171
		1,589	**1,342**	**1,589**	**1,342**
Other assets	E6				
Credit loss receivables from the state		13,316	19,713	13,316	19,713
Other		4,790	4,345	1,914	7,783
		18,106	**24,059**	**15,230**	**27,496**
Prepayments and accrued income	E7	148,625	139,136	134,107	116,168
Tax assets	E8	0	190		
Long-term assets available for sale	E22	102,183		81,000	
TOTAL ASSETS		**8,418,104**	**6,618,900**	**5,783,872**	**4,122,120**

(EUR 1,000)	Note	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
LIABILITIES					
Liabilities to credit institutions	E9	0	0	0	0
Liabilities to other institutions	E9				
At fair value through profit or loss		39,456	35,769	0	0
Other financial liabilities		2,615,590	2,419,517	67,985	0
Debt securities in issue	E10				
At fair value trough profit or loss		3,957,734	2,564,141	3,957,734	2,564,141
Derivatives	E11	144,228	106,232	144,228	103,794
Provisions	E13	52,168	55,276	52,168	55,276
Other liabilities	E12	51,782	50,769	51,537	50,705
Accruals and deferred income	E15	345,117	289,211	336,730	272,621
Tax liabilities	E8	2,864	2,862		
Subordinated liabilities	E16	57,500	86,139	57,500	86,139
Liabilities associated with long-term assets available for sale	E22	30,589	-	30,589	-
Total liabilities		**7,297,028**	**5,609,914**	**4,698,472**	**3,132,676**
EQUITY	E21				
Equity attributable to the parent company's shareholders					
Share capital		196,605	196,605	196,605	196,605
Share premium		51,036	51,036	51,036	51,036
Fair value reserve		-2,202	-99	-2,304	-236
Non-restricted reserves					
Reserve for domestic operations		135,879	135,089	135,879	135,089
Export credit guarantee and special guarantee operations		536,064	435,628	536,064	435,628
Other		16,570	16,619	16,570	16,619
Retained earnings		182,896	168,709	151,550	154,704
		871,410	**756,044**	**840,063**	**742,039**
Equity attributable to the parent company's shareholders		1,116,849	1,003,586	1,085,400	989,444
Share of equity held by non-controlling interest		4,227	5,399		
Total equity		**1,121,075**	**1,008,986**	**1,085,400**	**989,444**
TOTAL LIABILITIES AND EQUITY		**8,418,104**	**6,618,900**	**5,783,872**	**4,122,120**

Contingent liabilities

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Contingent liabilities				
Commitments for domestic guarantees *)	1,003,387	987,561	1,003,387	987,561
Commitments for export credit guarantees and special guarantees **)	17,436,060	12,600,433	17,436,060	12,600,433
Credit commitments ***)	4,954,366	3,090,405	154,823	182,497
Total	**23,393,813**	**16,678,398**	**18,594,270**	**13,770,490**

*) 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 credit commitments consist of irrevocable financing commitments given for the client in accordance with the Act on Credits and Guarantees Provided by the State-owned Specialised Financing Company. The commitment may be either a commitment 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 undrawn export credit commitments by Finnish Export Credit Ltd.

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Current commitments	16,466,137	12,049,578	16,466,137	12,049,578
- For export credit guarantees	16,324,340	11,890,141	16,324,340	11,890,141
- For special guarantees	141,796	159,437	141,796	159,437
Offers given	969,924	550,854	969,924	550,854
- For export credit guarantees	969,924	550,854	969,924	550,854
- For special guarantees	0	0	0	0
Total	**17,436,060**	**12,600,433**	**17,436,060**	**12,600,433**

Liability for export credit guarantees calculated according to the Act on the State's Export Credit Guarantees:

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Liability according to the Act on the State's Export Credit Guarantees	**14,236,372**	**10,754,962**	**14,236,372**	**10,754,962**

The liability calculated according to the Act on the State's Export Credit Guarantees only includes the liability endorsed on the basis of the Act. It consists of the current commitments (only principal) and half of the liability stemming from the offers given. Items in foreign currencies are converted to euros using the exchange rate on the date when the commitment was given.

Statement of changes in equity

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Finnvera Group										
Equity attributable to the parent company's shareholder										
Reported balance at 31 Dec 2014	**196,605**	**51,036**	**-99**	**135,089**	**435,628**	**16,619**	**115,736**	**950,613**	**5,399**	**956,012**
Error in the accrual of fee and commission income and expenses *)							52,973	52,973		52,973
Restated balance at 1 Jan 2015	**196,605**	**51,036**	**-99**	**135,089**	**435,628**	**16,619**	**168,709**	**1,003,586**	**5,399**	**1,008,986**
Total comprehensive income										
- Profit for the period							112,356	112,356	-1,173	111,183
- Revaluation of defined pension plans							9	9		9
- Change in the fair value of shares available for sale			-2,103					-2,103		-2,103
Cancelled amount of subordinated loan received from the owner							3,050	3,050		3,050
Transfer to reserves				791	100,436	-49	-101,227	-49		-49
Balance at 31 Dec 2015	**196,605**	**51,036**	**-2,202**	**135,879**	**536,064**	**16,570**	**182,896**	**1,116,848**	**4,227**	**1,121,075**
Reported balance at 31 Dec 2013	**196,605**	**51,036**	**518**	**137,172**	**357,825**	**17,225**	**82,590**	**842,972**	**5,594**	**848,566**
Error in the accrual of fee and commission income and expenses*)							54,411	54,411		54,411
Restated balance at 1 Jan 2014	**196,605**	**51,036**	**518**	**137,172**	**357,825**	**17,225**	**137,001**	**897,383**	**5,594**	**902,977**
Total comprehensive income										
- Profit for the period							101,515	101,515	-195	101,320
- Revaluation of defined pension plans							459	459		459
- Change in the fair value of shares available for sale			-617					-617		-618
Cancelled amount of subordinated loan received from the owner							6,890	6,890		6,890
Transfer to reserves				-2,084	77,803	-606	-75,719	-606		-606
Reported balance at 31 Dec 2014	**196,605**	**51,036**	**-99**	**135,088**	**435,628**	**16,619**	**170,145**	**1,005,022**	**5,399**	**1,010,422**
Error in the accrual of fee and commission income and expenses *)							-1,438	-1,438		-1,438
Restated balance at 31 Dec 2014	**196,605**	**51,036**	**-99**	**135,088**	**435,628**	**16,619**	**168,707**	**1,003,584**	**5,399**	**1,008,986**

Finnvera plc								
Reported balance at 31 Dec 2014	**196,605**	**51,036**	**-236**	**135,089**	**435,628**	**16,619**	**101,731**	**936,472**
Error in the accrual of fee and commission income and expenses *)							52,973	52,973
Restated balance at 1 Jan 2015	**196,605**	**51,036**	**-236**	**135,089**	**435,628**	**16,619**	**154,704**	**989,444**
Total comprehensive income								
- Profit for the period							95,014	95,014
- Revaluation of defined pension plans							9	9
- Change in the fair value of shares available for sale			-2,068					-2,068
Cancelled amount of subordinated loan received from the owner							3,050	3,050
Transfer to reserves				791	100,436	-49	-101,227	-49
Balance at 31 Dec 2015	**196,605**	**51,036**	**-2,304**	**135,880**	**536,064**	**16,570**	**151,550**	**1,085,400**
Reported balance at 31 Dec 2013	**196,605**	**51,036**	**-71**	**137,172**	**357,825**	**17,225**	**76,223**	**836,015**
Error in the accrual of fee and commission income and expenses *)							54,411	54,411
Restated balance at 1 Jan 2014	**196,605**	**51,036**	**-71**	**137,172**	**357,825**	**17,225**	**130,634**	**890,426**
Total comprehensive income								
- Profit for the period							93,878	93,878
- Revaluation of defined pension plans							459	459
- Change in the fair value of shares available for sale			-165					-165
Cancelled amount of subordinated loan received from the owner							6,890	6,890
Transfer to reserves				-2,084	77,803	-606	-75,719	-606
Reported balance at 31 Dec 2014	**196,605**	**51,036**	**-236**	**135,088**	**435,628**	**16,619**	**156,142**	**990,882**
Error in the accrual of fee and commission income and expenses *)							-1,438	-1,438
Restated balance at 31 Dec 2014	**196,605**	**51,036**	**-236**	**135,088**	**435,628**	**16,619**	**154,704**	**989,444**

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

*) Note A14

Statement of cash flow

	Finnvera Group		Finnvera plc	
	1–12	1–12	1–12	1–12
(EUR 1,000)	**2015**	**2014**	**2015**	**2014**
Cash flows from operating activities				
Withdrawal of loans granted	-3,457,022	-2,058,047	-3,453,658	-1,653,604
Repayments of loans granted	2,924,124	1,279,457	2,907,215	943,937
Purchase of investments	-12,626	-14,885	-15,000	-10,000
Proceeds from investments	6,592	15,723	0	0
Interest received	113,279	112,972	42,355	50,968
Interest paid	-70,826	-64,145	-6,639	-4,099
Interest subsidy received	1,174	4,637	1,174	4,637
Payments received from commission income	182,557	146,898	180,618	143,655
Payments received from other operating income	141,588	154,351	142,648	151,781
Payments for operating expenses	-64,129	-57,847	-69,162	-54,009
Claims paid	-39,292	-41,704	-39,292	-41,704
Taxes paid	-3,363	-2,167	0	0
Net cash used in (-) / from (+) operating activities (A)	**-277,944**	**-524,756**	**-309,742**	**-468,439**
Cash flow from investing activities				
Purchase of property and equipment and intangible assets	-2,313	-1,674	-2,313	-1,615
Proceeds from other investments	255	1,019	255	1,019
Dividends received from investments	106	307	18	12
Net cash used in (-) / from (+) investing activities (B)	**-1,952**	**-347**	**-2,040**	**-583**
Cash flows from financing activities				
Proceeds from loans	1,827,112	2,035,753	1,509,761	1,633,997
Repayment of loans	-603,459	-528,634	-201,177	-199,550
Payments from derivatives collateral	29,210	-28,520	29,210	-28,520
Net cash used in (-) / from (+) financing activities (C)	**1,252,863**	**1,478,599**	**1,337,793**	**1,405,927**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**972,967**	**953,496**	**1,026,011**	**936,905**
Cash and cash equivalents at the beginning of the period	**1,615,330**	**661,834**	**1,504,914**	**568,009**
Cash and cash equivalents at the end of the period	**2,588,297**	**1,615,330**	**2,530,925**	**1,504,914**
Cash and cash equivalents at the end of the period				
Receivables from credit institutions	549,022	673,576	516,540	570,194
Debt securities	2,029,386	940,721	2,014,386	934,721
Investments in short-term interest reserves	9,889	1,033	0	0
	2,588,297	**1,615,330**	**2,530,926**	**1,504,914**

Notes to the financial statements

A Accounting principles

A1 Basic information of the Group

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 includes venture capital investment companies Veraventure Ltd and Seed Fund Vera Ltd as well as Finnish Export Credit Ltd, which concentrates on financing export credits.

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. The Board of Directors approved the financial statements on 25 February 2016.

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

A2 Principles for drawing up the financial statements

The financial statements include both the consolidated and the parent company's financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2015 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS Regulation No 1606/2002 of the European Union. The notes to the financial statements also comply with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

The 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 standards and interpretations applied

In 2015 Finnvera adopted the following new or revised IFRSs and interpretations:

- Annual Improvements to IFRSs 2010–2012 and 2011–2013 (applied mainly to financial periods starting on 1 July 2014 or thereafter). The impacts of the amendments vary depending on the standard, but they are not significant.

New and revised standards and interpretations applied later

The IASB has issued the following new or revised standards and interpretations. The Group applies them 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.

The financial period 2016

- Annual Improvements to IFRSs 2012–2014 (applied to financial periods starting on 1 January 2016 or thereafter). The impacts of the amendments vary depending on the standard, but they are not significant.
- Amendment to IAS 1 Presentation of Financial Statements (applied to financial periods starting on 1 January 2016 or thereafter). The amendments clarify the guidelines of IAS 1 concerning materiality, the aggregation of items in the income statement and on the balance sheet, the presentation of subheadings, the structure of financial statements and principles for drawing up them. The amendment has no essential impact on the consolidated financial statements.

The financial period 2016 or later

- IFRS 9 Financial Instruments and its amendments (applied to financial periods starting on 1 January 2018 or thereafter). The new standard replaces the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 changes the classification and measurement of financial assets and includes a new expected loss impairment model for assessing the impairment of financial assets. The classification and measurement of financial liabilities are largely the same as in the current IAS 39 requirements. From Finnvera's perspective, the standard is pivotal. Finnvera has started to analyse the impact of the standard.

- IFRS 15 Revenue from Contracts with Customers (applied to financial periods starting on 1 January 2018 or thereafter). The new standard includes a five-step model for the recognition of revenue gained on the basis of contracts with customers. It replaces the current standards IAS 18 and IAS 11 and the associated interpretations. Revenue is recognised either over time or at a point in time, the central criterion being when control is passed. The standard affects the recognition of fee and commission income and increases the number of notes presented. Finnvera is assessing the impact of the amendment on the consolidated financial statements.

A3 Consolidation principles for the financial statements

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group, by being party to a corporation, is exposed to its variable income or is entitled to its variable income and can influence it by using its power over the corporation. The consolidated financial statements include the subsidiaries in which the parent company holds more than 50 per cent of the votes, or in which the company otherwise has control.

In the parent company's financial statements, holdings in subsidiaries have been entered at acquisition cost. The value of the subsidiaries' shares is tested when the books are closed and, whenever necessary, an impairment loss is recognised.

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

Intra-group shareholding has been eliminated using the acquisition 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.

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, under the item Gains/losses from items carried at fair value.

Elimination of intra-group items in the consolidated financial statements

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 comprehensive income for the period is reported as a separate item in the comprehensive income statement and on the balance sheet as part of equity.

A4 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 at 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.

A5 Principles for recognising 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.

The interest on interest rate swaps made for hedging receivables is treated as an adjustment item for interest income, while the interest on interest rate swaps made for hedging liabilities is treated as an adjustment item for interest expenses.

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 and losses from financial instruments carried at fair value

Gains and losses (both realised and unrealised) from derivatives, liabilities and venture capital investments measured at fair value as well as exchange rate differences are presented under the comprehensive 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 full security.

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.

During the financial period, Finnvera received a grant of EUR 10 million from the State to be used as capital for the subsidiary Aloitusrahasto Oy. The grant is intended for ERDF investments made by Aloitusrahasto. The grant is recognised under other liabilities in Finnvera's financial statements (Note E12).

A6 Intangible and tangible assets

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 economic life, which is five years.

Tangible assets

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 economic lives as follows:

Property
30–40 years

Machinery and equipment
5–7 years

Impairment of intangible assets and property, plant and equipment

At every balance sheet date, the carrying amounts of 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.

A7 Costs of post-employment 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 of 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.

A8 Income taxes

Income taxes in the statement of comprehensive income consist of income taxes and deferred taxes for the current and previous financial periods. Taxes are recognised in the income statement with the exception of any deferred tax for items charged or credited directly to equity. In that case, the tax is also charged or credited directly to equity.

Deferred taxes are calculated using the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are calculated using a corporation tax rate of 20.0 per cent.

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 from 1 January 2007. The subsidiaries of Finnvera plc have no corresponding exemption.

A9 Long-term assets classified as available for sale

Long-term assets and the liabilities directly associated with them are classified as available for sale if the sum corresponding to their book value will be accumulated mostly from the sale of the asset instead of continuous use. It is considered that the preconditions for the classification as available for sale are met when the sale is highly likely and the asset can be sold immediately in its present condition under general and customary terms, the management is committed to the sale, and the sale is expected to take place within one year of the classification.

Assets classified as available for sale are valued in accordance with the IFRSs applicable to each asset. If it is subsequently found that the preconditions for the classification of the asset as available for sale are no longer met, the asset is transferred back for presentation and valuation in accordance with the applicable IFRSs.

A10 Financial assets and liabilities

Classification

Financial assets are classified as financial assets at fair value through profit or loss, loans and other receivables, as well as financial assets available for sale. 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 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 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. Investments are carried at fair value and the change in fair value is recognised in the income statement, under the item Gains/losses from items carried at fair value (for determination of the fair value of venture capital investments, see A12 Accounting principles requiring the management's judgment).

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 the value of an asset classified as available for sale has declined markedly or for an extended period, the accumulated loss recognised in equity is entered in the income statement. The criteria are as follows: the company has been declared bankrupt or insolvent or has entered into a restructuring agreement, or has sought protection against its creditors, or extensive restructuring having an effect on the creditors is in progress.

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 on 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.

Determination of fair value

The fair value of financial instruments is determined on the basis of 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 using an applicable valuation technique. The valuation techniques used may vary by financial instrument.

Level 3: If the market is not active or the financial instrument is unlisted, the value is determined by using generally applied valuation techniques. If reliable determination of fair value is not possible, the financial instrument is measured at cost less any impairment losses.

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.

Impairment losses on financial assets

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 debt adjustment.

A11 Provisions

Provisions for export credit guarantee losses

A provision is recognised on outstanding export credit guarantees and special guarantees when there is objective evidence that the obligation to pay an indemnity is likely to arise and it is estimated that the present value of the cash flows arising from the 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.

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 500,000 euros. For smaller commitments, the need for provisions is assessed collectively.

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.

A12 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.

A13 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 assessment of impairment losses on loans and other receivables, the provisions to be made for domestic guarantee and export credit guarantee commitments, and the determination of the fair value of financial instruments and investments made by the associated companies.

Impairment losses on loans and other receivables

For large sums, the impairment testing of receivables included in SME financing is done individually, and for other sums, collectively. The impairment testing is based on estimates of future cash flows to be received. The value of the receivables has impaired if the estimated value of the cash flow discounted on the balance sheet date, including collateral, is less than the book value of the receivables.

The principles for recognising impairment losses are described in more detail under the section Impairment losses on financial assets. During the financial year, impairment losses were only recorded on the balance sheet item Loans and receivables from customers. Note E2 to the balance sheet shows the amount of impairment losses.

Provisions

A provision is recognised on outstanding domestic guarantees and export credit guarantees in SME financing and export financing when there is objective evidence that the obligation to pay an indemnity is likely to arise and it is estimated that the value of the cash flows arising from the indemnity and discounted on the balance sheet date exceeds the correspondingly discounted cash flow from the recovery receivables arisen on the basis of the indemnity paid.

The principles for recognising provisions are described in more detail under section A10 of the accounting principles. The provisions have been made on the commitments presented in the note Contingencies.

Determination of the fair value of venture capital investments

The fair value of venture capital investments made by subsidiaries engaged in venture capital investment, Veraventure Ltd and Seed Fund Vera Ltd, is determined using a valuation method approved by the Board of Directors that 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 starting point of the valuation is the value determined on the basis of 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. When the value of the holding is determined, the effect of any options and conversion options on the value of the ownership is also taken into consideration. Initial investments made within the past year are recognised at book value. Fund investments are also valued using theIPEV Valuation Guidelines.

In accordance with the government's policy outlines, Finnvera will give up a major proportion of its venture capital investments. Finnvera has already initiated measures to this end. In consequence, when the fair value of venture capital investments is determined, attention is also paid to how the management of both Finnvera and its subsidiaries engaged in venture capital investment assess the fair value of the investments.

If a fund's early-stage venture capital investment portfolio is extensive (approx. 150 investments), a 10 per cent change in the value of a single, average investment will have an impact of 0.07 percentage points at the portfolio level.

Determination of the fair value of liabilities and derivatives

The fair value of derivatives and financial liabilities recognised at fair value through profit or loss, associated with SME financing and export credit financing, is determined using a method based on the present value of cash flows, in which calculations are based on market interest rates and other information on the end date of the financial period. The fair values of derivatives are equivalent to the average market price in situations where the Group would transfer or sell derivatives in normal business operations under market conditions on the end date of the financial period. The credit risk associated with derivatives is reduced by means of collateral arrangements.

A14 Correction of an error concerning previous financial periods

Owing to a system error concerning the accrual of income in previous periods, the premiums on export credit guarantees (fee and commission income) and reinsurance expenses (fee and commission expenses) listed in income statements have been too small. 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:

	Finnvera Group			Finnvera plc		
(EUR 1,000)	**Reported**	**Adjustment**	**Adjusted**	**Reported**	**Adjustment**	**Adjusted**
1 Jan 2014						
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
Total equity						
- Equity holders of the parent company	842,972	54,411	897,383	836,015	54,411	890,426
- Share held by non-controlling interest	5,594	0	5,594			
Year 2014						
Effect on 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
Total equity						
- Equity holders of the parent company	950,613	52,973	1,003,586	936,471	52,973	989,443
- Share held by non-controlling interest	5,399	0	5,399			
Impact on profit 1 Jan.–31 Dec 2014						
Fee and commission income and expenses, net	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 decision on the transfer of retained earnings to the reserves for non-restricted equity is made by the General Meeting of Shareholders. The adjustment concerns the profit on 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 in conjunction with the General Meeting's decision on the profit for the financial period 2015.

B Risk management

IFRS consolidated financial statements, notes to risk management

The principles, role and responsibilities of risk management

The objectives of Finnvera's activities when financing the growth, internationalisation and exports of enterprises, as well as the strategies for reaching these objectives, form the foundation for risk management. Finnvera supplements the financial market and takes greater credit risks than financiers operating on commercial grounds. The credit risk is the principal risk segment for the Finnvera Group, other important segments being financial risks and operational risks associated with activities.

The task of risk management is to identify risks and to help Finnvera's management to manage risks that could jeopardise the attainment of the company's objectives. Risk management is of central importance for maintaining the Finnvera Group's ability to take risks and for attaining the company's long-term economic objectives. Finnvera's Board of Directors and executive 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 policies for risk-taking.

Working independently of Finnvera's business areas, the Risk Control Unit is responsible for the development of the methods and guidelines of risk management and for the monitoring of the Group's risk position. Risk Control is also responsible for coordinating the development and maintenance of the risk classification systems and for monitoring the functionality of the classification systems. Risk Control reports to the Chief Executive Officer. The practical measures regarding risk management are part of the day-to-day management and are handled by the entire Finnvera organisation and the Group companies.

Controlled risk-taking

The State compensates Finnvera for some of the losses incurred 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 associated with 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 steered by means of the credit policy and the risk-taking goals specific to each business area. These take into account, for instance, differences in the clientele and in the operating environment. Finnvera's risk-taking is based on targets set by the owner for effectiveness and profitability. Risk-taking pertaining to financing is steered by means of the credit, guarantee and country policies ratified by the Board of Directors. Instruments such as reinsurance or credit derivatives may be used to hedge some credit risks in export credit guarantee operations.

In line with their strategic policies, the subsidiaries engaged in venture capital investment focus their risk-taking on start-ups and growth enterprises. The subsidiaries are controlled by the parent company and fall within the scope of risk management and internal auditing practised in the Group.

Credit and guarantee risks and risk classification systems

The risk of a credit loss arises when a debtor or another counterparty does not meet its obligations. 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 their payments.

Management of credit risks in SME financing is based on the assessment of each enterprise. Finnvera applies a risk rating 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 for insolvent enterprises. When a decision on financing is made, the account manager is responsible for assessing the credit risk, for giving the client the risk rating and for drafting the financing proposal. The Credit Decision Unit participates in the assessment of risk rating in conjunction with decision-making. The risk rating of Finnvera's client enterprises 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 policy categories (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 corporate analysis is conducted by the account manager and an analysis team that is independent of business operations. The analysis results in internal risk classification of eight categories, which corresponds in part to the risk classification method used by international rating agencies. The rating is updated when new projects are introduced or otherwise at least once a year.

The credit risk model is based on the Probability of Default (PD), the Loss Given Default (LGD) and the exposure at default. Finnvera's financial products are mainly loans and guarantees. Owing to the nature of the products, it is justified to assume that the exposure is used in full at the time of default. In the model for SME financing, the Loss Given Default is the exposure minus the value of collateral pledged, whereas in the model used for export credit guarantees, losses are estimated empirically. In the model for SME financing, the Probability of Default is based on Finnvera's own historical data, accumulated for 20 years, on the probabilities of default in various risk categories. There are considerably fewer loss events in export credit guarantee operations, so the probabilities of default have been derived from the data of rating agencies. Risk Control monitors the functioning of the risk classification models regularly, and amendments improving them are made whenever necessary.

The credit risk models are utilised, for instance, for the following:

- assessment and pricing of credit risks when credits are granted;
- definition of credit policies;
- determination of the authority to make financing decisions;
- setting and monitoring qualitative objectives for the credit portfolio;
- risk reporting on the credit portfolio;
- internal assessment of capital adequacy and calculation of the expected loss.

In connection with the proposal for financing, the account manager or the credit risk analyst conducts credit classification using a rating tool suited for assessing the qualitative and quantitative factors of the risk object. The model yields a risk score (0–100) which serves as the base for determining the risk object's rating category. Apart from this model, SME Financing uses a so-called mechanical risk category for smaller risks and as a control. It is based on financial ratios and on the client's previous payment behaviour towards Finnvera. The risk category determined when a proposal for financing is made is confirmed in connection with the financing decision. Whenever necessary, Risk Control gives its opinion on the risk ratings of the largest exposures.

The account manager is responsible for updating the risk classification. The updating request is sent from the system automatically according to certain criteria or when the period of validity for the classification has expired.

Correspondence between the rating categories of enterprise exposures and the rating used by S&P[1]

S&P Rating	AAA…AA-	A+…BBB+	BBB…BBB-	BB+…BB-	B+…B-	C
Finnvera	A1	A2…A3	A3-…B1	B1-…B2	B2-…B3	C

[1] Because of differences in the rating methods, the comparison with the S&P rating is only suggestive.

Financing decisions are made by the Board of Directors and according to the authorisations delegated by the Board so that the amount of exposure and risk have an impact on the decision-making level. Finnvera's Credit Committee makes decisions under its own authority, discusses proposals submitted to the Board of Directors for decision-making, and handles issues requiring a specific policy. The Credit Committee is chaired by the CEO. The Head of the Credit Decision Unit serves as the Vice Chair. Risk Control participates in the work of the Credit Committee.

Monitoring of credit risks

Client monitoring takes place through annual analysis of the client enterprise's financial statements, regular contacts with the client and through monitoring of the client's payment behaviour and operations. In its monitoring, Finnvera utilises data from its own control systems, from beneficiaries of domestic guarantees and export credit guarantees, and from public registers on payment defaults. Elevated client risks are taken under special monitoring and a report on the special monitoring is drawn up quarterly. The probability of credit losses and any needs for write-downs are assessed at the same time.

The concentration of risks in counterparties, sectors and countries is monitored regularly. Owing to the purpose of the company's operations, it is challenging to set precise limits for these risks. In SME financing, credit policy defines the maximum exposure of an individual counterparty. Decisions greater than this maximum must be justified separately to the company's Board of Directors and, whenever necessary, to the guiding ministry. In export financing, instruments such as reinsurance agreements are used to hedge against risks associated with individual counterparties and concentrations.

Counterparty risks also arise in connection with asset and liability management operations. Finnvera's goal is to keep the counterparty risks of the treasury low by setting counterparty-specific limits, by concluding netting and security arrangements associated with derivative contracts, and by working with counterparties with high credit ratings.

The realised risk-taking is monitored monthly by means of a diverse set of indicators. The main indicators in Finnvera's risk management are the distribution of current credit and guarantee exposure and the change in exposure by risk category, payment delays and non-performing receivables. In SME financing, the LGD estimate is largely based on the value of collateral, whereas in export credit guarantees it is based on a separate estimate of recoveries. The level of risk-taking in relation to outstanding exposure, financing granted, and export credit guarantees is described by using the anticipated statistical value of credit losses, the total loss, and realised credit losses. These are reported quarterly.

Interest rate and currency risk

At Finnvera, interest rate risks arise when interest rates for borrowing and lending are determined at different times and when there are structural interest rate risks associated with equity. The interest rate of domestic lending intended for small and medium-sized enterprises is mainly based on 6-month Euribor. The interest rate in export financing is based either on 6-month Euribor or on 6-month USD-LIBOR. Interest fixing dates are distributed fairly evenly over the various banking days throughout the year. Borrowing takes place in larger individual sums, and often with a fixed interest rate. In the event that borrowing is based on a reference rate other than 6-month Euribor (or USD-LIBOR), the reference rate is converted to 6-month Euribor (or USD-LIBOR) by using interest rate swaps when the loan is taken. The interest rate risk arising from differences in the timing of interest fixings between borrowing and lending is controlled by striving to distribute the interest fixings for borrowing evenly over different months.

Structural interest rate risks arise when Finnvera's own funds, classified as being interest-free, are used in lending and export financing as one source of funding. Finnvera monitors the resulting interest rate risk and, if necessary, hedges this risk. The company's Board of Directors has determined that the target for return on equity is based on 6-month Euribor, which governs the size of the structural interest rate risk.

The entire loan portfolio of Finnvera's SME financing is denominated in euros, whereas export financing uses both euros and dollars. Finnvera acquires funds from a number of markets and in a number of currencies. To manage the currency risk, the funds acquired are converted into euros or dollars by using cross currency swaps. Cash assets are also invested in the relevant currencies. The remaining currency risk is hedged using currency derivatives, if necessary.

Finnvera's goal is to keep both the interest rate risk and the currency risk low. Risks are monitored actively, and the company's management and the Board of Directors receive regular reports on them.

Liquidity risk

Finnvera acquires long-term funding mainly under the EMTN programme. The programme is guaranteed by the State and has the same credit rating as the State of Finland. The company can also make use of a domestic commercial paper programme. These help distribute funding across several markets and investors.

Finnvera's Board of Directors approves the principles of liquidity management. According to these principles, the liquidity buffer must at any given time cover the payments scheduled for the next six months. The principles also determine how much underfunding the company can accept in the longer term. Liquid assets are invested in instruments with a high credit rating. Finnvera's treasury is responsible for practical tasks associated with borrowing and liquidity management. The company's accumulated own funds are an important funding source for lending.

The potentially high claims arising from export credit guarantee operations may lead to a sudden need for liquidity that is greater than normally. To prepare for the realisation of such liquidity risks, Finnvera has entered into contractual arrangements, for instance, with the State Guarantee Fund and the Republic of Finland.

Market risk

Finnvera does not trade in instruments subject to the effect of market prices. However, a small amount of market risk arises in the balance sheet when liquid assets are invested and when measures are taken to hedge against currency and interest rate risks. The aim is to invest liquid assets in instruments where investments can be kept until maturity. Since the investments are classified as available for sale, changes in market prices do not affect Finnvera's financial performance. Effort is also made to hedge risks so that the net effect of market changes on financial performance would be slight.

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. Risk Control 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 realised, would have serious consequences for the company's operations. Responsibility for the implementation of actions to avert the risk scenarios and other severe risks has been divided between the various organisational units in line with their tasks. The management of operational risks is closely linked to the continuous improvement of quality practised by Finnvera. Finnvera has an ISO 9001 quality certificate and meets the requirements set by central government for the increased level of information security. Safeguards are taken against operational risks, for instance, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

Operational risks realised are registered into the management system of operational risks using a risk event portal accessible to the entire personnel. The reasons leading to the events and the measures taken to prevent the recurrence of similar events are described in the application. Finnvera's management and Board of Directors receive regular reports on operational risks realised.

Venture capital investments

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

Risk management by the subsidiaries engaged in venture capital investment is based on enterprise analysis, limiting the size of investments, sharing the risk with other investors, and on sufficient diversification of the investment portfolio. The principles for liquidity investment are the same as those applied by the parent company.

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 for SME financing according to the principles of the Basel III standard method even though Finnvera is not officially required to apply this method. Owing to the nature of its business, Finnvera must ensure that the amount of equity is sufficient in relation to the credit risks taken. The Ministry of Employment and the Economy has set a goal of 12–20 per cent for Finnvera's capital adequacy. Finnvera also assesses the credit losses that would arise in potential extreme situations and their impact on capital adequacy.

Economic capital is calculated using a credit risk model that corresponds to the models generally used by banks. The model considers the probability of default for the risk objects and the loss resulting from the exposure should the default realise. Internally, Finnvera's aim is to attain as much economic capital as is needed to cover the annual losses arising from credit risks and counterparty risks with a certainty of 99 per cent. In addition, capital is reserved for operational risks. Finnvera has assessed that a certainty of 99 per cent is sufficient for the indicator of economic capital because the State is ultimately responsible for Finnvera's domestic guarantees and export credit guarantees.

Equity and retained earnings are allocated to the reserve for domestic operations and to the reserve for export credit guarantee and special guarantee operations. The State provides direct support for Finnvera's domestic financing by paying credit and guarantee loss compensation for some of the credit losses incurred by Finnvera. At present, the compensation for credit and guarantee losses ranges from 35 to 80 per cent, depending on the project. The average is about 55 per cent of the outstanding credit and guarantee exposure.. In export credit guarantee operations, the Republic of Finland is responsible, e.g. through the State Guarantee Fund, for the losses that may arise during the financial period and exceed the assets in the reserve for export credit guarantee and special guarantee operations.

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 for the State of Finland.

Notes to risk management

B1 Credit risks

	Finnvera Group	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Receivables *)		
Loans and receivables from credit institutions	2,167,331	1,104,467
Loans and receivables from customers	5,452,142	4,642,969
Debt securities	383,509	521,172
Derivatives	55,267	26,615
Total	**8,058,249**	**6,295,223**
Contingent liabilities		
Total	**23,393,813**	**14,978,240**

*) Finnish Export Credit's receivables, EUR 4,216,369 thousand, guaranteed by Finnvera, are included in 'Receivables from customers' in the Group.

SME-FINANCING
B2 Receivables from customers and guarantees whose value has not impaired

	SME-financing			
	31 Dec 2015		31 Dec 2014	
	(EUR 1,000)	**%**	**(EUR 1,000)**	**%**
Risk class				
A1	382	0%	186	0%
A2	3,407	0%	4,710	0%
A3	43,884	2%	48,721	2%
B1	369,447	15%	427,770	18%
B2	1,324,693	54%	1,219,568	50%
B3	587,175	24%	569,884	23%
C	65,517	3%	58,529	2%
D	47,156	2%	104,012	4%
Total	**2,441,660**	**100%**	**2,433,379**	**100%**

B3 Receivables from customers and guarantees by industry

	SME-financing	
(EUR 1,000)	31 Dec 2015	31 Dec 2014
Rural trades	31,772	30,737
Industry	1,380,555	1,354,361
Tourism	180,654	180,682
Services to business	496,840	497,241
Trade and consumer services	351,839	370,358
Total	**2,441,660**	**2,433,379**

B4 Loans and guarantees by area

	SME-financing	
(EUR 1,000)	31 Dec 2015	31 Dec 2014
Finland	2,441,660	2,433,379
Total	**2,441,660**	**2,433,379**

B5 Loans and guarantees, collateral shortage

	SME-financing			
	31 Dec 2015			
(EUR 1,000)	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	**2,441,660**	**659,248**	**1,782,412**	**73%**

	31 Dec 2014			
	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	**2,433,379**	**778,681**	**1,654,698**	**68%**

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > B Risk management

B6 Impaired loans and guarantees for which a guarantee provision has been made

	SME-financing	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
	Total	**Total**
Impairment losses on individually assesses loans and guarantee provisions		
Loans		
- Commitment before the impairment	79,661	130,043
- Impairment loss	27,830	46,464
- Commitment after the impairment	51,831	83,579
Guarantees		
- Commitment before the guarantee provision	66,191	102,915
- Guarantee provision	20,519	33,148
- Commitment after the guarantee provision	45,672	69,767
Impairment losses on collectively assessed loand and guarantee provisions		
Loans		
Commitment before the impairment	78,580	100,200
Impairment loss	28,503	39,248
Commitment after the impairment	50,077	60,952
Guarantees		
Commitment before the guarantee provision	41,435	51,523
Guarantee provision	18,653	20,220
Commitment after the guarantee provision	22,782	31,303

B7.1 Doubtful receivables

	SME-financing	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Receivables that are more than 90 days overdue	90,492	97,993
Classified as insolvent	196,599	280,041
Individually and collectively assessed impairment losses *)	-95,505	-139,080
Doubtful receivables net	191,586	238,954
0-interest credits	12,954	11,997

Doubtful receivables are defined according to the definition of the European Banking Authority that entered into force in 2015.

*) All individually and collectively assessed impairment losses pertain to doubtful receivables.

B7.2 Past due receivables

	SME-financing	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
1 day–3 months	8,372	11,176
3–6 months	6,265	8,492
6–12 months	16,898	11,605
Over 12 months	25,661	27,771
Total	**57,196**	**59,044**

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.

EXPORT FINANCING

B8 Enterprise and bank commitments in export credit guarantee operations, by risk category

	Export financing					
(EUR 1,000)			**31 Dec 2015**			**31 Dec 2014**
Risk category	**Enterprise commit-ments**	**Bank commit-ments**	**Total**	**Enterprise commit-ments**	**Bank commit-ments**	**Total**
A1	369,854	72,266	442,120	294,665	40,918	335,583
A2	0	373,284	373,284	0	194,115	194,115
A3	2,263,963	96,337	2,360,300	1,164,551	104,028	1,268,579
B1	4,480,952	48,716	4,529,669	3,818,870	299,989	4,118,859
B2	6,991,454	479,649	7,471,103	4,718,498	82,334	4,800,831
B3	1,355,339	111,679	1,467,018	995,678	123,598	1,119,275
C	11,043	428	11,471	1,822	2,153	3,975
D	2,428	0	2,428	0	0	0
No classification	264,362	0	264,362	127,920	0	127,920
Total	**15,739,395**	**1,182,359**	**16,921,754**	**11,122,003**	**847,135**	**11,969,138**

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > B Risk management

B9 Country exposures in export credit guarantee operations, by country category

	Export financing	
Country category (EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
0	10,055,963	5,882,134
1	515	588
2	1,112,223	870,061
3	1,694,727	4,710,534
4	3,937,714	499,830
5	340,549	265,377
6	92,227	143,674
7	52,375	86,312
Total	**17,286,293**	**12,458,510**

B10 Bank commitments and enterprise commitments in export credit guarantee operations, by sector

	Export financing	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
	Total	**Total**
Telecommunications	4,918,939	3,775,415
Shipping companies	6,198,778	3,043,251
Wood processing	2,410,478	2,235,340
Metal industry and mining	324,718	404,327
Power generation	431,648	133,894
Other	509,606	554,987
Reinsurance	945,227	974,790
Banks and financing	1,182,359	847,135
Total	**16,921,754**	**11,969,138**

B11 Liquidity risk, maturity of liabilities *)

				Finnvera Group			
(EUR 1,000)	**Book value**	**Nominal value**	**< 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**> 10 years**
31 Dec 2015							
Assets							
Receivables from credit institutions **)	580,252	580,252	507,010	50,861	6,886	8,608	6,886
Receivables from credit institutions, debt securities ***)	1,579,206	1,575,573	223,500	407,953	944,120	0	0
Receivables from customers	5,405,696	5,405,826	166,463	674,286	2,920,868	1,544,777	99,432
Debt securities	383,509	383,600	241,100	142,500	0	0	0
Total	**7,948,664**	**7,945,251**	**1,138,073**	**1,275,600**	**3,871,874**	**1,553,385**	**106,319**
Liabilities							
Liabilities to credit institutions							
Liabilities to others	2,655,046	2,653,738	87,407	279,620	1,402,849	818,221	65,641
Debt securities in issue	3,957,734	3,937,282	0	275,558	1,452,461	2,209,263	0
Subordinated liabilities	88,089	88,089	0	50,000	0	18,089	20,000
Credit commitments	0	4,954,367	550,677	928,642	3,475,049	0	0
Total	**6,700,869**	**11,633,476**	**638,084**	**1,533,819**	**6,330,359**	**3,045,573**	**85,641**
Derivatives							
Derivatives - receivables		4,269,080	0	275,558	1,784,258	2,209,263	0
Derivatives - liabilities		4,317,634	0	226,057	1,882,314	2,209,263	0
Total, net	**-28,437**	**-48,554**	**0**	**49,501**	**-98,055**	**0**	**0**
Guarantees and export credit guarantees *)							
Guarantees		**1,003,387**	**124,215**	**295,870**	**489,013**	**91,235**	**3,054**
Export credit guarantees		**17,436,060**	**660,520**	**1,787,599**	**7,693,645**	**5,323,988**	**1,970,308**
31 Dec 2014							
Assets							
Receivables from credit institutions **)	670,666	670,666	670,666	0	0	0	0
Receivables from credit institutions, debt securities ***)	413,549	412,620	13,000	11,000	388,620	0	0
Receivables from customers	4,592,991	4,592,991	142,439	687,181	2,300,999	1,370,666	91,706
Debt securities	521,172	521,250	513,250	8,000	0	0	0
Total	**6,198,378**	**6,197,528**	**1,339,355**	**706,181**	**2,689,619**	**1,370,666**	**91,706**

Liabilities							
Liabilities to credit institutions	0	0	0	0	0	0	0
Liabilities to others	2,419,517	2,419,517	79,149	233,899	1,183,610	866,500	56,358
Debt securities in issue	2,599,909	2,580,326	0	176,952	1,653,374	750,000	0
Subordinated liabilities	86,139	86,139	0	0	50,000	21,139	15,000
Credit commitments	0	2,908,090	461,731	1,289,150	1,157,209	0	0
Total	**5,105,565**	**7,994,071**	**540,881**	**1,700,001**	**4,044,193**	**1,637,639**	**71,358**
Derivatives							
Derivatives - receivables		2,873,975	0	176,952	1,947,023	750,000	0
Derivatives - liabilities		2,868,138	0	201,177	1,916,960	750,000	0
Total, net	**-50,678**	**5,838**	**0**	**-24,225**	**30,063**	**0**	**0**
Guarantees and export credit guarantees *)							
Guarantees		**987,561**	**136,223**	**280,490**	**480,081**	**87,857**	**2,910**
Export credit guarantees		**12,600,433**	**604,266**	**1,526,635**	**6,388,559**	**3,518,942**	**562,032**

*) 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.

**) The item "Receivables from credit institutions" does not include the ERDF assets deposited, EUR 7,873.000. Their use is regulated separately.

***) Investments in debt securities issued by credit institutions.

B12 Market risk sensitivities *)

	Finnvera Group	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Interest rate risk		
Market interest increase 1%	12,683	9,860
Market interest decrease 0.1%	-1,268	-986
Currency risk		
The USD strenghts by 10% againts the euro	800	421
The USD weakens by 10% againts the euro	-655	-345

*) An immediate change in interest rates and exchange rates would have an impact on financial performance, as shown in the table, over the next 12 months.

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

C 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.

The export financing segment consists of export guarantee and export credit financing, and its clients are exporters operating in Finland, generally classified as large enterprises, as well as the domestic and foreign bodies providing financing for these exports. Additionally, the segment includes Finnvera's subsidiary Finnish Export Credit Ltd (FEC) that offers export credit financing and administers the interest equalisation system associated with export credits granted on OECD terms and domestic ship financing. Finnvera is Finland's official Export Credit Agency (ECA). Export financing offers competitive export credit guarantee services to meet client needs.

The venture capital investment segment consists of the Group's venture capital investments. Two of Finnvera's subsidiaries – Veraventure Ltd and Seed fund Vera Ltd – make venture capital investments in enterprises.

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.

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > C Segment information

C1 Consolidated income statement by segments

(EUR 1,000)	Locally operating small companies	SMEs focusing on the domestic markets	SMEs seeking growth and internation-alisation	Export financing	Venture capital financing	Eliminations	Total
Finnvera Group							
1–12/2015							
Net interest income	9,102	28,642	6,697	11,057	519	0	**56,016**
Net fee and commission income	4,523	21,444	13,986	101,330	-3	0	**141,281**
Net impairment loss on financial assets, guarantee and export credit guarantee losses	-1,691	-17,144	12,354	-6,811	-1,378	0	**-14,669**
Operating expenses *)	-11,090	-16,093	-9,821	-20,649	-4,867	12,947	**-49,546**
Depreciation and amortization	-83	-434	-211	-283	-34	0	**-1,046**
Other income/ expenses **)	-395	-1,731	-354	16,813	-19,826	-12,946	**-18,455**
Operating profit	**366**	**14,685**	**22,651**	**101,456**	**-25,588**	**10**	**113,582**
1–12/2014							
Net interest income	8,197	23,361	11,679	6,933	1,588	0	**51,758**
Net fee and commission income	3,970	19,215	16,333	97,533	-2	0	**137,049**
Net impairment loss on financial assets, guarantee and export credit guarantee losses	4,510	-39,519	-7,223	9,448	-1,033	0	**-33,817**
Operating expenses *)	-9,752	-13,525	-10,189	-18,975	-4,685	11,285	**-45,840**
Depreciation and amortization	-85	-445	-211	-263	-42	0	**-1,048**
Other income/ expenses **)	20	-793	55	7,556	-3,058	-11,287	**-7,507**
Operating profit	**6,860**	**-11,705**	**10,443**	**102,233**	**-7,233**	**-2**	**100,596**
Finnvera plc							
1–12/2015							
Net interest income	9,102	28,642	6,697	3,936	0	0	**48,377**
Net fee and commission income	4,523	21,444	13,986	100,652	0	0	**140,606**
Net impairment loss on financial assets, guarantee and export credit guarantee losses	-1,691	-17,144	12,354	-6,811	0	0	**-13,291**
Operating expenses *)	-11,090	-16,093	-9,821	-18,254	0	0	**-55,258**
Depreciation and amortization	-83	-434	-211	-283	0	0	**-1,012**
Other income/ expenses **)	-395	-1,731	-354	3,072	-25,000	0	**-24,407**

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > C Segment information

Operating profit	**366**	**14,685**	**22,651**	**82,311**	**-25,000**	**0**	**95,014**
1–12/2014							
Net interest income	8,197	23,361	11,679	3,460	0	0	**46,697**
Net fee and commission income	3,970	19,215	16,333	96,501	0	0	**136,019**
Net impairment loss on financial assets, guarantee and export credit guarantee losses	4,510	-39,519	-7,223	9,448	0	0	**-32,784**
Operating expenses *)	-9,752	-13,525	-10,189	-16,559	0	0	**-50,024**
Depreciation and amortization	-85	-445	-211	-263	0	0	**-1,005**
Other income/ expenses **)	20	-793	55	3,255	-9,000	0	**-6,463**
Operating profit	**6,860**	**-11,705**	**10,444**	**95,841**	**-9,000**	**0**	**92,440**

*) 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 + impairment losses on financial assets

D Notes to the income statement

D1 Interest income and expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Interest income				
Interests from loans to customers	113,270	106,963	48,658	45,950
- Domestic financing	33,652	43,651	39,692	44,253
- Export financing	79,618	63,312	8,966	1,696
Subsidies passed on to customers	3,377	6,397	3,377	6,397
- Regional interest subsidy	385	688	385	688
- Interest subsidy to special loans	2,383	3,529	2,383	3,529
- Interest subsidy from the ERDF	286	1,047	286	1,047
- National interest subsidy (EDRF)	324	1,133	324	1,133
Other interest income	4,759	-335	4,140	-651
- Interests on export credit guarantee and special guarantee receivables	404	551	404	551
- Interests on guarantee receivables	1,899	1,989	1,899	1,989
- On receivables from credit institutions	698	-4,441	136	-4,606
- On debt securities, available-for-sale	1,694	1,404	1,694	1,404
- On other	64	163	7	12
Total	**121,406**	**113,025**	**56,175**	**51,696**
Interest expenses				
On liabilities to credit institutions	-77	-2	-77	-2
On liabilities to other institutions	-57,637	-56,229	0	0
On debt securities in issue	-7,384	-4,751	-7,384	-4,751
Other interest expenses	-291	-285	-337	-246
Total	**-65,389**	**-61,267**	**-7,798**	**-4,999**
Net interest income	**56,016**	**51,758**	**48,377**	**46,697**
Interest income on financial assets which are not carried at fair value	121,406	113,025	56,175	51,696
Interest expenses on financial liabilities which are not carried at fair value	57,462	56,007	0	0
Interest income include interest accrued on impaired loans	6,716	5,165	6,716	5,165
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-subsidied loans and guarantees in total	**137,723**	**274,307**	**137,723**	**274,307**

D2 Fee and comission income and expences

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Fee and commission income				
From export credit guarantees and special guarantees	116,254	107,771	116,254	107,771
From other guarantees	24,681	24,876	24,681	24,876
From credit operations	16,666	13,077	16,155	12,599
From other	184	572	17	17
Total	**157,785**	**146,295**	**157,107**	**145,263**
All fee and commission income is from financial assets which are not carried at fair value totalled.				
Fee and commission expenses				
From reinsurance	-15,370	-6,996	-15,370	-6,996
From borrowing	-1,034	-761	-1,034	-761
From payment transactions	-100	-51	-98	-49
From other	0	0	0	0
Total	**-16,504**	**-7,808**	**-16,502**	**-7,806**
Net fee and commission income	**141,280**	**138,487**	**140,606**	**137,457**
Fee and commission income from financial assets not carried at fair value	157,785	146,295	157,107	145,263
Fee and commission expenses from financial assets which are not carried at fair value totalled	-15,470	-7,047	-15,467	-7,045

D3 Gains and losses from financial instruments carried at fair value through profit or loss

(EUR 1,000)	Finnvera Group: Gains and losses from sales	Finnvera Group: Changes in fair value	Finnvera Group: Total	Finnvera plc: Gains and losses from sales	Finnvera plc: Changes in fair value	Finnvera plc: Total
31 Dec 2015						
From financial instruments carried at fair value through profit or loss						
Derivatives	0	11,562	11,562	0	-413	-413
Liabilities carried at fair value	0	-9,399	-9,399	0	-2,303	-2,303
Shares and participations	1,113	-24,359	-23,246	0	0	0
Exchange rate differenses	43,507	-43,236	271	37,055	-36,619	435
Total, net	**44,619**	**-65,432**	**-20,813**	**37,055**	**-39,335**	**-2,281**
By categories of financial instruments, IAS 39						
Liabilities carried at fair value	1,113	-154,638	-153,526	0	-135,158	-135,158
Translation differences	43,507	89,206	132,713	37,055	95,823	132,877
Total, net	**44,619**	**-65,432**	**-20,813**	**37,055**	**-39,335**	**-2,281**

31 Dec 2014						
From financial instruments carried at fair value through profit or loss						
Derivatives	0	17,399	17,399	0	8,792	8,792
Liabilities carried at fair value	0	-20,932	-20,932	0	-9,752	-9,752
Shares and participations	-717	-6,087	-6,803	0	0	0
Exchange rate differencies	33,811	-33,485	327	35,824	-35,419	404
Total, net	**33,095**	**-43,104**	**-10,009**	**35,824**	**-36,380**	**-556**
By categories of financial instruments, IAS 39						
Liabilities carried at fair value	-717	-103,858	-104,575	0	-95,200	-95,200
Translation differences	33,811	60,755	94,566	35,824	58,820	94,644
Total, net	**33,095**	**-43,104**	**-10,009**	**35,824**	**-36,380**	**-556**

D4 Net income from investments

	Finnvera Group		**Finnvera plc**	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Available-for-sale financial assets				
Shares and participations	-53	-219	-63	-219
- Gains / losses	-53	-219	-63	-219
- Impairment losses	0	0	0	0
Debt securities	68	188	68	-91
- Gains / losses	68	-91	68	-91
- Impairment losses	0	278	0	0
Dividends	111	978	18	12
Total	**127**	**947**	**24**	**-298**
Share of profit of associates	0	-2		
Total net income from investments	**127**	**945**	**24**	**-298**

D5 Other operating income

	Finnvera Group		**Finnvera plc**	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Fee for the management of the old liability	180	180	180	180
Management fee for the handling of ERDF loans	0	94	0	94
Management fees from subsidiaries (internal charging)	0	0	2,352	2,359
Rental income	80	170	239	341
Sales profit/loss	0	391	0	391
Credit for deficit in ERDF venture capital investments	382	606	0	0
Other	1,588	115	78	26
Total	**2,231**	**1,556**	**2,850**	**3,391**

D6 Empoyee expenses

	Finnvera Group		**Finnvera plc**	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Wages and salaries	-24,025	-22,801	-23,035	-21,642
Social security costs	-6,388	-5,272	-6,123	-5,017
Pension costs				
- Defined contribution plans	-4,321	-3,555	-4,095	-3,345
- Defined benefit plans	-497	-496	-497	-496
Other social security costs	-1,571	-1,221	-1,531	-1,177
Total	**-30,413**	**-28,073**	**-29,158**	**-26,659**

D7 Auditor's fees

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Fees for auditing	-84	-73	-71	-63
Fees for expert services provided by auditors	-65	-157	-65	-157
Total	**-149**	**-230**	**-136**	**-220**

D8 Depreciation and amortisation on tangible and intangible assets

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Depreciation and amortisation				
Intangible assets	-667	-691	-633	-648
Property, plant and equipment	-379	-356	-379	-356
- Properties	0	0	0	0
- Machinery and equipment	-379	-292	-379	-292
- Other tangible assets	0	-64	0	-64
Total	**-1,046**	**-1,047**	**-1,012**	**-1,005**

D9 Other operating expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Rental expenses	-4,461	-4,313	-4,461	-4,313
Expenses from property in own use	-1,090	-782	-1,090	-782
Return of the surplus in export credit financing to FEC	0	0	-7,523	-6,185
Other expenses	0	-2	0	0
Total	**-5,552**	**-5,097**	**-13,075**	**-11,280**

D10 Impairment losses on receivables, guarantee losses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Impairment losses on receivables and guarantee losses				
Impairment losses on receivables	-77,662	-69,431	-76,284	-68,398
- Credit losses materialised	-103,871	-84,843	-102,493	-83,810
- Change in impairment of individually assessed loans	18,634	12,901	18,634	12,901
- Change in impairment of collectively assessed loans	7,575	2,511	7,575	2,511
Guarantee losses	-9,175	-35,943	-9,175	-35,943
- Guarantee losses materialised	-23,369	-33,596	-23,369	-33,596
- Change in individually assessed provisions for losses	12,628	-583	12,628	-583
- Change in collectively assessed provisions for losses	1,566	-1,764	1,566	-1,764
Total, gross	**-86,837**	**-105,374**	**-85,459**	**-104,341**
The State's and the ERDF's share of the credit and guarantee losses materialised *)	82,566	63,708	82,566	63,708
Total, net	**-4,271**	**-41,666**	**-2,893**	**-40,632**

*) The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2015 these loans and guarantees totalled EUR 2,162 (2,299) million. The compensation was 64.19% (53.43%) of the credit and guarantee losses recognized during the period.

Export credt guarantee and special guarantee losses				
Guarantee losses	-10,398	7,848	-10,398	7,848
- Claims paid	-2,236	-2,136	-2,236	-2,136
- Accumulated recoveries	6,092	2,067	6,092	2,067
- Change in recovery receivables	-3,187	-4,414	-3,187	-4,414
- Provisions for losses on export credit guarantees and special guarantees	-11,067	12,332	-11,067	12,332
Total	**-10,398**	**7,848**	**-10,398**	**7,848**
Impairment losses on credits and guarantee losses in total	-14,669	-33,817	-13,291	-32,784
Impairment losses on other financial assets				
Write-off for the shares of Seed Fund Vera Ltd	0	0	-25,000	-9,000
Total	**0**	**0**	**-25,000**	**-9,000**

D11 Income tax expense

	Finnvera Group	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Current period	-2,854	-1,639
Adjustment for prior periods	0	2
Deferred taxes	455	924
Total	**-2,399**	**-713**

By virtue of §20 of the Income Tax Act, Finnvera plc is exempt from income tax.

E Notes to the balance sheet

E1 Loans and receivables from credit institutions

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Payable on demand	543,105	634,614	508,667	549,942
Other	31,975	56,304	7,873	20,252
Total	**575,080**	**690,918**	**516,540**	**570,194**

E2 Loans and receivables from customers

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Loans	5,347,182	4,592,991	1,130,813	1,265,155
- Subordinated loans	20,604	0	18,813	26,557
- Other loans	5,386,154	4,678,704	1,171,575	1,324,311
- Impairment losses	-59,575	-85,712	-59,575	-85,712
Loans to Group companies			1,641,451	927,570
Guarantee receivables	34,282	38,740	34,282	38,740
Receivables from export credit guarantee and special guarantee operations	12,164	11,238	12,164	11,238
- Fee and commission receivables	198	498	198	498
- Recovery receivables	11,966	10,740	11,966	10,740
Total	**5,393,628**	**4,642,969**	**2,818,709**	**2,242,703**
Impairment losses on loans				
Impairment losses at the beginning of the period	85,712	101,152	85,712	101,152
- Impairment losses on individually assessed loans	46,464	59,365	46,464	59,365
- Impairment losses on collectively assessed loans	39,248	41,787	39,248	41,787
Impairment losses recognised during the period	-3,585	-1,250	-3,585	-1,249
- Impairment losses on individually assessed loans	9,796	6,355	9,796	6,355
- Impairment losses on collectively assessed loans	-7,503	-2,538	-7,503	-2,538
- Reversal of impairment losses	-4,078	-7,734	-4,078	-7,734
- Other changes	-1,800	2,668	-1,800	2,668
Credit losses materialised on loans where impairment losses have been recognised	-22,553	-14,190	-22,553	-14,190
Impairment losses at the end of the period	**59,575**	**85,712**	**59,575**	**85,712**
- Impairment losses on individually assessed loans	27,830	46,464	27,830	46,464
- Impairment losses on collectively assessed loans	31,745	39,248	31,745	39,248

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.

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > E Notes to the balance sheet

E3 Investments

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Debt securities, available-for-sale				
Certificates of deposits	0	0	0	0
Commercial papers	164,020	128,954	164,020	128,954
Local authority paper	219,489	392,218	219,489	392,218
Bonds	1,579,206	413,549	1,579,206	413,549
Other	51,671	0	51,671	0
Total	**2,014,386**	**934,721**	**2,014,386**	**934,721**
Investments in Group companies				
Acquisition cost at 31 Dec			192,818	177,818
- Acquisition cost at 1 Jan			177,818	167,818
- Investments			15,000	10,000
- Sales			0	0
- Other deductions			0	0
Accumulated impairment losses at 31 Dec			-43,003	-18,003
- Accumulated impairment losses at 1 Jan			-18,003	-9,003
- Impairment losses during the period			-25,000	-9,000
Total			**149,815**	**159,815**
Investments in assosiated companies*)				
Acquisition cost at 31 Dec	34,154	65,676	0	349
- Acquisition cost at 1 Jan	65,676	75,143	349	349
- Investments	5,838	9,878	0	0
- Sales	317	-19,345	-349	0
- Reclassifications to assets held for sale (E22)	-37,676			
Equity adjustments at 31 Dec	-14,294	-2,106	0	0
Total	**19,860**	**63,570**	**0**	**349**
Other shares **)				
At fair value through profit or loss	0	51,581	0	0
Available-for-sale	24,409	15,553	14,520	14,520
Total	**24,409**	**67,134**	**14,520**	**14,520**
Investments total	**2,058,655**	**1,065,425**	**2,178,721**	**1,109,405**

*) Investments in associates includes the following associated companies that are accounted for using the equity method:

**) Other shares that are publicly quoted:

Name	**Year**	**Carrying amount**	**Ownership**	**Assets**	**Liabilities**	**Carrying net sales**	**Profit/loss**
		EUR 1,000		**EUR 1,000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**
Kiinteistö Oy Kajaanin Kauppakatu 1	2015	0	0,00%				
Kiinteistö Oy Kajaanin Kauppakatu 1	2014	349	36,43%	1,593	9	110	-5

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
- Other shares	10,340	1,485	451	451

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > E Notes to the balance sheet

E4 Intangible assets

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Acquisition cost at 31 Dec	40,302	38,650	40,166	38,487
- Acquisition cost at 1 Jan	38,650	37,142	38,487	36,962
- Additions	1,680	1,552	1,680	1,543
- Disposals	-28	-44	0	-19
Accumulated amortization and impairment losses at 31 Dec	-35,854	-35,222	-35,734	-35,108
- Accumulated amortization and impairment losses at 1 Jan	-35,222	-34,569	-35,108	-34,472
- Amortization for the period	-632	-653	-626	-636
Carrying amount at 1 Jan	3,426	2,572	3,379	2,490
Carrying amount at 31 Dec	**4,447**	**3,427**	**4,431**	**3,378**

E5 Property, plant and equipment

(EUR 1,000)	Finnvera Group Properties	Finnvera Group Other tangible	Finnvera Group Total	Finnvera plc Properties	Finnvera plc Other tangible	Finnvera plc Total
31 Dec 2015						
Acquisition cost at 31 Dec	7,054	11,527	18,581	7,054	11,527	18,581
- Acquisition cost at 1 Jan	7,054	10,894	17,948	7,054	10,894	17,948
- Additions	0	662	662	0	662	662
- Disposals	0	-29	-29	0	-29	-29
Accumulated amortization and impairment losses at 31 Dec	-6,890	-10,102	-16,992	-6,890	-10,102	-16,992
- Accumulated amortization and impairment losses at 1 Jan	-6,883	-9,723	-16,606	-6,883	-9,723	-16,606
- Amortization for the period	-7	-379	-386	-7	-379	-386
Carrying amount at 1 Jan	171	1,171	1,342	171	1,171	1,342
Carrying amount at 31 Dec	**164**	**1,425**	**1,589**	**164**	**1,425**	**1,589**
31 Dec 2014						
Acquisition cost at 31 Dec	7,054	10,894	17,948	7,054	10,894	17,948
- Acquisition cost at 1 Jan	7,704	10,803	18,507	7,704	10,803	18,507
- Additions	0	91	91	0	91	91
- Disposals	-650	-1	-651	-650	-1	-651
Accumulated amortization and impairment losses at 31 Dec	-6,883	-9,723	-16,606	-6,883	-9,723	-16,606
- Accumulated amortization and impairment losses at 1 Jan	-6,871	-9,367	-16,237	-6,871	-9,367	-16,237
- Amortization for the period	-12	-356	-369	-12	-356	-369
Carrying amount at 1 Jan	834	1,437	2,270	834	1,437	2,270
Carrying amount at 31 Dec	**171**	**1,171**	**1,342**	**171**	**1,171**	**1,342**

E6 Other assets

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Credit loss receivables from the state and the ERDF	13,316	19,713	13,316	19,713
Other	4,790	4,345	1,914	7,783
Total	**18,106**	**24,059**	**15,230**	**27,496**

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.

E7 Prepayments and accured income

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Interest and interest subsidy receivables	30,452	31,158	15,012	14,713
Fee and commission receivables	4,798	6,799	5,921	6,583
Reinsurance premiums paid in advance	23,934	27,616	23,934	27,616
Security given for derivatives	86,710	74,220	86,710	74,220
Prepayments and other accrued income	2,731	9,082	2,531	2,775
Total	**148,625**	**148,875**	**134,107**	**125,907**

E8 Tax receivables and liabilities

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014
Income tax receivables	0	190
Deferred tax receivables at 31 Dec	0	0
- Deferred tax receivables at 1 Jan	0	0
- Increase/decrease to income statement during the period	0	0
- Increase/decrease to other items in comprehensive income during the period	0	0
Tax assets total	**0**	**190**
Current income tax liabilities	874	253
Deferred tax liabilities at 31 Dec	1,990	2,609
- Deferred tax liabilities at 1 Jan	2,609	3,645
- Increase/decrease to income statement during the period	-214	-924
- Increase/decrease to other items in comprehensive income during the period	-405	-113
Tax liabilities total	**2,864**	**2,862**

Deferred tax have arisen when the venture capital investments of subsidiaries engaged in venture capital investment are carried at fair value and investments in funds are carried at fair value. Finnvera plc is exempt from income tax.

E9 Liabilities to credit and other institutions

	Finnvera Group			Finnvera plc		
(EUR 1,000)	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
31 Dec 2015						
Liabilities to credit institutions	0	0	0	0	0	0
Liabilities to other institutions						
- At fair value through profit or loss	38,148	1,308	39,456	0	0	0
- At amortized cost	2,615,590	0	2,615,590	67,985	0	67,985
Total	**2,653,738**	**1,308**	**2,655,046**	**67,985**	**0**	**67,985**
31 Dec 2014						
Liabilities to credit institutions	0	0	0	0	0	0
Liabilities to other institutions						
- At fair value through profit or loss	34,428	1,341	35,769	0	0	0
- At amortized cost	2,419,517	0	2,419,517	0	0	0
Total	**2,453,945**	**1,341**	**2,455,286**	**0**	**0**	**0**

E10 Debt securities in issue

	Finnvera Group			Finnvera plc		
(EUR 1 000)	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
31 Dec 2015						
Bonds						
- At fair value through profit or loss	3,937,282	20,452	3,957,734	3,937,282	20,452	3,957,734
- At amortized cost	0	0	0	0	0	0
Total	**3,937,282**	**20,452**	**3,957,734**	**3,937,282**	**20,452**	**3,957,734**
Average interest rate			0.202%			0.202%
31 Dec 2014						
Bonds						
- At fair value through profit or loss	2,545,897	18,243	2,564,141	2,545,897	18,243	2,564,141
- At amortized cost	0	0	0	0	0	0
Total	**2,545,897**	**18,243**	**2,564,141**	**2,545,897**	**18,243**	**2,564,141**
Average interest rate			0.198%			0.198%

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.

E11 Derivatives

(EUR 1 000)	Finnvera Group			Finnvera plc		
	Fair value		Nominal value	Fair value		Nominal value
	Positive	Negative	Total	Positive	Negative	Total
31 Dec 2015						
Contracts entered in hedging purposes						
- Interest rate swaps and foreign exchange derivatives	115,791	144,228	3,957,734	114,543	144,228	3,937,282
Total	**115,791**	**144,228**	**3,957,734**	**114,543**	**144,228**	**3,937,282**
31 Dec 2014						
Contracts entered in hedging purposes						
- Interest rate swaps and foreign exchange derivatives	51,434	106,232	2,564,141	51,434	103,794	2,545,897
Total	**51,434**	**106,232**	**2,564,141**	**51,434**	**103,794**	**2,545,897**

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).

E12 Other liabilities

	Finnvera Group		Finnvera plc	
(EUR 1 000)	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Grants under repayment obligation	24,466	24,466	24,466	24,466
Grant from the Ministry of Employment and the Economy to Seed Fund Vera Ltd for venture capital investments	15,000	0	15,000	0
Prepayments received for ERDF financing	7,875	18,758	7,875	18,758
Other	4,442	7,545	4,197	7,481
Total	**51,782**	**50,769**	**51,537**	**50,705**

E13 Provisions

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Provision for export credit guarantee losses at 1 Jan	1,209	13,536	1,209	13,536
Provisions made during the period	8,782	1,209	8,782	1,209
Provisions used during the period	-1,209	0	-1,209	0
Other change	3,498	-13,536	3,498	-13,536
Provision for export credit guarantee losses at 31 Dec	**12,280**	**1,209**	**12,280**	**1,209**
Impairment losses on guarantees at 1 Jan	53,367	51,020	53,367	51,020
- of which individually assessed guarantees	33,147	32,564	33,147	32,564
- of which collectively assessed guarantees	20,220	18,456	20,220	18,456
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-22,619	-9,319	-22,619	-9,319
Individually assessed impairment losses recognized during the period	13,319	11,235	13,319	11,235
Collectively assessed impairment losses recognized during the period	-1,566	1,764	-1,566	1,764
Reversal of impairment losses	-3,417	-1,441	-3,417	-1,441
Other change	88	108	88	108
Impairment losses on guarantees at 31 Dec	**39,172**	**53,367**	**39,172**	**53,367**
- of which individually assessed guarantees	20,519	33,147	20,519	33,147
- of which collectively assessed guarantees	18,653	20,220	18,653	20,220
Other provisions	716	700	716	700
Total	**52,168**	**55,276**	**52,168**	**55,276**

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.

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.

E14 Operating leases

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Finnvera as the lessee, premises				
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts				
Within one year	3,759	376	3,759	376
Between one and five years	8,280	6,162	8,280	6,162
Later than five years	1,342	5,893	1,342	5,893
Total	**13,381**	**12,431**	**13,381**	**12,431**
Finnvera as the lessor, premises				
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts				
Within one year	36	44	86	99
Between one and five years	0	0	0	0
Later than five years	0	0	0	0
Total	**36**	**44**	**86**	**99**

E15 Accurals and deferred income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Interest	16,488	16,087	2,570	1,411
Advance interest payments received	9,904	13,234	9,904	13,234
Guarantee premiums paid in advance *)	244,620	284,718	244,620	284,718
Security received for derivatives	68,700	27,000	68,700	27,000
Other accruals and deferred income	5,405	10,883	10,936	8,969
Total	**345,117**	**351,923**	**336,730**	**335,333**

*) Premiums on export guarantees are usually collected in advance for the entire guarantee period.

E16 Subordinated liabilities, Finnvera plc

				Finnvera Group	
Loan	**Purpose of use**	**Interest rate%**	**Loan period**	**Balance (EUR 1,000)**	
(EUR 1,000)				**31 Dec 2015**	**31 Dec 2014**
Subordinated loan 2009-1	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	10,589	13,639
Subordinated loan 2009-2	Increase in the share capital of Veraventure Ltd *)	0	15 years	7,500	7,500
Subordinated loan 2009-3	Raising Finnvera plc's capital adequacy and improving the financing options **)	0	15 years	50,000	50,000
Subordinated loan 2013	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	10,000	10,000
Subordinated loan 2014	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	5,000	5,000
Subordinated loan 2015	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	5,000	0

* 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 2009 for raising the share capital of Seed Fund Vera Ltd was cancelled EUR 3,050 million in 2015 because of the loss shown by Seed Fund Vera Ltd for the financial year 2014.

** 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.

The subordinated loans granted for raising the share capital of Seed Fund Vera Ltd pertain to long-term assets available for sale (Note E22).

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > E Notes to the balance sheet

E17 Financial instruments classification and fair values

(EUR 1,000)	Finnvera Group					Finnvera plc				
Financial 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**
31 Dec 2015										
Loans and receivables from credit institutions	575,080			575,080	575,094	516,540			516,540	516,540
Loans and receivables from customers	5,393,628			5,393,628	5,494,098	2,818,709			2,818,709	2,817,490
Debt securities			2,014,386	2,014,386	2,014,386			2,014,386	2,014,386	2,014,386
Derivatives		115,791		115,791	115,791		114,543		114,543	114,543
Associated companies			19,860	19,860	19,860			0	0	0
Shares and participations			24,409	24,409	24,409			14,520	14,520	14,520
Assets available for sale	20,481	81,460		101,942				69,350	69,350	69,350
Other financial assets	154,250			154,250	154,250	139,933			139,933	139,933
Total 31 Dec 2015	**6,143,439**	**197,251**	**2,058,655**	**8,399,345**	**8,397,888**	**3,475,182**	**114,543**	**2,098,255**	**5,687,980**	**5,686,761**
31 Dec 2014										
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
Associated companies		35,369	28,201	63,570	63,570			349	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
Total 31 Dec 2014	**5,465,781**	**138,384**	**978,474**	**6,582,640**	**6,677,359**	**2,917,666**	**51,434**	**949,589**	**3,918,690**	**3,917,718**

The fair value of Finnfund, included in available for sale, cannot be determined reliably; the shares have therefore been valued at the original acquisition price.

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > E Notes to the balance sheet

(EUR 1,000)	Finnvera Group				Finnvera plc			
Financial 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**
31 Dec 2015								
Liabilities to other institutions	39,456	2,615,590	2,655,046	2,749,016	0	67,985	67,985	67,985
Debt securities in issue	3,957,734		3,957,734	3,957,734	3,957,734		3,957,734	3,957,734
Derivatives	144,228		144,228	144,228	144,228		144,228	144,228
Other financial liabilities		342,275	342,275	342,275		328,140	328,140	328,140
Subordinated liabilities		57,500	57,500	57,500		57,500	57,500	57,500
Liabilities associated with assets available for sale		30,589	30,589	30,589		30,589	30,589	30,589
Total 31 Dec 2015	**4,141,418**	**3,015,365**	**7,156,783**	**7,250,753**	**4,101,962**	**453,625**	**4,555,587**	**4,555,587**
31 Dec 2014								
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
Total 31 Dec 2014	**2,706,141**	**2,848,659**	**5,554,800**	**5,610,327**	**2,667,935**	**414,441**	**3,082,376**	**3,082,376**

Classifications

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

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 discounted value using market interest rates on the end date of the financial period.

2. Derivatives

The fair value of interest rate and currency swaps and currency forwards are determined using a method based on the present value of cash flows, in which the market interest rates on the end date of the financial period and other market information serve as basis for calculation. 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.

In accordance with the government's policy guidelines, Finnvera will give up its venture capital investments by the end of 2017. Finnvera has already initiated measures to this end. The aim is to give up a major proportion of these activities during 2016. In consequence, when the fair value of venture capital investments is determined, attention is also paid to how the management of both Finnvera and its subsidiaries engaged in venture capital investment assess the fair value of the investments on the assumption that Finnvera relinquishes the investments within a year. When the value of the holding is determined, the effect of any options and conversion options on the value of the ownership is also taken into consideration.

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 market quotes on the date of the financial statements. Unlisted shares classified as available-for-sale shares and participations are measured at acquisition cost, 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 present value of cash flows. In this method, market interest rates on the end date of the financial period and other information serve as basis for calculation. The company's own credit risk is also taken into consideration in the measurement of liabilities.

E18 Hierarchy for carrying financing instruments at fair value

(EUR 1,000)	Finnvera Group			Finnvera plc		
Financial assets 31 Dec 2015	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Loans and other assets						
- Loans and receivables from credit institutions		575,080			516,540	
- Loans and receivables from customers		5,379,269	14,359		2,804,350	14,359
Financial instruments carried at fair value						
- Derivatives		115,791			114,543	
- Associated companies			0			
- Shares and holdings			0			
- Assets available for sale			81,460			
Available-for-sale						
- Debt securities		2,014,386			2,014,386	
- Associated companies			19,860			0
- Shares and holdings	10,340		14,068	451		14,068
Total	**10,340**	**8,084,525**	**129,747**	**451**	**5,449,819**	**28,427**
Financial liabilities 31 Dec 2015	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial instruments carried at fair value						
- Liabilities to other institutions		39,456				
- Debt securities in issue		3,957,734			3,957,734	
- Derivatives		144,228			144,228	
Other financial liabilities						
- Liabilities to other institutions		2,615,590			0	
- Subordinated liabilities		57,500			57,500	
- Liabilities associated with assets available for sale		30,589			30,589	
Total		**6,845,097**			**4,190,051**	

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > E Notes to the balance sheet

	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	
- Associated companies			35,369			
- Shares and holdings			51,581			
Available-for-sale						
- Debt securities		934,721			934,721	
- Associated companies			28,201			349
- Shares and holdings	1,485		14,068	451		14,068
Total	**1,485**	**6,305,210**	**144,052**	**451**	**3,784,219**	**29,250**
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	
Total		**5,211,796**			**2,754,074**	

Hierarchy levels

Level 1: Investments in quoted shares and funds traded on the active market are valued at market price.

Level 2: The fair values of interest rate and currency swaps, currency futures and liabilities are specified using a method based on the present value of cash flows, in which the market interest rates at the closing of the financial period and other market information serve as basis for calculation. The fair values of debt securities are based on the market quote at the closing of the financial period or on the discounted value using the market interest rate at the closing of the financial period.

Level 3: The fair value of venture capital investments made by subsidiaries engaged in venture capital investment 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 complies with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) for early-stage enterprises.

Transfers between levels 1 and 2

There were no transfers between the fair-value hierarchy levels 1 and 2 during the financial period under review or the preceding financial period.

E19 Specification of events at hierarchy

LEVEL 3, Financial assets	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Financial assets carried at fair value				
Balance at 1 Jan	**128,870**	**136,137**	**14,068**	**14,720**
Profits and losses entered in the income statement, in total	-23,299	-6,973	6	-169
Acquisitions	15,726	22,538	0	0
Sales	-8,928	-22,753	0	-482
Other	-79	-79	-6	0
Balance at 31 Dec	**112,290**	**128,870**	**14,068**	**14,068**
Profits and losses entered in the income statement for the instruments held by Finnvera	-24,359	-6,087	0	0

E20 Financial instruments set off in the balance sheet or subject to netting agreements

	Finnvera Group / Finnvera plc						
(EUR 1,000)	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 31 Dec 2015							
Derivatives	114,543	0	114,543	-59,276	0	-68,700	-13,433
Total	**114,543**	**0**	**114,543**	**-59,276**	**0**	**-68,700**	**-13,433**
Financial liabilities 31 Dec 2015							
Derivatives	144,228	0	144,228	-59,276	0	-86,710	-1,758
Total	**144,228**	**0**	**144,228**	**-59,276**	**0**	**-86,710**	**-1,758**
Financial assets 31 Dec 2014							
Derivatives	51,434	0	51,434	-24,819	0	-27,000	-385
Total	**51,434**	**0**	**51,434**	**-24,819**	**0**	**-27,000**	**-385**
Financial liabilities 31 Dec 2014							
Derivatives	103,794	0	103,794	-24,819	0	-74,220	4,755
Total	**103,794**	**0**	**103,794**	**-24,819**	**0**	**-74,220**	**4,755**

*) Sums not subject to netting but included in the main netting agreements and similar arrangements.

E21 Equity

	Finnvera Group				Finnvera plc			
(EUR 1,000)	31 Dec 2015		31 Dec 2014		31 Dec 2015		31 Dec 2014	
Parent company's equity		196,605		196,605		196,605		196,605
Reserves								
- Share premium	51,036		51,036		51,036		51,036	
- Fair value reserve	-2,202	48,834	-99	50,937	-2,304	48,732	-236	50,800
Tied equity		**245,439**		**247,542**		**245,337**		**247,405**
Unrestricted reserves								
- Reserve for domestic operations	135,879		135,089		135,879		135,089	
- Reserve for export credit guarantee and special guarantee operations	536,064		435,628		536,064		435,628	
- Reserve for venture capital investments	16,570	688,513	16,619	587,335	16,570	688,513	16,619	587,335
Retained earnings								
- Profit/loss for previous periods	67,481		6,871		53,476		504	
- Restatement (note A14)			52,973				52,973	
- Profit/loss for the period	115,415	182,896	108,864	168,709	104,139	151,500	101,227	154,704
Unrestricted equity		**871,410**		**756,044**		**840,063**		**742,039**
Total		**1,121,075**		**1,008,986**		**1,085,400**		**989,444**
Equity attributable to the parent company's shareholders		1,116,849		950,613				
Share of equity held by non-controlling interests		4,227		5,399				

Share capital and ownership:	**31 Dec 2015**			**31 Dec 2014**		
Owner	Share capital (EUR 1,000)	Shares, nb	Ownership	Share capital (EUR 1,000)	Shares, nb	Ownership
- The state	196,605	11,565	100%	196,605	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 Finnish Guarantee Board 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.

The 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.

The Group's objectives and principles for capital management are presented in the Risk Management section.

E22 Long-term assets available for sale

In accordance with the government's policy outlines, Finnvera will give up its venture capital investments by the end of 2017. Finnvera has already initiated measures to this end. The aim is to give up a major proportion of these activities during 2016. As a result, the shares of Finnvera's subsidiary Seed Fund Vera Ltd in the parent company's financial statements and, correspondingly, the assets and liabilities of Seed Fund Vera Ltd in the consolidated financial statements have been transferred to long-term assets available for sale. With respect to Seed Fund Vera, Finnvera has a subordinated loan from the State, which has also been transferred to this item.

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera plc 31 Dec 2014
Assets		
Loans and receivables from credit institutions	13,045	
Loans and receivables from customers	7,437	
Investments	81,460	81,000
Prepayments and accrued income	241	
Total	**102,183**	**81,000**
Liabilities		
Subordinated liabilities	30,589	30,589
Total	**30,589**	**30,589**

Each year Finnvera conducts an impairment test on the investments of its subsidiaries, as laid down by IAS 36. The valuation principles of long-term assets available for sale are presented in Note A13 to the financial statements.

On 28 January 2016, the General Meeting of Shareholders of Seed Fund Vera Ltd approved the draft terms of demerger that enabled the establishment of a new company, EAKR-Seed Fund Ltd. All investments made using the assets of the European Regional Development Fund (ERDF), other assets associated with ERDF activities, and liabilities associated with ERDF activities, will be transferred from Seed Fund Vera Ltd to the new company. The equity of the new company consists of equity investments made in Seed Fund Vera using ERDF assets. EAKR-Seed Fund Ltd will start operations in April–May 2016. Its ownership distribution is the same as that of Seed Fund Vera Ltd; thus, Finnvera's holding of the company is 94.59 per cent.

Finnvera annual report 2015 > Financial statements > Consolidated financial statements > Notes to consolidated financial statement > F Notes on personnel and management

F Notes on personnel and management

F1 Number of employees

(Number)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014	Finnvera plc 31 Dec 2015	Finnvera plc 31 Dec 2014
Number of employees				
- Permanent full-time	358	349	344	336
- Permanent part-time	10	22	10	22
- Temporary	28	23	27	18
Total	**396**	**394**	**381**	**376**
Personnel as person-years	378	378	366	361

F2 Key management personnel in the Group

In the Group, key management personnel are members of the parent company Board of Directors, members of the Supervisory Board, CEO Pauli Heikkilä, Executive Vice President Topi Vesteri as well as the Management Group, which is comprised of the CEO and Executive Vice President, along with: Jussi Haarasilta, Ulla Hagman, Risto Huopaniemi, Katja Keitaanniemi, Tarja Svarström and Merja Välimäki (since 1 October 2015). Other members in the Management Group in 2015 were Hannu Puhakka and Kari Villikka (until 30 September 2015).

The key persons have no reportable business transactions with companies included in the Group.

F3 Key personnel benefit expenses

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 2015. Post-employment benefits are dealt with as voluntary pension plans, which include both defined contribution and defined benefit pension plans.

(EUR 1,000)	Finnvera Group 31 Dec 2015	Finnvera Group 31 Dec 2014
Salaries and other short-term employee benefits	1,615	1,811
Supplementary pension commitments	149	185
Remuneration of the Board of Directors and Supervisory Board members	205	219
Total	**1,969**	**2,215**

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 January 2013. The target retirement salary for the CEO is 66% 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 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, EUR 850 for the chairman of a Board committee, and EUR 700 for 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.

F4 Salaries, remuneration and pension commitments for the key personnel

	Finnvera Group					
	31 Dec 2015			31 Dec 2014		
		Pension commitments			Pension commitments	
(EUR 1,000)	**Salaries and remune-rations**	**Voluntary**	**Statutory**	**Salaries and remune-rations**	**Voluntary**	**Statutory**
Management salaries and remuneratios as well as applicable pension commitments						
CEO Pauli Heikkilä	346	35	59	339	35	60
Executive Vice President Topi Vesteri	262	71	44	258	66	46
Other members of the Management Group	1,007	43	170	1,214	80	215
Members of the Board of Directors:						
Markku Pohjola, chairman	29	No	-	30	No	-
Pekka Timonen, I deputy chairman	22	No	-	22	No	-
Marianna Uotinen, II deputy chairman	20	No	-	0	0	-
Kirsi Komi, member	20	No	-	22	No	-
Vesa Luhtanen, member until 30 April 2015	6	No	-	18	No	-
Pirkko Rantanen-Kervinen, member	18	No	-	20	No	-
Risto Paaermaa, member until 30 April 2015	6	No	-	21	No	-
Harri Sailas, member since 1 May 2015	13	No				
Antti Zitting, member since 1 May 2015	13	No				
Members of the Supervisory Board (total)	58	No	-	64	No	-

F5 Defined benefit pension plans

The Group has several defined benefit 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 132 people covered by the plans. When a person resigns 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.

The plans are funded with annual contributions paid to the insurance company and based on actuarial calculations. The plans are subject to local tax and other legislation

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 1.4% (1.2%) and, correspondingly, an equivalent decrease would have the opposite effect.

Balance sheet items arising from the defined benefit:

	Finnvera Group			
(EUR 1,000)	**31 Dec 2015**		**31 Dec 2014**	
Pension obligation				
Present value of funded obligations 1 Jan		3,674		3,079
Unrecognised actuarial gains or losses	317		279	
Interest on obligation	63		92	
Effect of fulfilling the plan and reducing the obligation	-85		-139	
Revaluation of defined benefit pension plans				
- Caused by changes in financial assumptions	-247		773	
- Caused by changes in demographic assumptions	160		0	
- Based on experience	-28	180	-409	596
Present value of funded obligations 31 Dec		**3,854**		**3,674**

Fair value of assets				
Fair value of plan assets 1 Jan		4,203		3,565
Interest income on assets	73		109	
Effect of fulfilling the obligation	-85		-139	
Return on plan assets, excluding items contained in interest expenses or income	-106		823	
Contributions paid to the plan	-247	-365	-155	638
Fair value of plan assets 31 Dec		3,838		4,203
Net liabilities (difference between obligations and assets)		**16**		**-528**
Consolidated statement of comprehensive income – pension costs				
Unrecognised actuarial gains or losses		317		279
Effect of fulfilling the obligation		0		0
Net interest expenses		-10		-17
Consolidated income statement defined benefit pension costs		**307**		**262**
Items resulting from revaluation		**-9**		**-459**

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

	Finnvera Group	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Defined benefit net liabilities		
Pension debt (+) /Pension receivable (-) 1 Jan	-528	-486
Expenses recognised in the income statement	307	262
Paid pension contributions	247	155
Other items recognised in the consolidated statement of comprehensive income	-9	-459
Pension debt (+)/Pension receivable (-) 31 Dec	**16**	**-528**

The plan assets include 100% qualifying insurance policies.

	Finnvera Group	
Actuarial assumptions	**31 Dec 2015**	**31 Dec 2014**
Discount rate	2,20%	1,70%
Future salary increases	2,00%	2,40%
Future pension increases	1,65%	1,20%

Based on the weighted average, the duration of the obligation is 17.2 years. Finnvera expected to pay EUR 50,000 towards defined benefit plans in 2016.

The Finnish Parliament has approved a pension reform that will enter into force in 2017. It has not yet been charted how this will affect the pension arrangements.

G Shares and holdings

G1 Shares and holdings in Group companies

		Finnvera plc					
		31 Dec 2015			31 Dec 2014		
Name and domicile of the company	**Sector**	**Holding of all shares**	**Share of votes**	**Book value EUR 1,000**	**Holding of all shares**	**Share of votes**	**Book value EUR 1,000**
Subsidiaries (holding over 50%)							
Seed Fund Vera Ltd, Kuopio	Development and investment company	94,59%	94,59%	81,000,000	93,89%	93,89%	91,000,000
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100,00%	100,00%	20,181,579	100,00%	100,00%	20,181,579
Veraventure Ltd, Kuopio	Development and investment company	100,00%	100,00%	48,633,752	100,00%	100,00%	48,633,752
Shares and holdings in associates (holding 20-50%)							
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company				36,43%	36,43%	349,000

G2 Subsidiaries' shares and holdings (holding over 20%)

				Finnvera plc			
Name and domicile of the company		**Sector**	**Year**	**Holding of all shares**	**Share of votes**	**Equity EUR 1,000**	**Profit for the year EUR 1,000**
Veraventure Ltd							
Saimaa Capital Oy		Venture capital investments	2015 2014	36.63% 36.63%	36.63% 36.63%	10,974	-535
Luoteis-Venäjä Rahasto Oy		Venture capital investments	2015 2014	69.99% 69.99%	49.99% 49.99%	2,192	-46
Länsi-Suomen Pääomarahasto Oy		Venture capital investments	2015 2014	40.12% 40.12%	40.12% 40.12%	10,794	-21
Uudenmaan Pääomarahasto Oy		Venture capital investments	2015 2014	41.13% 41.13%	41.13% 41.13%	12,557	-2,122
Wedeco Oy Ab		Venture capital investments	2015 2014	39.80% 39.80%	39.80% 39.80%	18,400	755
Seed Fund Vera Ltd							
Abacus Diagnostica Oy	Turku	Manufacture of chemical products, not classified elsewhere	2015 2014	30.69% 30.69%	30.69% 30.69%	-1 850	-583
Airmodus Oy	Helsinki	Other scientific research and development	2015 2014	20.13% 20.13%	20.13% 20.13%	358	-114
APL Systems Oy	Kuopio	Private security services	2015 2014	21.96% 21.96%	21.96% 21.96%	-96	-108
Aplagon Oy	Helsinki	Biotechnological research and development	2015 2014	22.25% 19.65%	22.25% 19.65%	21	-609

Assure Oy	Espoo	Design and manufacture of software	2015 2014	22.19% 15.94%	22.19% 15.94%	362	171
BCB Medical Oy	Turku	Design and manufacture of software	2015 2014	23.59% 23.59%	23.59% 23.59%	-291 68	861 852
Bone Index Finland Oy	Kuopio	Medical research and development	2015 2014	33.06% 31.56%	33.06% 31.56%	283	-447
CadFaster Oy	Oulu	Design and manufacture of software	2015 2014	34.56% 31.56%	34.56% 31.56%	476	410
CWP Coloured Wood Products Oy	Lappeenranta	Sawing, planing and preservative treatment of wood	2015 2014	30.91% 30.91%	30.91% 30.91%	-456	-87
Digital Foodie Oy	Helsinki	Design and manufacture of software	2015 2014	24.34% 24.34%	24.34% 24.34%	268	96
Dodreams Fairytale Company Oy	Helsinki	Design and manufacture of software	2015 2014	27.25% 27.25%	27.25% 27.25%	23	-119
Finnester Coatings Oy	Lahti	Manufacturing of other rubber products	2015 2014	36.40% 35.78%	36.40% 35.78%	-6	-207
GasEK Oy	Oulu	Machine and process design	2015 2014	25,34% 9,37%	25,34% 9,37%	-3,029	-1,759
Gasera Oy	Turku	Manufacture of measurement, testing and navigation instruments and equipment	2015 2014	26.26% 26.26%	26.26% 26.26%	287	-304
GlowWay Oy	Pieksämäki	Manufacture of electric lighting equipment	2015 2014	24.32% 24.32%	24.32% 24.32%	27	-75
Goodmill Systems Oy	Espoo	Design and manufacture of software	2015 2014	41.81% 40.57%	41.81% 40.57%	-1,044	-477
Hapella Oy	Kiuruvesi	Wholesaling of machines used in industry	2015 2014	21.69% 21.69%	21.69% 21.69%	653	-574
Helpten Oy	Espoo	Wireless network management and services	2015 2014	24.69% 24.99%	24.69% 24.99%	61 23	-172 -534
HLD Healthy Life Devices Oy	Helsinki	Other health care services	2015 2014	24,86% 21,23%	24,86% 21,23%	-86	-1,132
HyperIn Oy	Helsinki	Design and manufacture of software	2015 2014	24.86% 24.86%	24.86% 24.86%	205	16
Icareus Media Services Oy	Helsinki	Sales, marketing and development of media services and products; consulting, training, advice, support and maintenance services for hardware and software	2015 2014	23.10% 23.10%	23.10% 23.10%	435	-10
Injeq Oy	Tampere	Manufacture of radiation equipment and electronic medical and therapy equipment	2015 2014	41.15% 23.24%	41.15% 23.24%	449	-84
Itim International Oy	Helsinki	Design and manufacture of software	2015 2014	21.96% 21.96%	21.96% 21.96%	107	28
Juno Medical Oy	Oulu	Manufacture of radiation equipment and electronic medical and therapy equipment	2015 2014	39.54% 39.54%	39.54% 39.54%	109	-840
Liquid Zone Oy	Espoo	Design and manufacture of software	2015 2014	24.57% 24.57%	24.57% 24.57%	-93	-45
Magisso Oy	Helsinki	Production and further development of various inventions, agency operations, marketing of products, wholesale and retail trading, and imports and exports	2015 2014	20.56% 22.52%	20.56% 22.52%	696	-201
Medanets Oy	Kempele	Machine and process design	2015 2014	35.06% 35.44%	35.06% 35.44%	10	-81
MediSapiens Oy	Helsinki	Biotechnological research and development	2015 2014	21.08% 17.81%	21.08% 17.81%	723	-276
Netled Oy	Honkajoki	Electrotechnical design	2015 2014	25.00% 25.00%	25.00% 25.00%	23	-129
Norsepower Oy Ltd	Rauma	Building of ships and floating structures	2015 2014	25.17% 24.42%	25.17% 24.42%	763	-238
Ozics Oy	Tampere	Manufacture of measuring, testing and navigation instruments and equipment	2015 2014	30.71% 30.71%	30.71% 30.71%	-1,693	-604
Pharmatest Services Ltd	Turku	Other technical testing and analysis	2015 2014	27.17% 27.17%	27.17% 27.17%	460	90
Promist Oy	Tampere	Other advertising services	2015 2014	20,40% 20,40%	20.40% 20.40%	-69	6
Proxion Solutions Oy	Varkaus	Manufacture of other electrical equipment	2015 2014	28.21% 22.40%	28.21% 22.40%	621	-214

Rocsole Oy	Kuopio	HEPAC planning	2015 2014	24.93% 24.93%	24.93% 24.93%	977	-191
Safera Oy	Vantaa	Machine and process design	2015 2014	34,15% 34,15%	34.15% 34.15%	47	-70
Savroc	Kuopio	Manufacture of products not listed elsewhere	2015 2014	20.02% 22.64%	20.02% 22.64%	227	-52
Senseg Oy	Espoo	Technological research and development	2015 2014	25.78% 25.78%	25.78% 25.78%	814	-2,533
Sensire Oy	Joensuu	Design and manufacture of software	2015 2014	36.05% 33.15%	36.05% 33.15%	293	25
Silvergreen Oy Ltd	Tampere	Manufacture of chemical products not listed elsewhere	2015 2014	26,61% 27,47%	26,61% 27,47%	74 138	-248 -195
Steelbow Oy	Kontiolahti	Manufacture of pipes, profile pipes and their accessories in steel	2015 2014	32.84% 29.15%	32.84% 29.15%	326	-268
StreamPlay Oy	Tampere	Computer equipment and software consulting	2015 2014	33.14% 33.14%	33.14% 33.14%	169	-20
Tamturbo Oy	Tampere	Machine and process design	2015 2014	21.75% 21.21%	21.75% 21.21%	1,538	-401
Tassu ESP Oy	Mikkeli	Metal treatment and coating	2015 2014	30.13% 35.64%	30.13% 35.64%	119	-161
Techila Technologies Oy	Tampere	Design and manufacture of software	2015 2014	34,43% 34,43%	34.43% 34.43%	71	-16
Telespro Finland Oy	Kuopio	Retail trade in health care supplies	2015 2014	27.77% 27.77%	27.77% 27.77%	92	20
Tenboron Oy	Helsinki	Medical research and development	2015 2014	29,42% 15,90%	29.42% 15.90%	189	-1,040
TimerGPS Europe Oy	Oulu	Manufacture of measuring, testing and navigation instruments and equipment	2015 2014	25.87% 24.29%	25.87% 24.29%	54	-162
Traplight Oy	Ylöjärvi	Design and manufacture of software	2015 2014	23.43% 22.46%	23.43% 22.46%	-130	-137
TWID Oy	Helsinki	Design and manufacture of software	2015 2014	23.01% 23.01%	23.01% 23.01%	110	25
Vactech Oy	Tampere	Biotechnological research and development	2015 2014	23.99% 23.99%	23.99% 23.99%	-1 366 -1 263	-103 -29
Wello Oy	Espoo	Hydro and wind power generation	2015 2014	20.09% 20.09%	20.09% 20.09%	-906	10,033
VividWorks Oy	Oulu	Other software publishing	2015 2014	23.67% 23.64%	23.67% 23.64%	92	-575
Voyantic Oy	Espoo	Electrotechnical design	2015 2014	27.08% 27.08%	27,08% 27,08%	246	150

G3 Related party transactions, loans and receivables

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, the Executive Vice President and the Management Group. Key personnel benefit expenses are presented in Note F3.

	Finnvera Group	
(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Related party transactions, loans and receivables		
Services purchased	5,451	5,095

(EUR 1,000)	**31 Dec 2015**	**31 Dec 2014**
Related party transactions and loans and receivables		
Loans	1,641,451	927,570
Receivables	72,872	8,034
Long-term liabilities	2,615,590	2,419,517
Short-term liabilities	72,872	8,034
Guarantees	4,240,472	3,337,531

G4 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

	Finnvera plc's profit		Activities referred to in the Fund Act and their share of the profit		Finnvera plc's profit		Activities referred to in the Fund Act and their share of the profit	
(EUR 1,000)		**31 Dec 2015**		**31 Dec 2015**		**31 Dec 2014**		**31 Dec 2014**
Interest income	56,175		409		51,696		519	
Interest expenses	-7,798	48,377	786	1,194	-4,999	46,697	2,450	2,969
Fee and coomission income	157,107		116,277		145,263		107,807	
Fee and commission expenses	-16,502	140,606	-15,411	100,866	-7,806	137,457	-7,008	100,799
Gains and losses from financial instruments carried at fair value through profit or loss		-2,281		393		-556		155
Net income from investments		24		0		-298		0
Other operating income		2,850		286		3,391		432
Administrative expenses								
Personnel expenses	-29,158		-7,194		-26,659		-6,595	
Other administrative expenses	-13,024	-42,182	-4,028	-11,222	-12,085	-38,745	-3,609	-10,204
Depreciation and amortization from intangible assets, property, plant and equipment		-1,012		-354		-1,005		-329
Other operating expenses		-13,075		-1,362		-11,280		-1,234
Net impairment loss on financial assets								
Loans and guarantees	-85,459		0		-104,341		0	
Credit loss compensation from the state	82,566		0		63,708		0	
Export credit guarantees and special guarantees	-10,398	-13,291	-10,398	-10,398	7,848	-32,784	7,848	7,848
Impairment losses on other financial assets		25,000		0		-9,000		0
Operating profit		**95,014**		**79,403**		**93,878**		**100,436**

Signatures

In Helsinki on 25 February 2016

Markku Pohjola

Pekka Timonen

Marianna Uotinen

Kirsi Komi

Pirkko Rantanen-Kervinen

Harri Sailas

Antti Zitting

Pauli Heikkilä
CEO

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

Auditor's report

To the Annual General Meeting of Finnvera Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Finnvera Plc for the year ended on 31 December 2015. 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 Supervisory Board and 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, 25 February 2016

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 2015, as well as the auditors' report issued on 25 February 2016.

We propose to the Annual General Meeting that the financial statements, in which the consolidated income statement shows a profit of EUR 111,182,972.38 and the parent company's income statement shows a profit of EUR 95,014,173.78, be adopted and that the parent company's profit be used in accordance with the proposal made by the Board of Directors.

Helsinki, 25 February 2016

Lauri Heikkilä	Paula Aikio-Tallgren
Eeva-Johanna Eloranta	Mika Harjunen
Lasse Hautala	Olli Koski
Leila Kurki	Esko Kurvinen
Ann-Louise Laaksonen	Anna Lavikkala
Veli-Matti Mattila	Lea Mäkipää
Antti Rantakangas	Hanna Sarkkinen
Osmo Soininvaara	Tommi Toivola
Sofia Vikman	

Finnvera improves and diversifies financing opportunities available for Finnish enterprises by offering loans, guarantees, venture capital investments and export credit financing. As a State-owned company, Finnvera supplements the financial markets and with its operations, promotes the development of enterprises, areas and export.