Finnvera
Financial Statements 2012

Contents

Report of the Board of Directors

The European debt crisis and the threat of a long recession overshadowing economic development impaired liquidity on the European money market. The European Central Bank sought to strengthen the market by keeping the key interest rates record low and by promising to buy almost endless amounts of government debt securities. Although the ECB's strong support calmed the markets substantially, the stricter requirements set for banks' capital adequacy reduced bank financing in the euro area, leading even to a credit recession. In Finland, bank lending to companies was smoother than in the rest of the euro area during the first half of the year, but slowed down towards the end of the year and began to tighten the availability of financing, in particular for SMEs. Changes in bank lending to companies affect the demand for Finnvera's financing.

Finnvera's export credit guarantees continued to be in great demand, and Finnvera was also able to meet this demand well. The total sum of export financing rose to EUR 5,351 million, or 41 per cent on the previous year. Demand for SME financing was much slacker since the level of investments remained rather low or even declined further. The amount of credits and domestic guarantees shrank by 13 per cent, to EUR 853 million. Most SME financing was used for working capital.

Major projects in the shipbuilding industry dominated the public debate on industrial policy during the latter half of the year. A large cruise vessel project ran aground for lack of equity and other sources of financing, even though Finnvera was ready to grant the maximum guarantees for the project if the minimum conditions had been met.

The risk level of the guarantee and credit portfolio remained more or less unchanged. In SME financing, however, bankruptcies and major cases of restructuring after prolonged difficulties among many of our clients resulted in rather large losses. Credit and guarantee losses recorded in SME financing totalled EUR 113 million (83 million).

The Finnvera Group's profit was EUR 53 million (60 million).

Evaluation as the basis for strategy revision

Early in 2012, Finnvera's operations underwent an external, independent evaluation. In the main, the company received good marks in the evaluation, but also received material for developing its operations.

The conclusions of the evaluation are visible in Finnvera's revised strategy. A central feature of the revised strategy is the increasingly strong support that Finnvera's operations give to the industrial policy of the Government of Finland, a core element of which are growing and internationalising enterprises. It is also important to streamline operations better among other actors in the sector of the Ministry of Employment and the Economy in order to strengthen the joint effect.

At the end of the year, in line with the evaluation and Government policy, the State revised its commitment to compensate for losses.

The permanent system for funding export credits was launched

Through its subsidiary, Finnish Export Credit, Finnvera helps to arrange financing for foreign customers who purchase Finnish capital goods. This is done by financing export credits that the bank has granted to a foreign buyer. The objective of the system is to ensure the competitiveness of Finnish export companies. Banks continue to have an important role in the arrangement of financing for export transactions because the bank negotiates the terms of the buyer credit agreement and manages the credit. The bank selected by the buyer arranges a long-term export credit on OECD terms, which it may transfer to Finnish Export Credit for financing. The buyer credit arrangement always includes Finnvera's export credit guarantee. Finnvera makes the decisions on export credits and export credit guarantees in line with its normal criteria.

The system for funding export credits, based on Finnvera's own acquisition of funds, was taken into use during the year under review. Finnvera acquires the funds needed for export credits and SME credits from the market. The funds are obtained through the EMTN (Euro Medium Term Note) loan programme, which is guaranteed by the State and has the highest credit ratings. The first bonds under the programme were floated on the international capital market in October. The total volume of outstanding export credits can be at most EUR 3 billion.

A temporary model for financing export credits, based on the acquisition of funds by the State of Finland, was in use from the beginning of 2009 onwards.

Granting of counter-cyclical financing ended

The counter-cyclical financing system, adopted in 2009 to secure SME financing, came to an end on 31 December 2012. Counter-cyclical financing was intended for enterprises with at most 1,000 employees that had difficulties in obtaining financing because of weaker economic prospects and uncertainty on financial markets. It could be granted to enterprises that were deemed to have the prerequisites for profitable business once the economic situation improved.

The total sum granted by Finnvera for counter-cyclical financing while the system was in use was EUR 589 million.

Three specialised loan products discontinued

The Environmental Loan, the Development Loan and the Loan for Women Entrepreneurs were withdrawn from Finnvera's product selection as of 31 December 2012. The change simplified the product slate and made operations more efficient by reducing the maintenance and administration associated with products. The withdrawal of these products does not affect Finnvera's possibilities to finance projects by women entrepreneurs or environmental and development projects, as the company's other financing products offer solutions for these needs.

Streamlined venture capital investments for start-up enterprises

In cooperation with Finnvera and Tekes, the Ministry of Employment and the Economy is streamlining the schemes for early-stage venture capital investments. For the present, Finnvera's venture capital investments will continue within the framework of the existing assets. According to the policy decision made by Minister of Economic Affairs Jyri Häkämies in September, the above operations will be transferred from Finnvera to Tekes.

Priorities in 2013

In line with its new strategy, Finnvera will direct its financing increasingly often to meet the needs of companies aiming at growth and internationalisation. Finnvera is also prepared to share risks in the financing of start-up enterprises and enterprises in various situations of change.

Finnvera offers internationally competitive financing and guarantee options to meet the needs of export trade. The permanent system for funding export credits will increase the financing options available for foreign buyers of Finnish capital goods.

The SME Export Finance Programme, in turn, boosts the competence of SMEs in financial arrangements for exports. The programme has been received very well and will continue in 2013.

Business trends

The Group's profit trend for January–December 2012

The Finnvera Group's profit for the year 2012 was EUR 53 million (60 million), or 11 per cent less than the year before. The main reasons underlying the decline in profit were higher credit risks in Finnvera plc's SME financing and the consequent write-downs and provisions for losses. Another factor affecting the downturn was the decrease in profits for items carried at fair value when the positive trend in the values of the subsidiaries' venture capital investments levelled off.

The Group's operating profit for January–December was EUR 54 million (62 million), divided between the business areas as follows: Export financing showed an operating profit of EUR 62 million (56 million). Owing to the losses recorded, SME financing showed a loss of EUR -4.5 million (-0.5 million). Similarly, the combined result for venture capital investments, interest equalisation, lending based on withholding tax agreements, and funding for export credits was negative, in total EUR -3 million (11 million).

Within the past few years, Finnvera's outstanding commitments and their risk levels have risen significantly. Risk levels continued to rise in 2012 as well. The rise in risk levels is reflected in SME financing, for instance, as poorer risk ratings for client enterprises and as an increase in the relative share of non-performing receivables and payment delays. Another indication of the higher risk level is that the losses materialised in SME financing in 2012 were clearly greater than those in 2011. In export financing, no major losses were recorded and no major increases were made in provisions for losses during the year.

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

The financial performance of the parent company's export financing and SME financing for 2012 exceeded that of the Finnvera Group. The parent company's profit was EUR 56 million (54 million), or three per cent better than the year before. The parent company's impairment losses on receivables and guarantee losses totalled EUR 74 million (55 million), or more than one third greater than in 2011. However, the losses were offset by a rise in fee and commission income to EUR 110 million (94 million) and a rise in profits for items carried at fair value to EUR 3 million (-1 million).

The subsidiaries and associated companies had an impact of EUR -3 million on the Group's profit (5 million). Venture capital investments accounted for EUR -4 million (4 million) of this impact. Interest equalisation, lending, and funding for export credits accounted for EUR one million (1 million).

Finnvera Group	Q4/2012 MEUR	Q3/2012 MEUR	Q2/2012 MEUR	Q1/2012 MEUR	Q4/2011 MEUR	Change %	2012 MEUR	2011 MEUR	Change %
Net interest income	17	15	15	16	16	5	63	63	0
Fee and commission income and expenses (net)	29	27	30	26	25	18	112	95	17
Gains/losses from items carried at fair value	5,2	-0,3	-4,0	1,3	-1,2	542	2	6	-64
Administrative expenses	-12	-9	-11	-11	-12	4	-43	-42	2
Impairment losses, guarantee losses	-13	-22	-33	-8	-12	9	-75	-55	36
- Loans and domestic guarantees	-25	-39	-37	-14	-23	12	-115	-84	37
- Credit loss compensation from the State	14	19	10	7	11	28	50	32	56
- Export credit guarantees and special guarantees	-1	-1	-6	-2	0	1 620	-10	-4	178
Operating profit	25	11	-4	23	15	60	54	62	-13
Profit for the period	23	11	-4	23	15	52	53	60	-11

Separate results and the funds on the balance sheet

The annual profits from SME financing and export financing are transferred to two separate funds on Finnvera's balance sheet: one for domestic financing and one for export credit guarantees and special guarantees. Correspondingly, losses from domestic operations are covered from the fund for domestic financing, while losses from export credit guarantees and special guarantees are covered from the fund for export financing. There is no cross-subvention between the funds. At the end of the year, before appropriations, the assets of the funds totalled EUR 435 million. The State Guarantee Fund and the State of Finland are responsible for Finnvera's losses only if the losses cannot be covered by assets in these two funds.

Finnvera's balance sheet also includes a fund for venture capital investments, under unrestricted equity. This fund is used for monitoring the assets allocated by the European Regional Development Fund (ERDF) for venture capital investments. At the end of the year, the fund's assets totalled EUR 17 million.

The separate result of export credit guarantee and special guarantee activities, as referred to in §4 of the Act on the State Guarantee Fund, accounted for EUR 62 million of Finnvera plc's total profit of EUR 56 million for 2012 (54 million) and was transferred to the fund for export credit guarantees and special guarantees. The result for domestic operations during the financial period, and the sum entered into the fund for domestic operations, was EUR -6 million (4 million). In addition, EUR 3 million (4 million) of a subordinated loan was cancelled because of the loss shown by Seed Fund Vera Ltd in 2011; this sum was entered directly into retained earnings and is transferred to the fund for domestic operations.

The Group's profit trend for October–December 2012

The Group's profit for October–December was EUR 23 million, or more than double the profit for the third quarter, EUR 11 million. The profit for the fourth quarter accounted for over 40 per cent of the profit for the whole year.

The factors contributing to the positive result for the last quarter included the increase of 9 per cent in net interest income and in the net sum of fee and commission income and expenses when compared against the previous quarter. The gains from items carried at fair value through profit or loss were also clearly greater than those for the third quarter.

The administrative expenses of EUR 12 million were at the same level as the year before and levelled the rise in the net value of revenues. However, owing to the accrual practice applied to personnel expenses and the timing of certain expenses for external services towards the end of the year, administrative expenses were over 40 per cent more than the figure for the third quarter (9 million).

During the fourth quarter, the impairment losses on receivables and guarantee losses totalled EUR 13 million, or EUR 9 million less than the losses recorded during the third quarter.

Analysis of the Group's financial performance in January–December 2012

The Group's income increased by 5 per cent on the previous year. The marked rise in fee and commission income, in particular, contributed to the increase. Correspondingly, expenses were 2 per cent greater than the year before, the main reason for this being the increase in personnel expenses. At the end of the year, the Group's cost-to-income ratio was excellent, 27.6 per cent.

Interest income and expenses and interest subsidies

The Finnvera Group's net interest income in January–December came to EUR 63 million (63 million). The low interest level did not affect the net interest income significantly because the impact of the lower interest level was offset by the considerably greater interest income of Finnish Export Credit, accumulated from the funding of export credits during the year.

The interest subsidy paid by the State and by the European Regional Development Fund (ERDF) and passed on to clients totalled EUR 12 million (14 million), or 14 per cent less than the year before. This was because of the decline in interest-subsidised outstanding commitments.

Fee and commission income and expenses

The net value of the Group's fee and commission income and expenses came to EUR 112 million (95 million) during the year. This was 17 per cent more than in the previous year.

Fee and commission income totalled EUR 115 million (98 million), of which the parent company's fee and commission income for export credit guarantees and special guarantees was EUR 81 million (65 million), for domestic credits and guarantees EUR 32 million (32 million), and for interest equalisation, lending and the funding of export credits EUR 2 million (1 million).

The Group's fee and commission expenses totalled EUR 3 million (2 million) and consisted mainly of costs incurred by the parent company in reinsurance and acquisition of funds.

Gains and losses from items carried at fair value

The Group's gains from items carried at fair value through profit or loss totalled EUR 2 million (6 million), of which the change in the fair value of interest rate and currency swaps and debts accounted for EUR 3 million (-2 million) and the change in the fair value of venture capital investments accounted for EUR -1 million (7 million). In addition to changes in the fair value of debts and derivatives and the recognition of the fair value of venture capital investments, the item includes exchange rate differences.

Other income

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

Impairment losses on receivables and guarantee losses

The Group's impairment losses and guarantee losses on loans, domestic guarantees, export credit guarantees and special guarantees totalled EUR 125 million (87 million). After the compensation for credit losses, the Group's liability for the impairment losses and other losses during the period under review amounted to EUR 75 million (55 million).

Impairments, losses and provisions on loans and domestic guarantees totalled EUR 115 million (84 million). Almost all of the losses arose from credits and guarantees granted to SMEs. The compensation for credit losses paid by the State and the European Regional Development Fund totalled EUR 50 million (32 million), or 54 per cent of the losses materialised (40). Losses from SME financing totalled 3.5 per cent (2.5) of outstanding commitments.

In export financing, no major losses were recorded and no major increases were made in provisions for losses during the year. Losses on export credit guarantees and special guarantees amounted to EUR 10 million (4 million).

Finnvera Group	Q4/2012 MEUR	Q3/2012 MEUR	Q2/2012 MEUR	Q1/2012 MEUR	2012 MEUR	2011 MEUR	Change %
Impairment losses, guarantee losses	-13	-22	-33	-8	-75	-55	36
- Loans and domestic guarantees	-25	-39	-37	-14	-115	-84	37
- Credit loss compensation from the State	14	19	10	7	50	32	56
- Export credit guarantees and special guarantees	-1	-1	-6	-2	-10	-4	178

Non-performing and zero-interest receivables increased by EUR 9 million, or 10 per cent, during the year and totalled EUR 3.4 per cent of the outstanding commitments at year's end. A factor affecting the amount of non-performing credits was the number of applications filed for corporate restructuring, which was greater than the year before.

Administrative expenses and other operating expenses

The Group's administrative expenses totalled EUR 43 million (42 million), of which personnel expenses accounted for 70 per cent (70). Administrative expenses rose by 2 per cent on the previous year. Other operating expenses totalled EUR 7 million (6 million) and they included depreciation and expenses associated with real property.

Balance sheet

At year's end, the consolidated balance sheet total was EUR 3,808 million (2,890 million), while the parent company's balance sheet total came to EUR 2,342 million (2,231 million). Among the subsidiaries, the balance sheet total of Finnish Export Credit Ltd, EUR 1,474 million (665 million), had the greatest impact on the consolidated balance sheet before eliminations.

On 31 December, the Group's outstanding credits came to EUR 2,953 million (2,256 million), of which the parent company's outstanding credits accounted for EUR 1,555 million (1,660 million). The Group's outstanding credits increased by over 30 per cent, or nearly EUR 700 million, during the year. The credits granted by the subsidiary Finnish Export Credit for export financing had the greatest effect on this increase.

The parent company's outstanding domestic guarantees for SME financing decreased by EUR 25 million during the year and totalled EUR 1,068 million on 31 December (1,093 million). The book value of outstanding commitments, as referred to in the Act on the State's Export Credit Guarantees, amounted to

EUR 9,332 million (8,594 million). Total outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 11,203 million (10,365 million)

The parent company's non-current liabilities as per 31 December totalled EUR 1,155 million (1,175 million). Of this sum, EUR 937 million (904 million) consisted of bonds. The liabilities include subordinated loans of EUR 32 million received by Finnvera from the State for investment in the share capitals of Finnvera's subsidiaries, and a subordinated loan of EUR 50 million granted for strengthening the capital adequacy of the parent company. In addition, the balance sheet includes EUR 80 million (50 million) in derivatives. These arise from interest rate and currency swaps and pertain to non-current liabilities.

During the year, the Group's non-current liabilities increased by more than one and a half times and totalled EUR 2,985 million (1,811 million). The loans received by Finnish Export Credit Ltd from the State for funding export credits were the single most important factor affecting the increase in non-current liabilities.

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

At the end of the period under review, the Group's unrestricted funds had a total of EUR 513 million (456 million), of which the fund for domestic operations accounted for EUR 140 million (136 million), the fund for export credit guarantee and special guarantee operations EUR 296 million (241 million), and the fund for venture capital investments EUR 17 million (18 million). The retained profits were EUR 60 million (61 million).

Finnvera Group, balance sheet	31.12.2012 MEUR	31.12.2011 MEUR	Change MEUR	Change %
Share capital	197	197	0	0
Share premium and fair value reserve	51	51	0	0
Unrestricted funds, in total	513	456	57	13
- Fund for domestic operations	140	136	4	3
- Fund for export credit guarantees and special guarantees	296	241	54	23
- Fund for venture capital investments	17	18	0	0
- Retained earnings	60	61	-1	-1
Non-controlling interest in the equity	11	11	-1	-7
Equity, in total	772	715	57	8
Balance sheet total	3 808	2 890	918	32

Capital adequacy and acquisition of funds

At the end of 2012, the Finnvera Group's capital adequacy stood at 15.9 per cent (15.5) while the capital adequacy of the parent company, Finnvera plc, was 16.1 per cent (15.2). Risk-weighted receivables in the Finnvera Group totalled EUR 2,742.8 million. Of this sum, loans and guarantees associated with Finnvera's business proper accounted for EUR 2,329 million, or 85 per cent of the risk-weighted receivables. The bulk of the remaining receivables pertained to the acquisition of funds and the investment of cash assets. About 55 per cent of the loans and guarantees consisted of a large number of individual commitments of under one million euros. According to the standard method, their risk weight was 75 per cent. The risk weight of other loans and guarantees was 100 per cent. According to the target set, the capital adequacy ratio should be at least 12 per cent. Capital adequacy has been calculated using the Basel II standard method.

In all, EUR 419 million of the Group's non-current loans was paid back during the year. The Group's acquisition of funds during the financial period amounted to EUR 1,216 million.

Group structure and its changes

On 31 December 2012, apart from the parent company, the Finnvera Group comprised three companies owned 100 per cent by Finnvera: Finnish Export Credit Ltd, Veraventure Ltd and Spikera Oy. In addition, the Group included Seed Fund Vera Ltd, in which Finnvera's holding is 92.6 per cent, and Matkailunkehitys Nordia Oy, in which Finnvera holds 63.5 per cent.

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

Risk management

At the end of 2012, outstanding commitments for **SME financing** totalled EUR 3.0 billion. The outstanding commitments shrank by about EUR 100 million during the year. The main reason for this was the low demand for financing for investments. Companies made an effort to reduce their old loans, and new loans were not withdrawn at the same rate.

The risk level of the outstanding commitments continued to rise in 2012, and the overall risk level is still significantly higher than it was prior to the recession. The main factor raising the risk level was the general economic downturn. This was seen as a decrease in the risk ratings of client enterprises. Most commitments are in risk categories B1, B2 and B3. Category B3, which has a fairly high credit risk, increased its share during the year.

The volume of credit and guarantee losses and impairment losses amounted to EUR 113 million in 2012. The amount of losses rose by EUR 30 million on the previous year. A significant share of the increase was due to a few major risk concentrations, which were subject to write-downs because of the associated uncertainties.

At the end of 2012, outstanding commitments for **export financing**, monitored by risk management, totalled EUR 10.1 billion. The ‘old liability’ under the State Guarantee Fund’s direct responsibility accounted for no more than EUR 34 million of this sum. Outstanding commitments increased by EUR 0.8 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 3. Most of the guarantees granted during the year were also entered into these categories.

The volume of enterprises’ commercial commitments, associated with export guarantees and special guarantees, increased by 4 per cent during 2012, to EUR 9.6 billion at year’s end. The sectors with the highest commitments were telecommunications, shipping companies, shipyards, and the forest industry. These sectors accounted for a total of 95 per cent of corporate commitments. Altogether 32 per cent of the commitments were in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B3.

Guarantee losses came to EUR 8 million in 2012; seen against the outstanding commitments, this is a low figure.

Among **the subsidiaries**, the outstanding commitments arisen for Finnish Export Credit Ltd from the funding of export credits totalled EUR 3.2 billion at the end of 2012; this was about EUR one billion more than at the start of the year. The credit risks associated with the outstanding commitments are fully covered by means of export credit guarantees granted by Finnvera plc. These export credit guarantees are included in the above-mentioned outstanding commitments for export financing. In addition, Finnish Export Credit has other lending for EUR 9 million. The credit risk associated with this sum is low.

Finnvera’s investments in subsidiaries engaged in **venture capital investments** remained unchanged during 2012, totalling EUR 155 million at year’s end. Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy use these assets to make direct investments in portfolio companies. Veraventure Ltd invests in regional fund companies and in Vigo accelerator funds. The venture capital investment companies had direct or indirect investments in over 300 enterprises. The book value of the investments was about EUR 110 million. The book value is based on a fair value calculated according to the IFRS. Investments are distributed among numerous companies. This reduces the risk arising from the operations to the Finnvera Group.

Attainment of industrial policy and ownership policy goals

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

In defining the company’s industrial policy goals, attention has been paid to the Government Programme, the corporate strategy of the Ministry of Employment and the Economy and to the objectives of EU programmes. As in previous years, Finnvera attained most of its industrial policy and ownership policy goals in 2012.

Corporate governance

Personnel

At the end of the financial period, the Group had 411 employees (413). Finnvera plc had 393 employees (391), of whom 379 (376) held a permanent post and 14 (15) a fixed-term post.

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

Supervisory Board, Board of Directors and auditors

On 30 March 2012, Finnvera's Annual General Meeting elected new members to the company's Supervisory Board and Board of Directors.

The new Supervisory Board members are: Paula Aikio-Tallgren, Entrepreneur; Lauri Heikkilä, Member of Parliament; Miapetra Kumpula-Natri, Member of Parliament; Esko Kurvinen, Member of Parliament; Kasperi Launis, Chairman; Liisa Mariapori, Entrepreneur; Antti Rantakangas, Member of Parliament; Osmo Soininvaara, Member of Parliament; and Sofia Vikman, Member of Parliament.

Johannes Koskinen, Member of Parliament, will continue as Chairman of the Supervisory Board, and Lauri Heikkilä, Member of Parliament, was elected Vice Chairman. The following members continue on the Supervisory Board: Kaija Erjanti, Head of Division; Lasse Hautala, Member of Parliament; Leila Kurki, Senior Adviser; Jari Myllykoski, Member of Parliament; Tapio Mäkeläinen, Labour Market Director; Hannele Pohjola, Director, Innovation and Growth Policy; Olli Rantanen, Legal Counsel; and Timo Vallittu, Chairman.

The new Chairman of Finnvera's Board of Directors is Markku Pohjola, B.Sc (Econ.). Risto Paaermaa, Director, was elected the First Vice Chair and Kristina Sarjo, Financial Counsellor, the Second Vice Chair. The new regular members are Johanna Ala-Nikkola, Commercial Counsellor, Leila Helaakoski, Director, and Petri Vanhala, Chairman.

The continuing members are Marjaana Aarnikka, Commercial Counsellor, Timo Kekkonen, Director, and Timo Lindholm, Executive Vice President.

Elise Pekkala, Deputy Director General, and Heikki Solttila, Financial Counsellor, were elected deputy members of the Board of Directors.

An Extraordinary General Meeting held on 23 April 2012 elected KPMG Oy Ab to be Finnvera's regular auditor. The principal auditor is Juha-Pekka Mylén.

Events after the period under review

No major events have taken place after the period under review.

Future prospects and short-term risks

Economic growth is expected to be slow in Finland this year. Sluggish growth and banks' possibly even stricter criteria for lending may make the financial position of companies, in particular SMEs, more difficult. This may increase the demand for Finnvera's services. On the other hand, the continued low level of investments will reduce the need for financing. Credit risks will remain high. Demand for export financing varies depending on individual major capital goods transactions. In the short term, losses arising from Finnvera's outstanding export credit guarantees are estimated to be low, but because of risk concentrations, the situation may change rapidly.

The uncertainty factors associated with economic trends make it more difficult to predict Finnvera's financial performance. According to the current estimate, the Finnvera Group's financial performance for 2013 is likely to remain at the same level as in 2012. If materialised, individual risks may weaken the result considerably.

Key figures

Finnvera Group	2012	2011	2010	2009	2008
Net interest income and net fee and commission income, MEUR	174.6	157.9	154.2	136.1	121.2
Administrative expenses, MEUR	42.7	42.0	41.4	42.7	41.1
Impairment losses on receivables and guarantee losses, MEUR	125.0	87.3	74.6	96.4	86.3
Credit loss compensation from the State, MEUR	49.7	31.9	25.4	32.2	28.4
Operating profit or loss, MEUR	54.1	62.3	62.0	18.3	9.2
Profit for the year, MEUR	53.4	59.7	62.9	17.7	8.1
Return on equity, %	7.3	9.3	10.5	3.2	1.5
Return on assets, %	1.6	2.4	2.4	0.8	0.5
Equity ratio, %	20.3	24.7	23.8	22.4	30.6
Capital adequacy ratio, %	15.9	15.5	14.6	15.0	15.7
Expense-income ratio, %	27.6	29.2	30.4	32.3	34.5
Balance sheet total, MEUR	3 807.8	2 890.2	2 664.1	2 539.4	1 803.6
Shareholders’ equity, MEUR	771.8	714.8	633.5	569.0	552.2
-of which unrestricted funds, MEUR	513.3	455.8	374.6	310.4	292.5
Personnel at year’s end	411	413	418	432	415

Formulas for the key indicators

Return on equity % (ROE)

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

Return on assets % (ROA)

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

Equity ratio %

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

Capital adequacy ratio

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

Expense-income ratio

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

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

The parent company's profit for the financial period was EUR 56,065,496.46.

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

To the fund for export credit guarantee and special guarantee operations; the share of export credit guarantee and special guarantee operations	EUR 62,098,620.31
To the fund for domestic operations; the share of domestic operations	EUR -6,033,123.85

In addition, the cancellation of a subordinated loan received from the owner, EUR 3,435,400.62, was entered directly into retained earnings during the financial period.It is proposed that this sum be transferred to the fund for domestic operations.

Sum transferred to the fund for domestic operations, in total	EUR -2,597,723.23

Consolidated financial statements

Comprehensive income statement

(EUR 1,000)	Note		1 Jan–31 Dec 2012		1 Jan–31 Dec 2011
Interest income	1				
- Loans		88 147		76 398	
- Subsidies passed on to customers		12 221		14 182	
- Export credit guarantee and special guarantee receivables		181		243	
- Guarantee receivables		1 331		1 297	
- Other		3 423	105 302	4 835	96 955
Interest expenses	1		-42 519		-34 338
Net interest income	1		**62 783**		**62 617**
Net fee and commission income	2		111 856		95 260
Gains and losses from financial instruments carried at fair value through profit or loss	3		2 160		6 019
Net income from investments	4				
- Shares and participations		487		903	
- Investment property		-177		-22	
- Associates		2	313	-2	878
Other operating income	5		1 653		1 471
Administrative expenses					
Employee benefit expenses	6				
- Wages and salaries		23 952		23 311	
- Social security costs		5 853		5 950	
Other administrative expenses	7	12 896	-42 700	12 718	-41 979
Other operating expenses	8		-6 606		-6 495
Net impairment loss on financial assests					
- Loans and guarantees		115 007		83 705	
- Credit loss compensation from the state		-49 661		-31 868	
- Export credit guarantees and special guarantees		9 986	-75 331	3 590	-55 427
Operating profit			**54 127**		**62 344**

Income tax expense	10				
- Current and previous periods' tax expense		-272		-364	
- Deferred tax expense		-493	-765	-2 260	-2 625
Profit for the period			**53 362**		**59 719**
Components of other comprehensive income					
- Change in the fair value of shares			226		146
Total comprehensive income for the year			**53 588**		**59 865**
Distribution of profit for the period, attributable to					
Equity holders of the parent company			54 109		59 742
Non-controlling interest			-747		-23
			53 362		59 719
Distribution of total comprehensive income for the year, attributable to					
Equity holders of the parent company			54 335		59 888
Non-controlling interest			-747		-23
			53 588		59 865

Balance sheet

(EUR 1,000)	Note		31 Dec 2012		31 Dec 2011
Assets					
Loans and receivables from credit institutions	11		172 037		192 516
Loans and receivables from customers	12				
- Loans		2 952 642		2 256 059	
- Guarantee receivables		38 129		42 036	
- Receivables from export credit guarantee and special guarantee operations		16 442	3 007 214	4 121	2 302 216
Investments	13				
- Debt securities		269 593		120 238	
- Associates	28	76 448		70 366	
- Other shares and participations	28	114 044		104 862	
- Investment property		28	460 112	55	295 521
Derivatives			80 387		52 911
Intangible assets	14		1 980		1 892
Property, plant and equipment	15				
- Properties		1 146		1 425	
- Other tangible assets		1 355	2 501	1 548	2 973
Other assets	16				
- Credit loss receivables from the state		49 360		13 913	
- Other		3 684	53 044	4 642	18 555
Prepayments and accrued income	17		30 344		23 631
Tax assets	18		188		0
Total assets			**3 807 808**		**2 890 215**

(EUR 1,000)	Note	31 Dec 2012	31 Dec 2011
Liabilities			
Liabilities to credit institutions	19	85 000	185 000
Liabilities to other institutions	19	1 435 125	635 298
Debt securities in issue	20	987 399	904 428
Derivatives	21	7 067	0
Provisions	22	46 586	47 094
Other liabilities		55 401	56 043
Accruals and deferred income	23	332 827	257 973
Tax liability	18	4 230	3 725
Subordinated liabilities	24	82 388	85 823
Total liabilities		**3 036 021**	**2 175 384**

Equity	25				
Equity attributable to the parent company's shareholders					
- Share capital		196 605		196 605	
- Share premium		51 036		51 036	
- Fair value reserve		318	247 959	92	247 733
Unrestricted funds					
- Fund for domestic operations		139 770		135 753	
- Fund for export credit guarantee and special guarantee operations		295 726		241 378	
- Fund for venture capital investments		17 461		17 529	
- Retained earnings		60 365	513 323	61 187	455 846
Share equity held by non-controlling interest			10 505		11 251
Total equity			**771 787**		**714 831**
Total liabilities and equity			**3 807 808**		**2 890 215**

Statement of changes in equity

Legend:

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

Equity attributable to the parent company's shareholders

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Balance at 1 January 2011	**196 605**	**51 036**	**-54**	**125 249**	**186 368**	**0**	**62 941**	**622 145**	**11 310**	**633 455**
Total comprehensive income for the year / change in the fair value of shares			146				63 760	63 906	-23	**63 883**
Transfer into funds				10 503	55 010	17 529	-65 513	17 529		**17 529**
Adjustments							0	0	-35	**-35**
Balance at 31 December 2011	**196 605**	**51 036**	**92**	**135 753**	**241 378**	**17 529**	**61 187**	**703 579**	**11 251**	**714 831**
Balance at 1 January 2012	**196 605**	**51 036**	**92**	**135 753**	**241 378**	**17 529**	**61 187**	**703 579**	**11 251**	**714 831**
Total comprehensive income for the year / change in the fair value of shares			226				54 109	54 335	-747	**53 588**
Transfer into funds				4 017	54 348	-68	-58 366	-68		**-68**
Adjustments							3 435	3 435	0	**3 435**
Balance at 31 December 2012	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**60 365**	**761 282**	**10 505**	**771 787**

Statement of cash flows

(EUR 1,000)	1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Cash flows from operating activities		
Withdrawal of loans granted	-1 201 995	-629 738
Repayments of loans granted	400 341	393 878
Purchase of investments	-14 617	-18 370
Proceeds from investments	3 367	7 498
Interest received	87 550	82 370
Interest paid	-43 416	-34 440
Interest subsidy received	9 522	14 772
Payments received from commission income	176 329	169 974
Payments received from other operating income	21 145	35 881
Payments for operating expenses	-41 086	-52 866
Claims paid	-66 122	-44 686
Taxes paid	-609	-243
Net cash from operating activities (A)	**-669 591**	**-75 970**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-1 036	-1 001
Proceeds from other investment	1 952	644
Dividends received from investments	598	364
Net cash used in investing activities (B)	**1 513**	**7**
Cash flows from financing activities		
Proceeds from issue of share capital	0	17 529
Proceeds from loans	1 215 784	304 674
Repayment of loans	-418 788	-248 883
Dividens paid	0	-35
Net cash used in financing activities (C)	**796 996**	**73 285**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**128 918**	**-2 678**

Cash and cash equivalents at the beginning of the period	**377 631**	**380 309**
Cash and cash equivalents at the end of the period	**506 549**	**377 631**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	172 036	192 516
Debt securities	269 593	120 238
Investments in short-term interest funds	64 920	64 877
Total	**506 549**	**377 631**

Accounting principles

Summary of significant accounting principles

Basic information of the company

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

The Group's parent company is a Finnish limited liability company established in accordance with Finnish law and domiciled in Kuopio. Its registered address is P.O. Box 1127, Kallanranta 11, 70111 Kuopio, Finland. The Board of Directors approved the financial statements on 14 March 2013.

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, 70100 Kuopio, Finland and Eteläesplanadi 8, 00100 Helsinki, Finland.

Accounting principles for the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2012 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

The consolidated financial statements have been prepared on the basis of historical costs, except for financial assets available for sale and financial assets and liabilities carried at fair value through profit or loss. The income statement is presented as one statement (statement of comprehensive income) in accordance with the revised IAS 1 Presentation of Financial Statements, which Finnvera adopted on 1 January 2009.

The financial statements are presented in thousands of euros.

In 2012 Finnvera adopted the following new or revised IFRSs and interpretations:

- Amendments to IFRS 7 Financial Instruments: Disclosures (applied to financial periods starting on 1 July 2011 or thereafter): The amendments expand the scope of requirements for notes concerning derecognised financial assets. The amendments have an impact on the notes to the consolidated financial statements.
- Amendments to IAS 12 Income Taxes (applied to financial periods starting on 1 January 2012 or thereafter): The amendments apply to the presumption underlying the recognition of deferred taxes. According to the amendments, it is assumed that the carrying value of investment properties

measured at fair value will normally be recovered through the sale of the property, not through use. The amendment has no impact on the consolidated financial statements.

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

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

Principles of consolidation

Subsidiaries

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

In accordance with the exemption granted under IFRS 1, the acquisition costs arising from business combinations prior to the IFRS transition date 1 January 2006 have been treated according to the Finnish accounting practice. The Group has not made company acquisitions after the date of transition.

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

Non-controlling interest

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

Associates

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

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

Transactions denominated in foreign currencies

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

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

Recognition of income and expenses

Net interest income

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

Fees and commission income and expenses, net

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

Gains and losses from financial instruments carried at fair value

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

Net income from investments

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

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

Government grants

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

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

Cash and cash equivalents

Cash and cash equivalents comprise deposits payable on demand.

Financial instruments

Classification

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

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

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

Finnvera has no financial assets or liabilities held for trading. Financial items recognised at fair value through profit or loss comprise derivatives and those liabilities designated at fair value through profit or loss for which the interest rate risk or the currency risk has been hedged using these derivatives. Finnvera applies the fair value option in accordance with IAS 39 Financial Instruments: Recognition and Measurement to the above mentioned items. Fair value changes in assets recognised at fair value through profit or loss are recognised in the income statement under the item Gains and losses from financial instruments carried at fair value through profit or loss.

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

Loans and other receivables

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

Available-for-sale financial assets

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

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

Other financial liabilities

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

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

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

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

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

Impairment losses on receivables

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

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

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

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

An impairment loss is recognised as a realised loss when the customer has been found insolvent in liquidation proceedings, has ceased operations, or the receivables have been written off in either a voluntary or statutory loan arrangement.

Determination of fair value

The fair value of financial instruments is determined on the basis of published price quotations on an active market. 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. If the market is not active or the security is unlisted, fair value is determined by using generally accepted valuation techniques.

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

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

Recognition and derecognition of financial assets and liabilities

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

Financial assets are derecognised from the balance sheet when the contractual right to the asset expires or when a significant share of the risks and income are transferred to another party. Financial liabilities are derecognised when the related obligations are fulfilled.

Leases

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

Finnvera enters into operating leases both as a lessee and as a lessor. Lease payments payable and receivable under operating leases are recognised as income or expense on a straight-line basis over the lease term. Operating leases are mostly contracts relating to premises.

Intangible assets

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

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

Property, plant and equipment

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

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

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

Impairment of intangible assets and property, plant and equipment

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.

Investment property

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

Provisions

Employee benefits

Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions 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 pension plan assets measured at fair value at the balance sheet date are deducted from the present value of the pension obligation to be recognised on the balance sheet, taking into account the recognised actuarial gains and losses. Actuarial gains and losses are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan to the extent that such gains and losses exceed the greater of: 10% of the present value of the defined benefit obligation or 10% of the fair value of the assets.

Provisions for export credit guarantee and special guarantee losses

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

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

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

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

Provisions for domestic guarantee losses

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

Income taxes

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

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

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

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

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

The fair values of financial liabilities recognised at fair value through profit or loss and derivatives are determined through discounted cash flows. In determining the fair value of financial instruments, it is essential to assess the method for determining the fair value and the verifiability of the market parameters. In calculating the fair value of liabilities, the discount rate of the issuing bank is adjusted if necessary to correspond to the market average interest rates used in equally long interest rate swaps.

The fair values of venture capital investments are determined using an applicable valuation method and in accordance with the guidelines of the European Venture Capital Association (EVCA). If reliable determination of fair value is not possible, venture capital investments are measured at cost less any impairment losses.

For large sums, the impairment testing of receivables is prepared individually, and for other sums, collectively. The impairment testing is based on estimates of future cash flows to be received. The provision to be made for guarantee commitments is based on the management's assessment of the probable amount of expenditure that needs to be covered by the provision. Collective impairments are based on an assessment of future losses based on historical data.

Application of new standards

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

The financial period 2013

- Amendment to IAS 1 Presentation of Financial Statements (applied to financial periods starting on 1 July 2012 or thereafter). The central amendment is the requirement to group together items in the comprehensive income depending on whether they may later be reclassified to profit or loss when certain conditions are met or whether they are items that are never classified to profit or loss.
- Amendment to IAS 19 Employee Benefits (applied to financial periods starting on 1 January 2013 or thereafter). With the amendment, actuarial gains and losses are recognised immediately in other comprehensive income, eliminating the use of the 'corridor' approach, and financing expenses are determined on the basis of net funding. The amendment is expected to have the following impact on the consolidated financial statements:

BALANCE SHEET	MEUR
Pension liability 1.1.2012	1.026
Change in calculation principle	+0.803
Adjusted pension liability 1.1.2012	1.829
Pension liability 31.12.2012	0.982
Change in calculation principle	0.803
Change in income statement	0.024
Effect on comprehensive income	0.442
Adjusted pension liability 31.12.2012	1.320

- IFRS 13 Fair Value Measurement (applied to financial periods starting on 1 January 2013 or thereafter). The objective of the standard is to increase consistency and reduce complexity, as it provides a more precise definition of fair value and combines the requirements for measuring the fair value and the required accompanying information in the same standard. The use of fair value is not expanded but guidelines are provided for determining the fair value when its use is permitted or it has been required by some other standard. The amendment is not expected to have any essential impact on the consolidated financial statements.
- IFRS Improvements (Annual Improvements to IFRSs 2009–2011, applied to financial periods starting on 1 January 2013 or thereafter). Through the Annual Improvements process, small changes to standards are collected in a single document and implemented once a year. The changes apply to a total of five standards. The EU has not yet adopted the changes. The impacts of the changes vary depending on the standard, but they are not significant.

- Amendment to IFRS 7 Financial Instruments: Disclosures (applied to financial periods starting on 1 July 2013 or thereafter). The amendment expands the requirements for accompanying information in the case of derecognised financial assets. The EU has not yet adopted the changes. The amendment is not expected to have any essential impact on the consolidated financial statements.

The financial period 2014

- IFRS 10 Consolidated Financial Statements (applied to financial periods starting on 1 January 2014 or thereafter). The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard is not expected to have any essential impact on the consolidated financial statements.
- IFRS 11 Joint Arrangements (applied to financial periods starting on 1 January 2014 or thereafter). The standard outlines reporting principles for entities that jointly control an arrangement (joint arrangements). The new standard is not expected to have any essential impact on the consolidated financial statements.
- IFRS 12 Disclosure of Interests in Other Entities (applied to financial periods starting on 1 January 2014 or thereafter). The standard contains requirements for disclosures about an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standard will expand the disclosures presented by a Group of its holdings in other entities. The new standard is not expected to have any essential impact on the consolidated financial statements.
- IAS 27 Separate Financial Statements (applied to financial periods starting on 1 January 2014 or thereafter). The revised standard contains the requirements for separate financial statements that remained after the sections on control were integrated into the new IFRS 10. The revised standard will not have any impact on the consolidated financial statements.
- IAS 28 Investments in Associates and Joint Ventures (applied to financial periods starting on 1 January 2014 or thereafter). Following the publication of IFRS 11, the revised standard outlines how to apply the equity method to associates and joint ventures. The revised standard is not expected to have any essential impact on the consolidated financial statements.
- Amendment to IAS 32 Financial Instruments: Presentation (applied to financial periods starting on 1 January 2014 or thereafter). The amendment specifies the rules for presenting the net value of financial assets and liabilities and provides more guidance on the related application. The amendment is not expected to have any essential impact on the consolidated financial statements.

The financial period 2015

- IFRS 9 Financial Instruments and its amendments (applied to financial periods starting on 1 January 2015 or thereafter). Originally a project in three phases, the standard will eventually replace the current IAS 39 Financial Instruments: Recognition and Measurement. The first part of IFRS 9, providing guidelines for the classification and measurement of financial assets, was published in November 2009. All financial assets are divided into two main categories: those measured at amortised cost and those measured at fair value. The classification depends on the characteristics of contract-based cash flows and on the entity's business model. The second part, published in October 2010, deals with the classification and measurement of financial liabilities. It is mainly based on the current requirements of

IAS 39. The sections of IFRS 9 that are still in progress apply to the impairment of financial assets and hedge accounting. Moreover, the IASB will present certain changes to the classification and measurement principles of financial assets. The IASB has separated the phase concerning macro hedge accounting as a project of its own. Owing to the work still in progress, the final impact of the standard on the consolidated financial statements cannot yet be estimated. The EU has not yet adopted the standard.

Risk management

IFRS consolidated Financial statements, notes to risk management

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

Role and responsibilities of risk management

Risk management is of central importance for the maintenance of the Finnvera Group's ability to take risks and for the attainment of economic objectives in the long run. Finnvera's Board of Directors and the top management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the outlines for risk-taking. For its part, the goal of risk management is to ensure prerequisites for implementing the company's strategy.

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

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

Controlled risk-taking

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

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

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

Credit and guarantee risks

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

Management of credit risks in SME financing is based on the assessment of credit risks for each enterprise. Finnvera applies a risk classification system of eight categories, which is based on long-term observation of insolvency events for each risk category. The scale in use has seven categories for operating enterprises and one category for insolvent enterprises. When a decision on financing is made, the account manager is responsible for assessing the credit risk, for applying the risk classification and for drafting the financing proposal. The risk rating of Finnvera's client companies is updated at least every second year. The value of any available collateral is also assessed and updated in a similar way.

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

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

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

Financing decisions are made in accordance with the authorisations decided by the Board of Directors so that the amount of liability and risk have an impact on the decision-making level. The biggest financing decisions are made by Finnvera's Board of Directors.

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

The risk-taking realised is followed monthly by means of a diverse set of indicators. The main indicators in Finnvera's risk management are as follows: distribution of current commitments and the change in commitments by risk category; payment defaults and non-performing receivables; the anticipated statistical value of credit losses, describing the amount of risk-taking in terms of outstanding commitments and the financing granted; and the credit losses that have materialised.

Interest rate and currency risk

Interest rate and currency risks associated with Finnvera's provision of funding for export credits are managed by reconciling the terms of borrowing and lending, for example, by means of interest rate and currency swaps. The consequent interest rate and currency risks are monitored actively, and the Board of Directors receives reports on them on a regular basis. The effect of market risks on Finnvera's performance is deemed to be small.

Provision has been made for any claims that may need to be paid in US dollars by virtue of export credit guarantees granted. The associated currency risk has been reduced so that an amount corresponding to any foreseen losses in US dollars has been deposited in dollar accounts.

Liquidity risk

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

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

Operational risks

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

The management of operational risks has been developed systematically since 2006, and operational risks have been registered since the beginning of 2007. Potential risks have been charted and the severity of any consequences they might involve has been assessed for all business areas and support units. In addition, Finnvera has drawn up risk scenarios that, if materialised, would have serious consequences for the company’s operations. Responsibility for the implementation of actions to avert the risk scenarios and other severe potential risks has been divided between the various organisational units in line with their tasks. Finnvera has an ISO 9001 quality certificate that guides the management of operational risks, the associated work and the improvement of the quality of the company’s operations. Safeguards are taken against operational risks, for example, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

Venture capital investments

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

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

The companies engaged in venture capital investment comply with the recommendations issued by the European Venture Capital Association (EVCA) on the valuation of portfolio companies and fund investments. After the transition to IFRS, investments are carried at fair value in accordance with the above-mentioned recommendations.

Capital management, capital adequacy and external risk weight

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

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

On 31 December 2012, the fund for domestic operations totalled EUR 140 million and the fund for export credit guarantee and special guarantee operations EUR 296 million.

It has been ensured through legislation that, in the capital adequacy calculations of banks, the risk weight of Finnvera's guarantees is the same as that of the State of Finland, which was determined at zero as per 31 December 2012.

Finnvera Group

1. Credit risks

(EUR 1,000)	31 Dec 2012	31 Dec 2011
Receivables		
Loans and receivables from credit institutions	172 037	192 516
Loans and receivables from customers	3 007 214	2 302 216
Debt securities	269 593	120 238
Derivatives	80 387	56 321
Total	**3 529 231**	**2 671 291**

Finnish Export Credit's receivables, EUR 1,397,623 thousand, guaranteed byFinnvera, are included in 'Receivables from customers' in the Group.

	Note		
Contingencies	26	**14 216 697**	**13 493 006**

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

(EUR 1,000)	31 Dec 2012	%	31 Dec 2011	%
Risk class				
A1	0	0%	0	0%
A2	10 747	0%	11 375	0%
A3	53 954	2%	70 967	3%
B1	441 308	17%	487 874	17%
B2	1 252 263	49%	1 500 286	53%
B3	686 011	27%	597 663	21%
C	85 747	3%	89 274	3%
D	51 555	2%	55 329	2%
Total	**2 581 585**	**100%**	**2 812 768**	**100%**

Finnish Export Credit Ltd*	1 397 623		582 281	

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

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

3. Concentrations

3.1. Receivables from customers and guarantees by industry

(EUR 1,000)	31 Dec 2012	31 Dec 2011
Rural trades	29 485	28 627
Industry	1 364 936	1 435 014
Tourism	164 160	201 901
Services to business	657 015	694 916
Trade and consumer services	365 989	452 310
Total	**2 581 585**	**2 812 768**

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

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

(EUR 1,000)			31 Dec 2012			31 Dec 2011
	Offered	In force	Total	Offered	In force	Total
Telecommunications	500 079	2 825 880	3 325 959	368 586	3 059 286	3 427 872
Wood processing	584 829	1 546 315	2 131 144	79 360	1 486 611	1 565 970
Power generation	0	164 734	164 734	85 853	140 039	225 892
Shipping companies	298 400	3 034 876	3 333 276	350 550	2 803 905	3 154 455
Metal industry and ore mining	0	271 768	271 768	13 796	214 988	228 785
Other	86 665	300 848	387 513	30 139	550 451	580 591
Total	**1 469 972**	**8 144 421**	**9 614 393**	**928 285**	**8 255 280**	**9 183 564**

3.3. Bank commitments of the export credit guarantee operations

(EUR 1,000)			31 Dec 2012			31 Dec 2011
	Offered	In force	Total	Offered	In force	Total
Banks and financing	45 307	854 089	899 396	27 586	616 544	644 129

4. Commitments by area

4.1. Loans and guarantees by area

(EUR 1,000)	31 Dec 2012	31 Dec 2011
Finland	2 581 585	2 812 768
Total	**2 581 585**	**2 812 768**

4.2. Commitments of the export credit guarantee operations by area

(EUR 1,000)			31 Dec 2012			31 Dec 2011
	Offered	In force	Total	Offered	In force	Total
Asia	254 928	965 544	1 220 472	71 150	1 227 702	1 298 852
CIS*	165 440	1 374 371	1 539 811	79 030	1 099 096	1 178 126
Central and East Europe	243 612	147 780	391 391	14 635	181 969	196 604
Latin America	484 709	1 934 421	2 419 130	1 260	1 972 088	1 973 348
Middle East and North Africa	55 373	908 214	963 586	279 039	655 534	934 573
Sub-Saharan Africa	95 119	175 221	270 340	195 854	198 634	394 488
Industrial countries	255 718	4 140 066	4 395 784	360 796	4 024 379	4 385 175
Total	**1 554 899**	**9 645 616**	**11 200 515**	**1 001 764**	**9 359 402**	**10 361 166**

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

5. Collateral shortage

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

(EUR 1,000)				31 Dec 2012				31 Dec 2011
A	B	C	D	E	B	C	D	E
A1	0	0	0	0%	0	0	0	0%
A2	10 747	4 640	6 107	57%	11 375	5 567	5 808	51%
A3	53 954	18 386	35 568	66%	70 967	26 696	44 272	62%
B1	441 308	135 097	306 211	69%	487 874	149 856	338 018	69%
B2	1 252 263	436 980	815 283	65%	1 500 286	532 991	967 295	64%
B3	686 011	179 765	506 246	74%	597 663	155 379	442 284	74%
C	85 747	21 123	64 624	75%	89 274	25 056	64 218	72%
D	51 555	8 499	43 056	84%	55 329	8 637	46 692	84%
Total	**2 581 585**	**804 490**	**1 777 095**	**69%**	**2 812 768**	**904 182**	**1 908 586**	**68%**

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

Impairment losses on individually assessed loans and guarantee provisions

Loans (EUR 1,000)					31 Dec 2012
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	0	150 158	2 722	13 357	166 237
Impairment loss	0	48 888	1 232	6 695	56 815
Commitment after the impairment	0	101 270	1 490	6 662	109 422

Guarantees(EUR 1,000)					31 Dec 2012
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	0	93 140	4 082	6 688	103 910
Guarantee provision	0	21 847	1 839	2 324	26 010
Commitment after the guarantee provision	0	71 293	2 243	4 364	77 900

Impairment losses on collectively assessed loans and guarantee provisions

Loans (EUR 1,000)					31 Dec 2012
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	5 222	27 252	22 171	43 357	98 002
Impairment loss	677	7 644	8 064	19 346	35 731
Commitment after the impairment	4 545	19 608	14 107	24 011	62 271

Guarantees(EUR 1,000)					31 Dec 2012
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	2 433	4 484	6 200	28 962	42 079
Guarantee provision	332	1 094	1 808	12 444	15 678
Commitment after the guarantee provision	2 101	3 390	4 392	16 518	26 401

Impairment losses on individually assessed loans and guarantee provisions

Loans (EUR 1,000)					31 Dec 2011
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	0	77 092	3 609	7 571	88 272
Impairment loss	0	29 899	1 700	2 630	34 229
Commitment after the impairment	0	47 193	1 909	4 941	54 043

Guarantees (EUR 1,000)					31 Dec 2011
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	0	77 554	6 681	15 987	100 222
Guarantee provision	0	12 234	2 770	9 744	24 748
Commitment after the guarantee provision	0	65 320	3 911	6 243	75 474

Impairment losses on collectively assessed loans and guarantee provisions

Loans (EUR 1,000)					31 Dec 2011
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	7 969	25 454	18 202	43 005	94 630
Impairment loss	876	7 079	6 965	19 300	34 220
Commitment after the impairment	7 093	18 375	11 237	23 705	60 410

Guarantees (EUR 1,000)					31 Dec 2011
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	1 758	2 323	6 663	33 609	44 353
Guarantee provision	162	565	1 957	14 243	16 927
Commitment after the guarantee provision	1 596	1 758	4 706	19 366	27 426

7. PAst due receivables

(EUR 1,000)	31 Dec 2012	31 Dec 2011
1 day–3 months	12 365	12 995
3–6 months	6 089	13 668
6–12 months	14 246	10 274
Over 12 months	22 267	22 685
Total	**54 967**	**59 622**

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

8. Liquidity risk

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

Maturity of liabilities 31 Dec 2012

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

Maturity of liabilities 31 Dec 2011

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	>10 years
Liabilities to credit institutions	185 000	190 329	41 124	61 872	87 333	0	0
Liabilities to the public and public sector	635 298	763 515	1 835	57 710	305 370	369 930	28 670
Debt securities in issue	904 428	968 775	788	261 635	706 352	0	0
Subordinated liablities	85 823	85 823	0	0	0	50 000	35 823
Binding financing offers		2 039 006	502 006	700 000	837 000	0	0
Total liabilities	**1 810 549**	**4 047 448**	**545 753**	**1 081 217**	**1 936 055**	**419 930**	**64 493**
Derivatives – receivables	52 911	920 111	788	160 914	707 790	50 619	0
Derivatives – liabilities	0	833 804	855	133 160	649 051	50 738	0
Derivatives – net	**52 911**	**86 307**	**-67**	**27 754**	**58 739**	**-119**	**0**
Guarantees		1 196 363	128 924	357 787	603 599	96 019	10 034

9. Interest rate risk

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

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

The item "Receivables from credit instituions" does not include the ERDF assets deposited, EUR 28,531,000. Their use is regulated separately.The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate and currency swaps hedging the liabilities.

Determination of the interest rate on receivables and liabilities 31 Dec 2011

(EUR 1,000)	Carrying amount	Payable	<3 months	3–12 months	1–5 years	5–10 years	> 10years
Receivables from credit institutions	164 329	164 329	164 329	0	0	0	0
Receivables from customers	2 302 216	2 302 216	819 429	870 935	274 957	291 100	45 794
Debt securities	120 238	120 400	116 700	3 700			
Total receivables	**2 586 783**	**2 586 945**	**1 100 458**	**874 635**	**274 957**	**291 100**	**45 794**
Liabilities to credit institutions	185 000	185 000	115 000	70 000	0	0	0
Liabilities to others	635 298	631 525	0	37 285	232 967	333 434	27 839
Debt securities in issue	904 428	886 691	103 173	228 965	554 553	0	0
Subordinated liabilities	85 823	85 823	0	0	0	50 000	35 823
Total liabilities	**1 810 549**	**1 789 039**	**218 173**	**336 250**	**787 520**	**383 434**	**63 662**
Derivatives – receivables	52 911	836 591	0	128 966	657 725	49 900	0
Derivatives – liabilities	0	801 565	147 792	653 773			0
Derivatives – net	**52 911**	**35 026**	**-147 792**	**-524 807**	**657 725**	**49 900**	**0**

The item “Receivables from credit instituions” does not include the ERDF assets deposited, EUR 28,187,000. Their use is regulated separately.The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate andcurrency swaps hedging the liabilities.

Sensitivity to interest rate

An immediate increase of 1 percentage unit increases the net interest income by EUR 7.3 million and an 0.1 percentage unit decrease in the interestrate decreases the net interest income by EUR 0.7 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.03 million if the interest rates decrease by 0.1percentage unit. Respectively, their fair value decreases by EUR 0.3 million of the interest rates increase by 1 percentage unit.The change in the fair value is recognised in the balance sheet.

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

10. Currency risk

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

	31 Dec 2012	31 Dec 2011
The USD strengthens by 10% against the euro	1 629	1 215
The USD weakens by 10% against the euro	-1 333	-996

The currency risk stems from the dollar account that is kept as provision for export credit guarantee losses denominated in dollars; itsamount increased by EUR 4 million during 2012.

Segment information

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

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

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

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

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

Three of Finnvera's subsidiaries – Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy – make venture capital investments in enterprises. Another subsidiary, Finnish Export Credit Ltd, which provides financing for export credits, offers export financing based on withholding tax agreements, and administers the interest equalisation system associated with export credits granted on OECD terms and domestic ship financing.

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

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

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

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

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internation-alisation	Export financing	Other segments	Eliminations	TOTAL
Net interest income	10 410	31 459	11 803	7 104	2 007	0	62 783
Net fee and commission income	3 897	18 856	14 280	75 094	-271	0	111 856
Net impairment loss on financial assets, guarantee and security losses	-2 797	-44 218	-18 337	-8 424	-1 556	0	-75 331
Operating expenses*	-10 680	-14 423	-8 254	-12 124	-6 496	4 083	-47 893
Depreciation and amortization	-122	-622	-289	-339	-41	0	-1 413
Other income/expenses**	802	3 052	731	312	3 309	-4 081	4 125
Operating profit	**1 510**	**-5 897**	**-66**	**61 624**	**-3 048**	**2**	**54 127**
Total assets	**240 768**	**881 382**	**378 822**	**2 151 071**	**174 936**	**-19 171**	**3 807 808**
Receivables from customers	249 818	960 181	386 096	1 411 257	17 659	-17 798	**3 007 214**
Total liabilities	**182 943**	**677 876**	**343 178**	**1 754 374**	**95 508**	**-17 858**	**3 036 021**

Consolidated income statement and balance sheet by segments for the period 1 Jan–31 Dec 2011

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internation-alisation	Export financing	Other segments	Eliminations	TOTAL
Net interest income	11 257	32 002	9 927	6 726	2 705	0	62 617
Net fee and commission income	3 989	19 234	13 520	58 519	-1	0	95 260
Net impairment loss on financial assets, guarantee and security losses	-3 022	-35 821	-15 973	121	-1 145	412	-55 427
Operating expenses*	-11 729	-14 463	-8 183	-10 166	-4 814	2 448	-46 906
Depreciation and amortization	-269	-415	-310	-551	-24	0	-1 569
Other income/expenses**	36	-100	-135	1 201	9 873	-2 508	8 367
Operating profit	**261**	**438**	**-1 154**	**55 851**	**6 595**	**352**	**62 343**
Total assets	**248 283**	**929 271**	**341 554**	**1 213 110**	**177 163**	**-19 168**	**2 890 214**
Receivables from customers	281 249	1 076 662	344 885	596 648	20 637	-17 865	**2 302 216**
Total liabilities	**191 641**	**718 571**	**307 556**	**877 884**	**97 598**	**-17 865**	**2 175 384**

* Operating expenses = Administrative expenses + Other operating expenses – Depreciation and amortization

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

Inter-segment revenue is not significant.

Financial assets and liabilities

Financial assets 31 dec 2012

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
Loans and receivables from credit institutions	172 037			172 037	172 037
Loans and receivables from customers	3 007 214			3 007 214	3 081 171
Debt securities			269 593	269 593	269 593
Derivatives		80 387		80 387	80 387
Investments in associates		76 023		76 023	76 023
Shares and participations		34 426	79 618*	114 044	114 044
Other financial assets	68 941			68 941	68 941
Total	**3 248 192**	**190 836**	**349 211**	**3 788 239**	**3 862 196**

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

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

Financial liabilities 31 Dec 2012

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		85 000	85 000	85 000
Liabilities to other institutions	46 386	1 388 738	1 435 125	1 550 096
Debt securities in issue	937 427	49 972	987 399	987 399
Derivatives	7 067		7 067	7 067
Other financial liabilities		313 158	313 158	313 158
Subordinated liabilities		82 388	82 388	82 388
Total	**990 881**	**1 919 256**	**2 910 137**	**2 975 908**

The Company does not have financial liabilities held for trading.

Financial assets 31 Dec 2011

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
Loans and receivables from credit institutions	192 516			192 516	192 516
Loans and receivables from customers	2 302 216			2 302 216	2 376 173
Debt securities			120 238	120 238	120 238
Derivatives		52 911		52 911	52 911
Investments in associates		69 765		69 765	69 765
Shares and participations		24 181	80 680*	104 862	104 862
Other financial assets	27 529			27 529	27 529
Total	**2 522 260**	**146 857**	**200 919**	**2 870 036**	**2 943 993**

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

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

Financial liabilities 31 Dec 2011

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		185 000	185 000	185 000
Liabilities to other institutions	53 673	581 624	635 298	701 069
Debt securities in issue	804 428	100 000	904 428	904 428
Derivatives	0		0	0
Other financial liabilities		254 676	254 676	254 676
Subordinated liabilities		85 823	85 823	85 823
Total	**858 101**	**1 207 123**	**2 065 225**	**2 130 996**

The Company does not have financial liabilities held for trading.

Hierarchy for recognition at fair value

Financial assets 31 Dec 2012

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

Financial liabilities 31 Dec 2012

(EURO 1,000)	Level 1	Level2	Level3
Financial instruments carried at fair value			
Liabilities to other institutions		46 386	
Debt securities in issue		937 427	
Derivatives		7 067	
Total		**990 881**	

Financial assets 31 Dec 2011

(EUR 1,000)	Level 1	Level2	Level3
Financial instruments carried at fair value			
Derivatives		52 911	
Investments in associates			69 765
Shares and holdings			24 181
Available-for-sale			
Debt securities		120 238	
Shares and holdings	65 295		15 386
Total	**65 295**	**173 149**	**109 332**

Financial liabilities 31 Dec 2011

(EUR 1,000)	Level 1	Level2	Level3
Financial instruments carried at fair value			
Liabilities to other institutions		53 673	
Debt securities in issue		804 428	
Derivatives		0	
Total		**858 101**	

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

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

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

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

Financial assets and liabilities recognised at fair value

Level 3, Financial assets

(EUR 1,000)	31 Dec 2012	31 Dec 2011
Financial assets carried at fair value		
Balance 1 January	**109 332**	**87 010**
Profits and losses entered in the income statement, in total	153	7 571
Acquisitions	20 706	16 779
Sales	-5 512	-2 028
Balance 31 Dec	**124 679**	**109 332**
Profits and losses entered in the income statement for the instruments held by Finnvera on 31 December	1 912	7 168

Notes

Notes to the income statement

Note 1: Net interest income

(EUR 1,000)		2012		2011
Interest income				
Loans to customers		88 147		76 398
Subsidies passed on to customers				
- Regional interest subsidy	1 243		1 483	
- Interest subsidy to special loans	5 278		5 599	
- Interest subsidy from the ERDF	2 705		3 357	
- National interest subsidy (ERDF)	2 995	12 221	3 742	14 182
Interest on export credit guarantee and special guarantee receivables		181		243
Interest on guarantee receivables		1 331		1 297
Other interest income				
- On receivables from credit institutions	2 488		2 153	
- On debt securities, available-for-sale	662		1 917	
- On other	272	3 423	765	4 835
Total interest income		**105 302**		**96 955**
Interest expenses				
On liabilities to credit institutions		1 795		3 236
On liabilities to other institutions		30 982		16 579
On debt securities in issue		9 448		14 237
Other interest expenses		294		286
Total interest expenses		**42 519**		**34 338**
Net interest income		**62 783**		**62 617**
Interest income on financial assets which are not carried at fair value totalled		**105 302**		**96 955**
Interest expenses on financial liabilities which are not carried at fair value totalled		**33 260**		**21 255**
Interest income include interest accrued on impaired loans		**3 550**		**3 060**

Interest subsidy from the state and the European Regional Development Fund

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

Interest-subsidised loans and guarantees in total at 31 December	**560 920**	**664 734**

Note 2: Net fee and commission income

(EUR 1,000)	2012	2011
Fee and commission income		
From export credit guarantees and special guarantees	81 189	65 070
From other guarantees	24 928	23 785
From credit operations	8 958	8 109
From other	119	538
Total fee and commission income	**115 194**	**97 502**
All fee and commission income are from financial assets which are not carried at fair value.		
Fee and commission expenses		
From reinsurance	2 143	2 075
From borrowing	1 156	113
From payment transactions	39	55
From other	0	0
Total fee and commission expenses	**3 338**	**2 242**
Fee and commission expenses from financial assets which are not carried at fair value totalled.	**2 182**	**2 129**
Net fee and commission income	**111 856**	**95 260**

Note 3: Gains and losses

(EUR 1,000)			2012			2011
Carried at fair valut (net)	**Gains and losses from sales**	**Changes in fair value**	**Total**	**Gains and losses from sales**	**Changes in fair value**	**Total**
Derivatives	0	24 315	24 315	0	-1 165	-1 165
Liabilities carried at fair value	0	-21 293	-21 293	0	-621	-621
Shares and participations	103	-719	-616	-68	7 168	7 100
Translation differences	0	-246	-246	0	705	705
	103	**2 057**	**2 160**	**-68**	**6 087**	**6 019**

By categories of financial instruments (categories in accordance with IAS 39)	**Gains and losses from sales**	**Changes in fair value**	**Total**	**Gains and losses from sales**	**Changes in fair value**	**Total**
Liabilities carried at fair value	103	2 303	2 406	0	5 314	5 314
Loans and other receivables	0	0	0	0	0	0
	103	**2 303**	**2 406**	**0**	**5 314**	**5 314**

Note 4: Net income from investments

(EUR 1,000)		2012		2011
Available-for-sale financial assets				
Shares and participations				
- Gains/losses	-278		471	
- Impairment losses	-493	-771	0	471
Dividends		1 258		432
Total available-for-sale financial assets		**487**		**903**
Investment property				
Rental income	0		3	
Depreciation	-177		-25	
Gains/losses from sale	0	**-177**	0	-22
Share of profit of associates		2		-2
Total net income from investments		**313**		**878**

Note 5: Other operating income

(EUR 1,000)	2012	2011
Fee for the management of the old liability	248	251
Management fee for the handling of ERDF loans	631	563
Rental income	141	177
Other	633	481
Total other operationg income	**1 653**	**1 471**

Note 6: Employee benefit expenses

(EUR 1,000)		2012		2011
Wages and salaries		23 952		23 311
Social security costs				
Pension costs				
- Defined contribution plans	3 508		3 573	
- Defined benefit plans	775		847	
Other social security costs	1 569	5 853	1 531	5 950
Total		**29 805**		**29 261**
Personnel in average				
Permanent full-time		374		372
Permanent part-time		22		25
Temporary		15		16
Total		**411**		**413**

Note 7: Auditor's fees

(EUR 1,000)		2012		2011
Fees for auditing	93		127	
Fees for expert services provided by auditors	62	**155**	41	**168**

Note 8: Other operating expenses

(EUR 1,000)	2012	2011
Rental expenses	4 126	3 925
Expenses from property in own use	1 027	954
Other expenses	40	47
Total	**5 193**	**4 926**
Depreciation and amortization		
Intangible assets	820	1 163
Property, plant and equipment		
- Properties	9	10
- Machinery and equipment	332	396
-Other tangible assets	252	0
Total	**1 413**	**1 569**
Total other operating expenses	**6 606**	**6 495**

Note 9: Net impairment loss on financial assets

(EUR 1,000)	2012	2011
Receivables written down as credit and guarantee losses		
Credit losses	66 429	66 680
Guarantee losses	31 166	20 213
Reversal of losses recognized		
Credit losses	-5 921	-4 245
Guarantee losses	-1 711	-1 299
Change in impairment of individually assessed loans during the period	24 548	2 979
Change in impairment of collectively assessed loans during the period	496	-624
Total impairment losses on loans and guarantees	**115 007**	**83 705**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-49 661**	**-31 868**
Finnvera plc's share	**65 346**	**51 837**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2012 these loans and guarantees totalled EUR 2,671 (2,780) million. The compensation was 54.2% (39.6%) of the credit and guarantee losses recognized during the period.

(EUR 1,000)	2012	2011
Export credit guarantees and special guarantees		
Claims paid	18 839	4 118
Change in the claims provision during the period	-1 216	854
Accumulated recoveries	-1 036	-1 356
Change in recovery receivables	-6 601	-25
Impairment losses on export credit guarantee and special guarantee operations recognised in the financial statements	**9 986**	**3 590**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognised in the income statement	**75 331**	**55 427**

Note 10: Income tax expense

(EUR 1,000)	2012	2011
Current period	272	436
Adjustment for prior periods	0	-72
Deferred taxes	493	2 260
Total	**765**	**2 625**

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

Notes to the balance sheet

Note 11: Loans and receivables from credit institutions

(EUR 1,000)	2012	2011
Payable on demand	143 506	164 329
Other	28 531	28 187
Total	**172 037**	**192 516**

Note 12: Loans and receivables from customers

(EUR 1,000)	2012	2011
Loans		
Subordinated loans	47 208	55 209
Other loans	2 905 434	2 200 850
Total loans	**2 952 642**	**2 256 059**
Guarantee receivables	**38 129**	**42 036**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	2 096	421
Recovery receivables	14 346	3 700
Total receivables from export credit guarantee and special guarantee operations	**16 442**	**4 121**
Total receivables from customers	**3 007 214**	**2 302 216**

Impairment losses on individually assessed loans

(EUR 1,000)	2012	2011
Impairment losses at the beginning of the period	34 229	38 493
(-) Credit losses realized during the period on which an impairment loss has been earlier recognised	-11 384	-17 498
(+) Impairment losses recognised during the period	36 777	20 387
(-) Reversal of impairment losses	-6 583	-9 550
Effect of discounting	3 776	2 397
Impairment losses at the end of the period	**56 815**	**34 229**
Impairment losses on collectively assessed loans at the beginning of the period:	34 220	36 057
Impairment losses on collectively assessed loans recognized during the period	1 511	-1 836
Impairment losses on collectively assessed loans at the end of the period	**35 731**	**34 220**
Total impairment losses	**92 546**	**68 449**

Impairment losses on individually assessed guarantees:

(EUR 1,000)	2012	2011
Impairment losses at the beginning of the period	24 748	17 505
(-) Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-7 410	-5 225
(+) Impairment losses recognized during the period	9 659	12 710
(-) Reversal of impairment losses	-1 128	-724
Effect of discounting	141	482
Impairment losses at the end of the period	**26 010**	**24 748**
Impairment losses on collectively assessed guarantees at the beginning of the period	16 927	15 864
Impairment losses on collectively assessed guarantees recognized during the period	-1 249	1 063
Impairment losses on collectively assessed guarantees at the end of the period	**15 678**	**16 927**
Total impairment losses	**41 688**	**41 675**

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

Note 13: Investments

(EUR 1,000)	2012	2011
Debt securities	269 593	120 238
Associates	76 448	70 366
Other shares and participations	114 044	104 862
Investment property	28	55
Total	**460 112**	**295 521**

Debt securities		
Available-for-sale		
- Certificates of deposits	24 698	3 300
- Commercial papers	123 438	99 857
- Other	121 457	17 082
Total	**269 593**	**120 238**

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

Associates		
At the beginning of the period	70 366	50 088
Share of profit for the period	0	0
Additions	9 230	21 984
Disposals	-3 149	-1 705
At the end of the period	**76 448**	**70 366**

Associates accounted for using the equity method in 2012:

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

Associates accounted for using the equity method in 2011:

Name	Carrying amount	Ownership	Assets	Liabilities	Carrying net sales	Profit/loss
Iin Micropolis Oy	76	23,08%	351	355	51	-17
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43%	1 588	3	106	4

(EUR 1,000)	2012	2011
Other shares and participations		
At fair value through profit or loss	34 426	24 181
Available-for-sale	79 618	80 680
Total	**114 044**	**104 862**

Other shares that are publicly quoted	**65 388**	**65 295**

Investment property

Acquisition cost		
- Acquisition cost at 1 Jan	2 114	3 246
- Additions	0	0
- Disposals	-28	-727
- Transfers between items	0	-405
Acquisition cost at 31 Dec	**2 086**	**2 114**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	2 058	2 033
Depreciation for the period	0	25
Accumulated depreciation and impairment losses at 31 Dec	**2 058**	**2 058**
Carrying amount at 1 Jan	55	1 213
Carrying amount at 31 Dec	28	55
Total investments	**460 112**	**295 521**
Fair value of investment property	28	55
Investment property companies' shares that are publicly quoted	0	0

Note 14: Intangible assets

(EUR 1,000)	2012	2011
Acquisition cost		
Acquisition cost at 1 Jan	35 029	34 360
Additions	879	895
Disposals	0	-226
Acquisition cost at 31 Dec	**35 908**	**35 029**
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	33 137	32 032
Amortization for the period	791	1 105
Accumulated amortization and impairment losses at 31 Dec	**33 928**	**33 137**
Carrying amount at 1 Jan	1 892	2 328
Carrying amount at 31 Dec	1 980	1 892

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

Note 15: Property, plant and equipment

(EUR 1,000)			2012			2011
	Properties	Machinery and equipment	Total	Properties	Machinery and equipment	Total
Acquisition cost						
Acquisition cost at 1 Jan	7 997	10 320	18 317	7 985	10 150	18 135
Additions	0	183	184	12	173	185
Disposals	0	-38	-38	0	-4	-4
Acquisition cost at 31 Dec	**7 997**	**10 466**	**18 463**	**7 997**	**10 320**	**18 317**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	6 572	8 772	15 344	6 504	8 376	14 880
Depreciation for the period	279	339	617	68	396	464
Accumulated depreciation and impairment losses at 31 Dec	**6 851**	**9 111**	**15 961**	**6 572**	**8 772**	**15 344**
Carrying amount at 1 Jan	1 425	1 548	2 973	1 481	1 774	3 255
Carrying amount at 31 Dec	1 146	1 355	2 501	1 425	1 548	2 973

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

Note 16: Other assets

(EUR 1,000)	2012	2011
Credit loss receivables from the state and the ERDF	49 360	13 913
Other	3 684	4 642
Total other assets	**53 044**	**18 555**

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

Note 17: Prepayments and accrued income

(EUR 1,000)	2012	2011
Interest	10 270	4 310
Fee and commission receivables	5 280	8 930
Prepayments and other accrued income	14 795	10 391
Total prepayments and accrued income	**30 344**	**23 631**

Note 18: Tax assets and liabilities

(EUR 1,000)	2012	2011
Tax assets		
Income tax assets	**188**	**0**
Deferred tax assets at 1 Jan	0	17
Increase/decrease to income statement during the period	0	0
Increase/decrease to other items in comprehensive income during the period	0	-17
Deferred tax assets at 31 Dec	**0**	**0**
Tax liabilities		
Current income tax liabilities	0	46
Deferred tax liabilities		
- On fair value changes recognized in fair value reserve	4 230	3 680
Total tax liabilities	**4 230**	**3 725**
Deferred tax liabilities at 1 Jan	3 680	1 363
Increase/decrease to income statement during the period	431	2 243
Increase/decrease to other items in comprehensive income during the period	119	74
Deferred tax liabilities at 31 Dec	**4 230**	**3 680**

Note 19: Liabilities to credit and other institutions

(EUR 1,000)			2012			2011
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	85 000	0	85 000	185 000	0	185 000
Other institutions						
- At fair value through profit or loss	46 386	0	46 386	53 673	0	53 673
- At amortized cost	1 388 738	0	1 388 738	581 624	0	581 624
Total	**1 520 125**	**0**	**1 520 125**	**820 298**	**0**	**820 298**

Note 20: Debt securities in issue

(EUR 1,000)			2012			2011
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	921 414	16 013	937 427	786 691	17 737	804 428
At amortized cost	49 972	0	49 972	100 000	0	100 000
	971 386	**16 013**	**987 399**	**886 691**	**17 737**	**904 428**
Average interest rate, %		0.37			1.77	

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option). An amount equaling the nominal value of a liability is repaid at the maturity date. The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note 21: Derivatives

(EUR 1,000)			2012			2011
	Fair value			Fair value		
	Positive	Negative	Total nominal value	Positive	Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	80 387	7 067	965 424	52 911	0	836 591
Total derivatives	**80 387**	**7 067**	**965 424**	**52 911**	**0**	**836 591**

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

Note 22: Provisions

(EUR 1,000)	2012	2011
Provision for export credit guarantee losses at 1 Jan	4 048	3 101
Provisions made during the period	2 803	1 374
Provisions used during the period	-3 980	-427
Provision for export credit guarantee losses at 31 Dec	**2 870**	**4 048**

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.

Provision for domestic guarantee losses at 1 Jan	41 675	33 369
Provisions made during the period	8 410	13 773
Provisions reversed during the period	-8 538	-5 949
Effect of discounting	141	482
Provision for domestic guarantee losses at 31 Dec	**41 688**	**41 675**

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.

Defined benefit pension plans at 1 Jan	1 026	1 004
Change during the period	-44	22
Defined benefit pension plans at 31 Dec	**983**	**1 026**
Other provisions	1 045	345
Total provisions	**46 586**	**47 094**

Employee benefits:

Defined benefit pensions plans

The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.

(EUR 1,000)	2012	2011
Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	9 357	6 548
Fair value of plan assets	-8 037	-4 719
	1 320	1 829
Unrecognised actuarial gains (+) or losses (-)	-337	-803
Net liability recognised in the balance sheet	**983**	**1 026**
Expenses recognised in the income statement		
Current service costs	337	631
Interest on obligation	311	306
Actuarial gains (+) or losses (-)	19	
Expected return on plan assets	-254	-286
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	22	1
Total expenses recognised in the income statement	**435**	**652**
Actual return on plan assets	**3 438**	**-87**
Change in the fair value of plan assets		
Fair value at 1 Jan	4 719	4 443
Expected return on plan assets	254	286
Contributions paid into the plan	478	630
Effect of fulfilling the plan and reducing the obligation	-598	-267
Actuarial gains (+) or losses (-)	3 184	-373
Fair value of plan assets at 31 Dec	**8 037**	**4 719**
Change in the present value of the obligation		
Present value at 1 Jan	6 548	5 774
Current service costs	337	631
Interest on obligation	311	306
Effect of fulfilling the plan and reducing the obligation	-598	-303
Actuarial gains (-) or losses (+)	2 758	140
Present value of the obligation at 31 Dec	**9 357**	**6 548**

Amounts for the current and previous periods		
Defined benefit obligation	9 357	6 548
Plan assets	-8 037	-4 719
Surplus / deficit	**1 320**	**1 829**
Experience adjustments arising on plan assets	3 184	-373
Experience adjustments arising on plan liabilities	-222	-763

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

Actuarial assumptions	2012	2012
Discount rate	3,00%	4,75%
Expected return on plan assets	5,08%	5,08%
Future salary increases	2,44%	2,30%
Inflation	2,00%	2,00%
Future pension increases	2,10%	2,10%
Turnover of personnel	0,50%	2,00%
Expected average remaining working life (years)	8	8

Finnvera expects to pay EUR 506,900 in contributions to defined benefit plans in 2013.

Note 23: Accruals and deferred income

(EUR 1,000)	2012	2011
Interest	9 280	6 907
Advance interest payments received	706	739
Guarantee premiums paid in advance	301 432	244 575
Other accruals and deferred income	21 410	5 798
Total accruals and deferred income	**332 827**	**258 018**

Note 24: Subordinated liabilities, Finnvera plc

(EUR 1,000)			2012			2011
Subordinated loans from the state in 2005 and 2007*		EUR	2 388		EUR	5 823
Increase in the share capital of Seed Fund Vera Ltd		Interest rate, %	0		Interest rate, %	0
		Loan period	20 yrs		Loan period	20 yrs
Subordinated loan from the state in 2009*		EUR	30 000		EUR	30 000
Increase in the share capital of Seed Fund Vera Ltd	22 500	Interest rate, %	0	22 500	Interest rate, %	0
Increase in the share capital of Veraventure Ltd	7 500	Loan period	15 yrs	7 500	Loan period	15 yrs
Subordinated loan from the state in 2009**		EUR	50 000		EUR	50 000
		Interest rate, %	0		Interest rate, %	0
		Loan period	7 yrs		Loan period	7 yrs

* The loans are to be used as investment raising the share capital of Seed Fund Vera Ltd and Veraventure Ltd. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered. The loss shown by Seed Fund Vera Ltd in 2011, EUR 3,435 thousand, was deducted from the principal in 2012.

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

Note 25: Equity

(EUR 1,000)		2012		2011
Equity attributable to the parent company's shareholders				
Share capital		196 605		196 605
Reserves				
Restricted reserves				
- Share premium	51 036		51 036	
- Fair value reserve	318	51 354	92	51 128
Unrestricted reserves				
- Fund for domestic operations	139 770		135 753	
- Fund for export credit guarantee and special guarantee operations	295 726		241 378	
- Other unrestricted reserves	17 461	452 958	17 529	394 660
Retained earnings				
Profit/loss for previous periods	2 821		-2 573	
Profit/loss for the period	57 544	60 365	63 760	61 187
Total equity attributable to the parent company's shareholders		761 282		703 580
Share of equity held by non-controlling interests		10 505		11 251
Total equity		**771 787**		**714 831**

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

Reserves:

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

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

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

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

Other notes

Note 26: Contingencies at 31 Dec

(EUR 1,000)	2012	2011
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
- Buyer credit guarantees	9 877 153	9 223 145
- Credit risk guarantees	240 145	132 293
- Export receivables guarantees	100 671	158 243
- Letter of credit guarantees	408 430	351 643
- Bank risk guarantees	14 276	12 576
- Investment guarantees	75 792	86 087
- Bond guarantees	67 317	72 336
- Finance guarantees	222 345	134 524
Total	**11 006 129**	**10 170 848**
Special guarantees		
- Environmental guarantees	85 722	83 468
- Ship guarantees	111 535	110 853
- Venture capital guarantees	0	45
Total	**197 257**	**194 366**
Total export credit guarantees and special guarantees	**11 203 386**	**10 365 214**
Provision for export credit guarantees	-2 870	-4 048
Total	**11 200 515**	**10 361 166**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 15.3 (16.5) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

(EUR 1,000)	2012		2011	
Binding financing offers	**1 948 066**		**2 039 006**	
Liability	**Total**	**Group and associated companies**	**Total**	**Group and associated companies**
Domestic guarantees	1 068 115		1 092 833	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	9 332 150	2 492 040	8 593 821	2 231 396
Liability for special guarantees	292 591		194 366	
	10 692 856	**2 492 040**	**9 881 020**	**2 231 396**

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

Note 27: Operating leases

(EUR 1,000)	2012	2011
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts		
Within one year	523	412
Between one and five years	13 770	14 387
Later than five years	0	0
Total	**14 292**	**14 799**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	107	97
Between one and five years	0	0
Later than five years	0	0
Total	**107**	**97**

Group companies

Note 28: Finnvera Plc's shares and holdings

Shares and holdings in Group companies in 2012

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

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

	Sector	Holding of shares	Share of votes	Equity	Profit for the year
Seed Fund Vera Ltd					
7signal Oy	Use and control services of data processing and equipment	38.06%	38.06%	319	-583
Abacus Diagnostica Oy	Manufacture of chemical products, not classified elsewhere	29.54%	29.54%	36	-508
APL Systems Oy	Private security services	21.96%	21.96%	2	-15
Beddit.com Oy	Manufacture of measuring, testing and navigation instruments and equipment	23.00%	23.00%	479	-207
Bone Index Finland Oy	Medical research and development	28.58%	28.58%		
C2 SmartLight Oy	Computer equipment and software consulting	26.31%	26.31%	125	-389
CadFaster Oy	Design and manufacture of software	33.97%	33.97%	91	-451

CEM4 Mobile Solutions Oy	Design and manufacture of software	23.28%	23.28%	724	-477
CWP Coloured Wood Products Oy	Sawing, planing and preservative treatment of wood	25.34%	25.34%	1	-340
Ekogen Oy	Electrotechnical design	21.89%	21.89%	172	-252
Enercomp Oy	Machine and process design	41.50%	41.50%	-27	-208
Enfucell Oy	Design and manufacture of software	21.05%	21.05%	792	-607
Enviprobe Oy	Wholesale trade of machinery and equipment, not classified elsewhere	25.03%	25.03%	210	-73
Feedbackdialog Oy	Design and manufacture of software	22.74%	22.74%	273	-169
Finnester Coatings Oy	Design and manufacture of software	32.94%	32.94%	27	-40
Gasera Oy	Manufacturing of other rubber products	22.33%	22.33%	857	21
Global Innovation Network Oy	Security and commodity contracts brokerage	29.05%	29.05%		
GlowWay Oy	Manufacture of electric lighting equipment	22.58%	22.58%	-130	-37
Goodmill Systems Oy	Design and manufacture of software	40.60%	40.60%	-1	-37
HammerKit Oy	Design and manufacture of software	26.30%	26.30%	316	-270
Helpten Oy	Wireless network management and services	25.00%	25.00%	195	-324
HLD Healthy Life Devices Oy	Other health care services	21.50%	21.50%	248	-505
Idem Oy	Wireless network management and services	39.84%	39.84%	-23	-1 002
Injeq Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	23.30%	23.30%		
Juno Medical Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	30.96%	30.96%	334	-290
Liquid Zone Oy	Design and manufacture of software	24.57%	24.57%	73	-108
Medanets Oy	Machine and process design	35.21%	35.21%	97	-160
Miradore Oy	Design and manufacture of software	20.40%	20.40%	326	-325
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	34.29%	34.29%	52	-196

Nervogrid Oy	Data processing, server rental and related services	30.87%	30.87%	449	-380
Netled Oy	Electrotechnical design	25.00%	25.00%	67	0
Nordic Clinic Oy	Other health care services	20.00%	20.00%		
Northforce Oy	Wholesale of dairy produce, eggs and edible oils and fats	22.02%	22.02%	10	-209
Ozics Oy	Manufacture of measuring, testing and navigation instruments and equipment	22.62%	22.62%	1 898	-164
Pharmatest Services Ltd	Other technical testing and analysis	25.00%	25.00%	3	-417
Powerkiss Oy	Machine and process design	25.53%	25.53%	89	-339
RapidBlue Solutions Oy	Other telecommunications activities	23.93%	23.93%	229	-575
Reliplay Oy	Other advertising service	22.51%	22.51%	-118	-13
RM5 Software Oy	Design and manufacture of software	25.70%	25.70%	226	-401
Safera Oy	Machine and process design	28.17%	28.17%	40	-104
Sensinode Oy	Design and manufacture of software	30.37%	30.37%	105	-861
Sensire Oy	Design and manufacture of software	33.15%	33.15%	111	-111
Steam Republic Oy	Recording studios; publishing of sound and music recordings	28.17%	28.17%	-21	-299
StreamPlay Oy	Computer equipment and software consulting	33.14%	33.14%	71	-129
Tamturbo Oy	Machine and process design	20.32%	20.32%	34	-264
Tassu ESP Oy	Metal treatment and coating	34.64%	34.64%	73	-70
Techila Technologies Oy	Design and manufacture of software	30.93%	30.93%	38	-188
Telespro Finland Oy	Retail trade in health care supplies	28.00%	28.00%	104	-13
TWID Oy	Design and manufacture of software	22.21%	22.21%	152	-424
Ultranat Oy	Other scientific research and development	20.40%	20.40%	2	-164
Wello Oy	Hydro and wind power generation	22.99%	22.99%	2 637	-173
Wisteq Oy	Manufacture of electronic components	23.08%	23.08%	-199	-65
Woodprime Oy	Manufacture of builders' carpentry and joinery n.e.c.	24.40%	24.40%		
Voyantic Oy	Electrotechnical design	27.10%	27.10%	409	156

Veraventure Ltd					
Clean Future Fund Ky	Venture capital investments	35.30%	35.30%	1 518	-15
Indekon Oy	Venture capital investments	34.45%	34.45%	4 243	-58
Itä-Suomen Rahasto Oy	Venture capital investments	36.63%	36.63%	12 401	528
JyväsSeed Fund Oy	Venture capital investments	40.00%	40.00%	1 309	-86
Luoteis-Venäjä Rahasto Oy	Venture capital investments	69.99%	49.99%	2 342	-1059
Länsi-Suomen Pääomarahasto Oy	Venture capital investments	40.12%	40.12%	5 491	-373
Midinvest Oy	Venture capital investments	29.17%	29.17%	4 229	66
Pikespo Invest Oy Ltd	Venture capital investments	40.52%	40.52%	7 822	235
Spinno-Seed Oy	Venture capital investments	28.30%	28.30%	1 565	-692
Teknoventure Oy	Venture capital investments	48.38%	48.38%	15 627	361
Uudenmaan Pääomarahasto Oy	Venture capital investments	41.13%	41.13%	15 119	530
Virtaa Hämeeseen Oy	Venture capital investments	21.71%	21.71%	5 159	409
Wedeco Oy Ab	Venture capital investments	39.80%	39.80%	12 988	349
Matkailunkehitys Nordia Oy					
Hiihtokeskus Ukkohalla Oy	Ski resort	25.48%	25.48%	369	10
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	33.29%	33.29%	90	-342
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00%	25.00%	200	120
Hotelli Pyhätunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.00%	30.00%	-475	-79
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00%	45.00%	315	59
Kristina Cruises Oy, Kotka	Cruises	20.00%	20.00%	1 439	-1 897
Kultaranta Resort Oy, Naantali	Hotel and restaurant business	20.00%	20.00%	1 097	-729
Levi Magic Oy, Kittilä	Project / No operations	57.70%	57.70%	819	-4
Savon Hotellit Oy, Savonlinna	Hotel and restaurant business	100.00%	100.00%	1 633	366

Shares and holdings in Group companies in 2011

Name and domicile of the company	Sector	Holding of all shares	Share of votes	Book value
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61%	92.61%	89 003 000
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52%	63.52%	6 831 438
Spikera Oy, Kuopio	Development and investment company	100.00%	100.00%	134 550
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%	20 181 579

Veraventure Ltd, Kuopio	Development and investment company	100.00%		100.00%	48 633 752
Shares and holdings in associates					
Iin Micropolis Oy, Ii	Development company	23.08%		23.08%	75 685
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43%		36.43%	525 827

Subsidiaries' shares and holdings in 2011 (holding over 20%)

	Sector	Holding of all shares	Share of votes	Equity	Profit for the year
Spikera Oy					
Kiinteistö Oy Kotkan kisällinkatu 6, Kotka	Real estate company	100.00%	100.00%	3	404
Myllymäen Teollisuuskiinteistö Oy, Jämsänkoski	Real estate company	50.00%	50.00%	52	7
Seed Fund Vera Ltd					
7signal Oy	Use and control services of data processing and equipment	23.72%	23.72%	-267	-694
Abacus Diagnostica Oy	Manufacture of chemical products, not classified elsewhere	20.96%	20.96%	-457	-1 005
APL Systems Oy	Private security services	21.96%	21.96%	17	-90
CadFaster Oy	Design and manufacture of software	23.39%	23.39%	542	-363
CWP Coloured Wood Products Oy	Sawing, planing and preservative treatment of wood	25.34%	25.34%	76	-206
Ekogen Oy	Electrotechnical design	21.50%	21.50%	-12	-36
Enercomp Oy	Machine and process design	30.02%	30.02%	3	-133
Enviprobe Oy	Wholesale trade of machinery and equipment, not classified elsewhere	25.03%	25.03%	-18	-167
Finnester Coatings Oy	Manufacturing of other rubber products	30.08%	30.08%	15	-2
Finnomedo Oy	Medical research and development	23.33%	23.33%	-2	-20
Gasera Oy	Manufacture of measurement, testing and navigation instruments and equipment	22.33%	22.33%	16	-4
Global Business Call Oy	Wireless network management and service	35.29%	35.29%	10	-71

Goodmill Systems Oy	Design and manufacture of software	48.28%	48.28%	-468	-747
HammerKit Oy	Design and manufacture of software	20.40%	20.40%	87	0
Helpten Oy	Wireless network management and services	24.05%	24.05%	214	-371
Idem Oy	Wireless network management and services	40.15%	40.15%	-31	-875
Ironstar Helsinki Oy	Video game publishing	36.15%	36.15%	-73	-403
Juno Medical Oy	Manufacture of radiation equipment and electronic medical and therapy equipment	25.07%	25.07%	324	-434
Mendor Oy	Industrial design	25.40%	25.40%	61	-1 469
Miradore Oy	Design and manufacture of software	26.28%	26.28%	503	-57
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	31.90%	31.90%	52	-90
Nervogrid Oy	Data processing, server rental and related services	28.57%	28.57%	579	-382
Numcore Oy	Manufacture of electronic components	24.01%	24.01%	281	-160
Ozics Oy	Manufacture of measuring, testing and navigation instruments and equipment	20.39%	20.39%	921	-230
Pharmatest Services Ltd	Other technical testing and analysis	21.34%	21.34%	172	-584
Powerkiss Oy	Machine and process design	22.20%	22.20%	26	-472
Reliplay Oy	Other advertising service	22.51%	22.51%	15	-185
RM5 Software Oy	Design and manufacture of software	20.79%	20.79%	121	-98
Safera Oy	Design and manufacture of software	29.08%	29.08%	24	-355
Sensinode Oy	Design and manufacture of software	30.37%	30.37%	966	599
Steam Republic Oy	Recording studios; publishing of sound and music recordings	26.72%	26.72%	-371	-299
StreamPlay Oy	Computer equipment and software consulting	23.87%	23.87%	109	-281
Tassu ESP Oy	Metal treatment and coating	24.11%	24.11%	144	-88
Techila Technologies Oy	Design and manufacture of software	29.57%	29.57%	226	-325
Telespro Finland Oy	Retail trade in health care supplies	20.33%	20.33%	118	3
Ultranat Oy	Other scientific research and developmentn	20.40%	20.40%	60	-44

Vailoma Oy (Tripsay)	Web portals	23.76%	23.76%	25	-65
Wello Oy	Hydro and wind power generation	20.78%	20.78%	1 913	-57
Wisteq Oy	Manufacture of electronic components	23.08%	23.08%	172	-78
Voyantic Oy	Electrotechnical design	27.08%	27.08%	160	111

Veraventure Ltd					
Clean Future Fund Ky	Venture capital investments	35.30%	35.30%	-	-
Indekon Oy	Venture capital investments	46.50%	46.50%	3 301	56
Itä-Suomen Rahasto Oy	Venture capital investments	33.94%	33.94%	9 645	-490
JyväsSeed Fund Oy	Venture capital investments	40.00%	40.00%	1 310	-86
Luoteis-Venäjä Rahasto Oy	Venture capital investments	69.99%	49.99%	3 401	-450
Länsi-Suomen Pääomarahasto Oy	Venture capital investments	40.12%	40.12%	5 864	-163
Midinvest Oy	Venture capital investments	29.85%	29.85%	4 164	-294
Pikespo Invest Oy Ltd	Venture capital investments	49.05%	49.05%	14 929	340
Spinno-Seed Oy	Venture capital investments	28.30%	28.30%	2 257	-640
Teknoventure Oy	Venture capital investments	48.30%	48.30%	15 266	-365
Uudenmaan Pääomarahasto Oy	Venture capital investments	39.03%	39.03%	14 929	340
Virtaa Hämeeseen Oy	Venture capital investments	21.71%	21.71%	4 751	-18
Wedeco Oy Ab	Venture capital investments	39.76%	39.76%	12 639	86
Matkailunkehitys Nordia Oy					
Hiihtokeskus Ukkohalla Oy	Ski resort	25.00%	25.00%	225	9
Himos-Patalahti Golf Oy	Golf course	50.00%	50.00%	1 499	-1
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	33.30%	33.30%	-350	-427
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00%	25.00%	57	-127
Hotelli Pyhätunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.12%	30.12%	-475	-79
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00%	45.00%	282	53
Kiinteistö Oy Luoston Tuotto 1, Sodankylä	Real estate company	20.80%	20.80%	1 602	-98
Kristina Cruises Oy, Kotka	Cruises	20.00%	20.00%	3 337	-33
Kultaranta Resort Oy, Naantali	Hotel and restaurant business	20.00%	20.00%	1 825	-522
Levi Magic Oy, Kittilä	Project / No operations	22.56%	22.56%	824	-4
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	100.00%	100.00%	2 662	445
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50.00%	50.00%	1 239	138

Note 29: Related parties

The relationships within the Group are presented in note no. 28. 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 Managing Director and the Executive Vice President.

(EUR 1,000)	2012	2011
The related party transactions		
Services purchased	4 083	2 520
Loans	17 797	17 865
Balance of liabilities	1 388 738	581 625
Guarantees	1 434 602	582 281
Management employee benefit expenses		
Salaries and other short-term employee benefits	637	685
Supplementary pension commitments	119	115
By agreement, the retirement age for the Chief Executive Officer and the Executive Vice President is 60 years.		
Termination benefits		
- A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company		
The total salary, remuneration and social security costs of the		
Managing Director	427	411
Deputy Managing Director	377	373
Total	**804**	**784**

The total salaries, remuneration and social security costs of the members and deputy members of the parent company's Board of Directors	**166**	**161**
The remuneration paid to the parent company's Board of Directors		
- Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman EUR 850, member EUR 700 and deputy member EUR 400		
- Attendance allowance for all members EUR 500 / meeting		
The total salaries, remuneration and social security costs of the members and the deputy members of the Supervisory Board	**67**	**126**
The remuneration paid to the Supervisory Board		
- Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600 and member EUR 500		
- Attendance allowance for all members EUR 200 / meeting		

Finnvera plc's financial statements

Comprehensive income statement

(EUR 1,000)	Note		1 Jan–31 Dec 2012		1 Jan–31 Dec 2012
Interest income	1				
- Loans		55 730		58 613	
- Subsidies passed on to customers		12 221		14 182	
- Export credit guarantee and special guarantee receivables		181		243	
- Guarantee receivables		1 331		1 297	
- Other interest income		1 999	71 462	3 463	77 799
Interest expenses	1		-11 517		-18 229
Net interest income	1		**59 945**		**59 570**
Net fee and commission income	2		110 029		93 810
Gains and losses from financial instruments carried at fair value through profit or loss	3		2 700		-1 056
Net income from investments	4				
- Shares and participations			643		598
Other operating income	5		2 852		1 443
Administrative expenses					
Employee benefit expenses	6				
- Wages and salaries		22 497		21 760	
- Social security costs		5 532		5 592	
Other administrative expenses	7	11 780	-39 809	11 544	-38 896
Other operating expenses	8		-6 519		-6 412
Net impairment loss on financial assests	9				
- Loans and guarantees		113 451		82 985	
- Credit loss compensation from the state		-49 661		-31 868	
- Export credit guarantees and special guarantees		9 986	-73 775	3 590	-54 707
Operating profit			**56 065**		**54 348**

Income tax expense	10		
- Current and previous periods' tax expense		0	0
Profit for the period		**56 065**	**54 348**
Components of other comprehensive income			
- Change in the fair value of shares		51	-88
Total comprehensive income		**56 116**	**54 260**

Balance sheet

(EUR 1,000)	Note		31 Dec 2012		31 Dec 2011
Assests					
Loans and receivables from credit institutions	11				
- Payable on demand		101 671		107 586	
- Other than payable on demand		28 531	130 201	28 187	135 772
Loans and receivables from customers	12				
- Loans		1 555 158		1 660 245	
- Guarantee receivables		38 129		42 036	
- Receivables from export credit guarantee and special guarantee operations		16 442	1 609 730	4 121	1 706 402
Investments	13				
- Debt securities		264 893		116 938	
- Investments in Group companies		164 784		164 784	
- Associates	28	425		602	
- Other shares and participations	28	14 698	444 800	15 803	298 127
Derivatives	21		80 387		49 628
Intangible assets	14		1 903		1 846
Property, plant and equipment	15				
- Properties		1 146		1 425	
- Other tangible assets		1 355	2 501	1 541	2 966
Other assets	16				
- Credit loss receivables from the state		49 360		13 913	
- Other		3 684	53 044	4 604	18 517
Prepayments and accrued income	17		19 513		17 764
Total assets			**2 342 080**		**2 231 022**

(EUR 1,000)	Note		31 Dec 2012		31 Dec 2011
Liabilities					
Liabilities to credit institutions	19		85 000		185 000
Liabilities to other institutions	19				
- At fair value through profit or loss			0		0
Debt securities in issue	20				
- At fair value through profit or loss			987 399		904 428
Derivatives	21		5 047		0
Provisions	22		46 586		47 094
Other liabilities	18		51 920		53 902
Accruals and deferred income	23		322 986		253 504
Subordinated liabilities	24		82 388		85 823
Total liabilities			**1 581 325**		**1 529 752**
Equity	25				
Share capital		196 605		196 605	
Share premium		51 036		51 036	
Fair value reserve		-186	247 455	-237	247 404
Unrestricted funds					
- Fund for domestic operations		139 770		135 753	
- Fund for export credit guarantee and special guarantee operations		295 726		241 378	
- Fund for venture capital investments		17 461		17 529	
- Retained earnings		60 342	513 300	59 207	453 866
Total equity			**760 754**		**701 270**
Total liabilities and equity			**2 342 080**		**2 231 022**

Statement of changes in equity

Legend:

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

(EUR 1,000)	A	B	C	D	E	F	G	H
Balance at 1 January 2011	**196 605**	**51 036**	**-149**	**125 249**	**186 368**	**0**	**66 354**	**625 463**
Cancelled amount of subordinated loan received from the owner							4 017	**4 017**
Total comprehensive income for the year / Change in the fair value of shares			-88				54 348	**54 260**
Transfer into funds				10 504	55 010	17 529	-65 514	**17 529**
Balance at 31 December 2011	**196 605**	**51 036**	**-237**	**135 753**	**241 378**	**17 529**	**59 206**	**701 270**
Balance at 1 January 2012	**196 605**	**51 036**	**-237**	**135 753**	**241 378**	**17 529**	**59 206**	**701 270**
Cancelled amount of subordinated loan received from the owner							3 435	**3 435**
Total comprehensive income for the year / Change in the fair value of shares			51				56 065	**56 116**
Transfer into funds				4 017	54 348	-68	-58 366	**-68**
Balance at 31 December 2012	**196 605**	**51 036**	**-186**	**139 770**	**295 726**	**17 461**	**60 342**	**760 755**

Statement of cash flows

(EUR 1,000)	1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Cash flows from operating activities		
Withdrawal of loans granted	-311 905	-337 066
Repayments of loans granted	348 288	357 595
Interest received	57 143	59 939
Interest paid	-14 197	-17 619
Interest subsidy received	9 522	14 772
Payments received from commission income	172 131	166 344
Payments received from other operating income	21 159	33 657
Payments for operating expenses	-34 936	-47 259
Claims paid	-66 122	-44 686
Taxes paid	0	0
Net cash used in operating activities (A)	**181 083**	**185 677**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-963	-1 040
Proceeds from other investment	1 952	41
Dividends received from investments	24	88
Net cash used in investing activities (B)	**1 012**	**-911**
Cash flows from financing activities		
Proceeds from loans	331 346	17 529
Repayment of loans	-371 057	-222 521
Net cash used in financing activities (C)	**-39 711**	**-204 992**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**142 384**	**-20 226**
Cash and cash equivalents at the beginning of the period	**252 710**	**272 937**
Cash and cash equivalents at the end of the period	**395 094**	**252 710**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	130 201	135 772
Debt securities	264 893	116 938
Total	**395 094**	**252 710**

Segment information

Finnvera plc's financial performance, assets and liabilities, by segment, 1 Jan–31 Dec 2012

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internation-alisation	Export financing	Capital investments	TOTAL
Net interest income	10 410	31 453	11 803	6 349	-70	59 945
Net fee and commission income	3 897	18 856	14 280	73 265	-269	110 029
Net impairment losses on loans, domestic guarantees and export credit guarantees	-2 797	-44 218	-18 337	-8 424	0	-73 775
Operating expenses*	-10 680	-14 382	-8 254	-10 374	-1 266	-44 956
Depreciation and amortisation	-122	-622	-289	-339	0	-1 372
Other income / expenses **	802	2 907	731	150	1 605	6 194
Operating profit	**1 510**	**-6 008**	**-66**	**60 628**	**0**	**56 065**
Total assets	**240 768**	**880 685**	**378 822**	**697 336**	**144 468**	**2 342 080**
Receivables from customers	249 818	960 181	386 096	13 634	0	1 609 730
Total liabilities	**182 943**	**677 411**	**343 178**	**307 540**	**70 254**	**1 581 325**

Finnvera plc's financial performance, assets and liabilities, by segment, 1 Jan–31 Dec 2011

(EUR 1,00)	Micro financing	Regional financing	Financing for growth and internation-alisation	Export financing	Capital investments	TOTAL
Net interest income	11 257	31 971	9 927	6 415	0	59 570
Net fee and commission income	3 989	19 234	13 520	57 067	0	93 810
Net impairment losses on loans, domestic guarantees and export credit guarantees	-3 022	-35 834	-15 973	121	0	-54 707
Operating expenses*	-11 729	-14 414	-8 183	-9 440	0	-43 766
Depreciation and amortization	-269	-415	-310	-548	0	-1 543
Other income/expenses**	36	-83	-135	1 166	0	985
Operating profit	**261**	**459**	**-1 154**	**54 781**	**0**	**54 348**
Total assets	**248 283**	**928 756**	**341 554**	**567 960**	**144 468**	**2 231 022**
Receivables from customers	281 249	1 076 662	344 885	3 605	0	1 706 402
Total liabilities	**191 641**	**718 162**	**307 556**	**238 727**	**73 667**	**1 529 752**

* Operating expenses = Administrative expenses + Other operating expenses – Depreciation and amortization
** Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant.

Financial assets and liabilities

Financial assets 31 Dec 2012

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

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

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

Financial liabilities 31 Dec 2012

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

The Company does not have financial liabilities held for trading.

Financial assets 31 Dec 2011

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available-for-sale	Total	Fair value
Loans and receivables from credit institutions	135 772			135 772	135 772
Loans and receivables from customers	1 706 402			1 706 402	1 703 579
Debt securities			116 938	116 938	116 938
Derivatives		49 628		49 628	49 628
Shares and participations			15 803*	15 803*	15 803*
Other financial assets	22 830			22 830	22 830
Total	**1 865 004**	**49 628**	**132 741**	**2 047 374**	**2 044 551**

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

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

Financial liabilities 31 Dec 2011

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		185 000	185 000	185 000
Liabilities to other institutions			0	0
Debt securities in issue	804 428	100 000	904 428	904 428
Derivatives	0		0	0
Other financial liabilities		251 012	251 012	251 012
Subordinated liabilities		85 823	85 823	85 823
Total	**804 428**	**621 835**	**1 426 263**	**1 426 263**

The Company does not have financial liabilities held for trading.

Hierarchy for recognition at fair value

Financial assets 31 Dec 2012

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

Financial liabilities 31 Dec 2012

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

Financial assets 31 Dec 2011

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Derivatives		49 628	
Available for sale			
Debt securities		116 938	
Shares and holdings	417		15 386
Total	**417**	**166 566**	**15 386**

Financial liabilities 31 Dec 2011

(EUR 1,000)	Level 1	Level 2	Level 3
Financial instruments carried at fair value			
Liabilities to other institutions			
Debt securities in issue		804 428	
Derivatives		0	
Total		**804 428**	

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

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

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

Financial assets and liabilities recognised at fair value

Level 3, Financial assets

(EUR 1,000)	31 Dec 2012	31 Dec 2011
Financial assets carried at fair value		
Balance 1 January	**15 386**	**15 766**
Profits and losses entered in the income statement, in total	796	509
Acquisitions	0	0
Sales	-1 951	-889
Balance 31 Dec	**14 230**	**15 386**
Profits and losses entered in the income statement for the instruments held by Finnvera on 31 December	0	0

Notes

Notes to the income statement

Note 1: Net interest income

(EUR 1,000)		2012		2011
Interest income				
Loans to customers		55 730		58 613
Subsidies passed on to customers				
- Regional interest subsidy	1 243		1 483	
- Interest subsidy to special loans	5 278		5 599	
- Interest subsidy from the ERDF	2 705		3 357	
- National interest subsidy (ERDF)	2 995	12 221	3 742	14 182
Interest on export credit guarantee and special guarantee receivables		181		243
Interest on guarantee receivables		1 331		1 297
Other interest income				
- On receivables from credit institutions	1 318		1 538	
- On debt securities, available-for-sale	617		1 846	
- On other	64	1 999	79	3 463
Total interest income		**71 462**		**77 799**
Interest expenses				
On liabilities to credit institutions		1 795		3 233
On liabilities to other institutions		24		473
On debt securities in issue		9 448		14 237
Other interest expenses		249		286
Total interest expenses		**11 517**		**18 229**
Net interest income		**59 945**		**59 570**
Interest income on financial assets which are not carried at fair value totalled		**71 462**		**77 799**
Interest expenses on financial liabilities which are not carried at fair value totalled		**2 592**		**5 242**
Interest income include interest accrued on impaired loans		**3 550**		**3 060**

Interest subsidy from the state and the European Regional Development Fund

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

Interest-subsidised loans and guarantees in total at 31 December	**560 920**	**664 734**

Note 2: Net fee and commission income

(EUR 1,000)	2012	2011
Fee and commission income		
From export credit guarantees and special guarantees	81 189	65 070
From other guarantees	24 928	23 785
From credit operations	7 200	7 138
From other	49	57
Total fee and commission income	**113 366**	**96 050**
All fee and commission income is from financial assets which are not carried at fair value.		
Fee and commission expenses		
From reinsurance	2 143	2 075
From borrowing	1 156	113
From payment transactions	38	54
Total fee and commission expenses	**3 336**	**2 241**
Fee and commission expenses from financial assets which are not carried at fair value totalled	2 181	2 128
Net fee and commission income	**110 029**	**93 810**

Note 3: Gains and losses

(EUR 1,000)			2012			2011
From financial instruments carried at fair value through profit or loss	**Gains and losses from sale**	**Changes in fair value**	**Total**	**Gains and losses from sale**	**Changes in fair value**	**Total**
Derivatives	0	24 451	24 451	0	-3 279	-3 279
Liabilities carried at fair value	0	-21 489	-21 489	0	1 495	1 495
Translation differences	-262	0	-262	728	0	728
	-262	**2 962**	**2 700**	**728**	**-1 784**	**-1 056**

By categories of financial instruments (categories in accordance with IAS 39)	**Gains and losses from sale**	**Changes in fair value**	**Total**	**Gains and losses from sale**	**Changes in fair value**	**Total**
Liabilities carried at fair value	0	2 962	2 962	0	-1 784	-1 784
Loans and other receivables	-262	0	-262	728	0	728
	-262	**2 962**	**2 700**	**728**	**-1 784**	**-1 056**

Note 4: Net income from investments

(EUR 1,000)	2012	2011
Available-for-sale financial assets		
Shares and participations		
- Gains/losses	796	509
- Impairment losses on investment property	-177	
Dividends	24	88
Total available-for-sale financial assets	643	597

Note 5: Other operating income

(EUR 1,000)	2012	2011
Fee for the management of the old liability	248	251
Management fee for the handling of ERDF loans	631	563
Rental income	257	307
Other	1 715	323
Total other operating income	2 852	1 444

Note 6: Employee benefit expenses

(EUR 1,000)		2012		2011
Wages and salaries		22 497		21 760
Social security costs				
Pension costs				
- Defined contribution plans	3 233		3 279	
- Defined benefit plans	775		847	
Other social security costs	1 524	5 532	1 467	5 592
Total		**28 029**		**27 352**

Personnel in average		
Permanent full-time	357	352
Permanent part-time	22	24
Temporary	14	15
Total	**393**	**391**

Note 7: Auditors' fees

(EUR 1,000)		2012		2011
Fees for auditing	73		100	
Fees for expert services provided by auditors	16	88	41	141

Note 8: Other operating expenses

(EUR 1,000)	2012	2011
Rental expenses	4 119	3 915
Expenses from property in own use	1 027	954
Other expenses	1	1
Total	**5 147**	**4 869**
Depreciation and amortisation		
Intangible assets	779	1 139
Property, plant and equipment		
- Properties	261	10
- Machinery and equipment	332	394
Total	**1 372**	**1 543**
Total other operating expenses	**6 519**	**6 412**

Note 9: Net impairment loss on financial assets

(EUR 1,000)	2012	2011
Receivables written down as credit and guarantee losses		
Credit losses	64 873	65 947
Guarantee losses	31 166	20 213
Reversal of losses recognized		
Credit losses	-5 921	-4 233
Guarantee losses	-1 711	-1 299
Change in impairment of individually assessed loans during the period	24 548	2 979
Change in impairment of collectively assessed loans during the period	496	-624
Total impairment losses on loans and guarantees	**113 451**	**82 985**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-49 661**	**-31 868**
Finnvera plc's share	**63 790**	**51 117**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2012 these loans and guarantees totalled EUR 2,671 (2,780) million. The compensation was 54.2% (39.6%) of the credit and guarantee losses recognised during the period.

(EUR 1,000)	2012	2011
Export credit guarantees and special guarantees		
Claims paid	18 839	4 118
Change in the claims provision during the period	-1 216	854
Accumulated recoveries	-1 036	-1 356
Change in recovery receivables	-6 601	-25
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	9 986	3 590
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**73 775**	**54 707**

Note 10: Income tax expense

(EUR 1,000)	2012	2011
Current period	0	0
Adjustment for prior periods	0	0
Income tax expense in the income statement	**0**	**0**

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

Notes to the balance sheet

Note 11: Loans and receivables from credit institutions

(EUR 1,000)	2012	2011
Payable on demand	101 671	107 586
Other	28 531	28 187
Total	**130 201**	**135 772**

Note 12: Loans and receivables from customers

(EUR 1,000)	2012	2011
Loans		
Subordinated loans	42 061	52 953
Other loans	1 513 097	1 607 291
Total loans	**1 555 158**	**1 660 245**
Guarantee receivables	**38 129**	**42 036**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	2 096	421
Recovery receivables	14 346	3 700
Total receivables from export credit guarantee and special guarantee operations	**16 442**	**4 121**
Total receivables from customers	**1 609 730**	**1 706 402**

Impairment losses on individually assessed loans:

(EUR 1,000)	2012	2011
Impairment losses at the beginning of the period	34 229	38 493
(-) Credit losses realised during the period on which an impairment loss has been earlier recognised	-11 384	-17 498
(+) Impairment losses recognised during the period	36 777	20 387
(-) Reversal of impairment losses	-6 583	-9 550
Effect of discounting	3 776	2 397
Impairment losses at the end of the period	**56 815**	**34 229**
Impairment losses on collectively assessed loans at the beginning of the period	34 220	36 057
Impairment losses on collectively assessed loans recognized during the period	1 511	-1 836
Impairment losses on collectively assessed loans at the end of the period	**35 731**	**34 220**
Total impairment losses	**92 546**	**68 449**

Impairment losses on individually assessed guarantees:

(EUR 1,000)	2012	2011
Impairment losses at the beginning of the period	24 748	17 505
(-) Guarantee losses realised during the period on which an impairment loss has been earlier recognised	-7 410	-5 225
(+) Impairment losses recognised during the period	9 659	12 710
(-) Reversal of impairment losses	-1 128	-724
Effect of discounting	141	482
Impairment losses at the end of the period	**26 010**	**24 748**
Impairment losses on collectively assessed loans at the beginning of the period	16 927	15 864
Impairment losses on collectively assessed loans recognized during the period	-1 249	1 063
Impairment losses on collectively assessed loans at the end of the period	**15 678**	**16 927**
Total impairment losses	**41 688**	**41 675**

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

Note 13: Investments

(EUR 1,000)	2012	2011
Debt securities	264 893	116 938
Investments in Group companies	164 784	164 784
Associates	425	602
Other shares and participations	14 698	15 803
Investment property	0	0
Total	**444 800**	**298 127**

Debt securities		
Available-for-sale		
- Certificates of deposits	19 998	0
- Commercial papers	123 438	99 857
- Other	121 457	17 082
Total	**264 893**	**116 938**

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

Investments in Group companies		
At the beginning of the period	164 784	164 784
Disposals	0	0
At the end of the period	164 784	164 784

Associates		
At the beginning of the period	602	1 275
Disposals	177	674
At the end of the period	425	602

Associates accounted for using the equity method in 2012:

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

Associates accounted for using the equity method in 2011:

Name	Carrying amount	Ownership	Assets	Liabilities	Carrying net sales	Profit/loss
Iin Micropolis Oy	76	23,08%	351	355	51	-17
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43%	1 588	3	106	4

(EUR 1,000)	2012	2011
Other shares and participations		
Available-for-sale	14 698	15 803
Total	**14 698**	**15 803**
Other shares that are publicly quoted	**468**	**417**
Investment property		
Acquisition cost		
- Acquisition cost at 1 Jan	1 548	1 953
- Disposals	0	-405
Acquisition cost at 31 Dec	**1 548**	**1 548**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	1 548	1 459
Impairment losses	0	88
Accumulated depreciation and impairment losses at 31 Dec	**1 548**	**1 548**
Carrying amount at 1 Jan	0	494
Carrying amount at 31 Dec	0	0
Total investments	**444 800**	**298 127**
Fair value of investment property	0	0
Investment property companies' shares that are publicly quoted	0	0

Note 14: Intangible assets

(EUR 1,000)	2012	2011
Acquisition cost		
Acquisition cost at 1 Jan	35 121	34 265
Additions	818	856
Acquisition cost at 31 Dec	**35 938**	**34 895**
Accumulated amortisation and impairment losses		
Accumulated amortisation and impairment losses at 1 Jan	33 048	31 967
Amortisation for the period	761	1 081
Accumulated amortisation and impairment losses at 31 Dec	**33 809**	**33 048**
Carrying amount at 1 Jan	1 846	2 298
Carrying amount at 31 Dec	1 903	1 846

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

Note 15: Property, plant and equipment

(EUR 1,000)			2012			2011
	Properties	Machinery and equipment	Total	Properties	Machinery and equipment	Total
Acquisition cost						
Acquisition cost at 1 Jan	7 996	10 153	22 591	7 984	9 983	17 967
Additions	1	183	184	12	173	185
Disposals	0	-38	-38	0	-4	-4
Acquisition cost at 31 Dec	**7 996**	**10 298**	**18 295**	**7 996**	**10 153**	**18 148**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	6 572	8 611	15 183	6 504	8 217	14 722
Depreciation for the period	279	332	611	68	394	462
Accumulated depreciation and impairment losses at 31 Dec	**6 851**	**8 943**	**15 794**	**6 572**	**8 611**	**15 183**
Carrying amount at 1 Jan	1 424	1 541	2 965	1 480	1 766	3 245
Carrying amount at 31 Dec	1 146	1 355	2 501	1 424	1 541	2 965

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

Note 16: Other assets

(EUR 1,000)	2012	2011
Credit loss receivables from the state and the ERDF	49 360	13 913
Other	3 684	4 604
Total other assets	**53 044**	**18 517**

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

Note 17: Prepayments and accrued income

(EUR 1,000)	2012	2011
Interest	709	39
Fee and commission receivables	4 885	8 550
Prepayments and other accrued income	13 919	9 175
Total prepayments and acrued income	**19 513**	**17 764**

Note 18: Liabilities to credit and other institutions

(EUR 1,000)			2012			2011
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	85 000	0	85 000	185 000	0	185 000
Other institutions						
- At fair value through profit or loss	0	0	0	0	0	0
Total	**85 000**	**0**	**85 000**	**185 000**	0	**185 000**

Note 19: Debt securities in issue

(EUR 1,000)			2012			2011
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	921 414	16 013	937 427	786 691	17 737	804 428
At amortised cost	49 972	0	49 972	100 000	0	100 000
	971 386	**16 013**	**987 399**	**886 691**	**17 737**	**904 428**
Average interest rate, %			0.37			1.77

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option). An amount equaling the nominal value of a liability is repaid at the maturity date. The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note 20: Derivatives

(EUR 1,000)			2012			2011
	Fair value			Fair value		
	Positive	Negative	Total nominal value	Positive	Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
- Interest rate swaps and foreign exchange derivatives	80 387	5 047	921 414	49 628	0	786 691
Total derivatives	**80 387**	**5 047**	**921 414**	**49 628**	**0**	**786 691**

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

Note 21: Provisions

(EUR 1,000)	2012	2011
Provision for export credit guarantee losses at 1 Jan	4 048	3 101
Provisions made during the period	2 803	1 374
Provisions used during the period	-3 980	-427
Provision for export credit guarantee losses at 31 Dec	**2 870**	**4 048**

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

Provision for domestic guarantee losses at 1 Jan	41 675	33 369
Provisions made during the period	8 410	13 773
Provisions reversed during the period	-8 538	-5 949
Effect of discounting	141	482
Provision for domestic guarantee losses at 31 Dec	**41 688**	**41 675**

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.

Defined benefit pension plans at 1 Jan	1 026	1 004
Change during the period	-44	22
Defined benefit pension plans at 31 Dec	**983**	**1 026**
Other provisions	1 045	345
Total provisions	**46 586**	**47 094**

Employee benefits:

Defined benefit pensions plans

The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.

(EUR 1,000)	2012	2011
Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	9 357	6 548
Fair value of plan assets	-8 037	-4 719
	1 320	**1 829**
Unrecognised actuarial gains (+) or losses (-)	-337	-803
Net liability recognized in the balance sheet	**983**	**1 026**
Expenses recognised in the income statement		
Current service costs	337	631
Interest on obligation	311	306
Actuarial gains (+) or losses (-)	19	
Expected return on plan assets	-254	-286
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	22	1
Total expenses recognised in the income statement	**435**	**652**
Actual return on plan assets	**3 438**	**-87**
Change in the fair value of plan assets		
Fair value at 1 Jan	4 719	4 443
Expected return on plan assets	254	286
Contributions paid into the plan	478	630
Effect of fulfilling the plan and reducing the obligation	-598	-267
Actuarial gains (+) or losses (-)	3 184	-373
Fair value of plan assets at 31 Dec	**8 037**	**4 719**

Change in the present value of the obligation		
Present value at 1 Jan	6 548	5 774
Current service costs	337	631
Interest on obligation	311	306
Effect of fulfilling the plan and reducing the obligation	-598	-303
Actuarial gains (-) or losses (+)	2 758	140
Present value of the obligation at 31 Dec	**9 357**	**6 548**
Amounts for the current and previous periods		
Defined benefit obligation	9 357	6 548
Plan assets	-8 037	-4 719
Surplus/deficit	**1 320**	**1 829**
Experience adjustments arising on plan assets	3 184	-373
Experience adjustments arising on plan liabilities	-222	-763

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

Actuarial assumptions	**2012**	**2011**
Discount rate	3,00%	4,75%
Expected return on plan assets	5,08%	5,08%
Future salary increases	2,44%	2,30%
Inflation	2,00%	2,00%
Future pension increases	2,10%	2,10%
Turnover of personnel	0,50%	2,00%
Expected average remaining working life (years)	8	8

Finnvera expects to pay EUR 506,900 in contributions to defined benefit plans in 2013.

Note 22: Accruals and deferred income

(EUR 1,000)	2012	2011
Interest	672	3 353
Advance interest payments received	706	739
Guarantee premiums paid in advance	301 432	244 575
Other accruals and deferred income	20 176	4 837
Total accruals and deferred income	**322 986**	**253 504**

Note 23: Subordinated liabilities, Finnvera plc

(EUR 1,000)			2012			2011
Subordinated loans from the state in 2005 and 2007*		EUR	2 388		EUR	5 823
Increase in the share capital of Seed Fund Vera Ltd		Interest rate, %	0		Interest rate, %	0
		Loan period	20 yrs		Loan period	20 yrs
Subordinated loan from the state in 2009*		EUR	30 000		EUR	30 000
Increase in the share capital of Seed Fund Vera Ltd	22 500	Interest rate, %	0	22 500	Interest rate, %	0
Increase in the share capital of Veraventure Ltd	7 500	Loan period	15 yrs	7 500	Loan period	15 yrs
Subordinated loan from the state in 2009**		EUR	50 000		EUR	50 000
		Interest rate, %	0		Interest rate, %	0
		Loan period	7 yrs		Loan period	7 yrs

* The loans are to be used as investment raising the share capital of Seed Fund Vera Ltd and Veraventure Ltd. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered. The loss shown by Seed Fund Vera Ltd in 2011, EUR 3,435 thousand, was deducted from the principal in 2012.

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

Note 24: Equity

(EUR 1,000)		2012		2011
Equity attributable to the parent company's shareholders				
Share capital		196 605		196 605
Reserves				
Restricted reserves				
- Share premium	51 036		51 036	
- Fair value reserve	-186	50 850	-237	50 799
Unrestricted reserves				
- Fund for domestic operations	139 770		135 753	
- Fund for export credit guarantee and special guarantee operations	295 726		241 378	
- Fund for venture capital investments	17 461	452 958	17 529	394 660
Retained earnings				
Profit/loss for previous periods	841		841	
Profit/loss for the period	59 501	60 342	58 366	59 207
Total equity		**760 754**		**701 270**

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

Reserves:

Share premium

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

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

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

Fund for venture capital investments

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

Fair value reserve

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

Other notes

Note 25: Contingencies

(EUR 1,000)	2012	2011
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
- Buyer credit guarantees	9 877 153	9 223 145
- Credit risk guarantees	240 145	132 293
- Export receivables quarantees	100 671	158 243
- Letter of credit guarantees	408 430	351 643
- Bank risk quarantees	14 276	12 576
- Investment guarantees	75 792	86 087
- Bond guarantees	67 317	72 336
- Finance guarantees	222 345	134 524
Total	**11 006 129**	**10 170 848**
Special guarantees		
- Environmental guarantees	85 722	83 468
- Ship guarantees	111 535	110 853
- Venture capital guarantees	0	45
Total	**197 257**	**194 366**
Total export credit guarantees and special guarantees	**11 203 386**	**10 365 214**
Provision for export credit guarantees	-2 870	-4 048
Total	**11 200 515**	**10 361 166**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 15.3 (16.5) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

(EUR 1,000)	2012		2011	
Binding financing offers	181 167		201 700	
Liabilities	Total	Group and associated companies	Total	Group and associated companies
Domestic guarantees	1 068 115		1 092 833	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	9 332 150	2 492 040	8 593 821	2 231 396
Liability for special guarantees	292 591		194 366	
	10 692 856	**2 492 040**	**9 881 020**	**2 231 396**

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

Note 26: Other leases

(EUR 1,000)	2012	2011
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	523	412
Between one and five years	13 770	14 387
Later than five years	0	0
Total	**14 292**	**14 799**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	107	97
Between one and five years	0	0
Later than five years	0	0
Total	**107**	**97**

Group companies

Note 27: Finnvera plc's shares and holdings

Shares and holdings in Group companies in 2012:

Name and domicile of the company	Sector	Holding of all shares	Share of votes
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61%	92.61%
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52%	63.52%
Spikera Oy, Kuopio	Development and investment company	100.00%	100.00%
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%
Shares and holdings in associates:			
Iin Micropolis Oy, Ii	Kehittämisyhtiö	23.08%	23.08%
Kiinteistö Oy Kajaanin Kauppakatu 1	Kiinteistöyhtiö	36.43%	36.43%

Finnvera plc's shares and holdings in 2011:

Name and domicile of the company	Sector	Holding of all shares	Share of votes
Seed Fund Vera Ltd, Kuopio	Development and investment company	92.61%	92.61%
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52%	63.52%
Spikera Oy, Kuopio	Development and investment company	100.00%	100.00%
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%
Shares and holdings in associates			
Iin Micropolis Oy, Ii	Development company	23.08%	23.08%
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43%	36.43%

Note 28: Related parties

The relationships within the Group are presented in note no. 27. 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 Managing Director and the Executive Vice President.

(EUR 1,000)	2012	2011
The related party transactions		
Services purchased	23	143
Loans	17 797	17 865
Guarantees	1 434 602	582 281
Management employee benefit expenses		
Salaries and other short-term employee benefits	637	685
Supplementary pension commitments	119	115
By agreement, the retirement age for the Chief Executive Officer and the Executive Vice President is 60 years.		
Termination benefits		
- A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company.		
The total salary, remuneration and social security costs of the Managing Director and his deputy, including supplementary pension contributions		
Managing Director	427	411
Deputy Managing Director	377	373
Total	**804**	**784**
The total salaries, remuneration and social security costs of the members and deputy members of the Board of Directors	**166**	**161**
The remuneration paid to the Board of Directors		
- Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman EUR 850, member EUR 700 and deputy member EUR 400		
- Attendance allowance for all members EUR 500 / meeting		
The total salaries, remuneration and social security costs of the members of the Supervisory Board	**67**	**126**
The remuneration paid to the Supervisory Board		
- Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600, member EUR 500		
- Attendance allowance for all members EUR 200 / meeting		

Note 29: Separate result of activities* referred to in the Act on the State Guarantee Fund §4, and its share of the total result of Finnvera plc

(EUR 1,000)		Share of activities defined in the Act 1 Jan – 31 Dec 2012		Share of other activities 1 Jan – 31 Dec 2012		Finnvera total 1 Jan – 31 Dec 2012
Income statement						
Interest income						
Interest from the public and public corporations	0		55 730		55 730	
Subsidies passed on to customers	0		12 221		12 221	
Interest from guarantee receivables	181		1 331		1 512	
Other interest income	6 186	6 367	-4 187	65 095	1 999	71 462
Interest expenses		0		11 517		11 517
Net interest income		**6 367**		**53 578**		**59 944**
Net fee and commission income		79 056		30 973		110 029
Gains and losses from financial instruments carried at fair value through profit or loss		-262		2 962		2 700
Net income from investments		0		643		643
Other operating income		290		2 562		2 852
Administrative expenses						
- Wages and salaries	6 047		16 450		22 497	
- Social security costs	1 411		4 121		5 532	
- Other administrative expenses	4 109	11 567	7 671	28 242	11 780	39 809
Other operating expenses		1 800		4 719		6 519
Net impairment loss on financial assets						
- Loans and guarantees	0		113 451		113 451	
- Credit loss compensation from the state	0		-49 661		-49 661	
- Export credit guarantees and special guarantees	9 986	9 986	0	63 790	9 986	73 775
Operating profit		**62 099**		**-6 033**		**56 065**

Income taxes	0	0	0
Profit for the period	**62 099**	**-6 033**	**56 065**

* The separate result of export credit guarantee and special guarantee activities refers to the activities for which the state is responsible and which have been defined in §4 of the Act on the State Guarantee Fund (444/1998).

Signatures

In Helsinki on 14 March 2013

Markku Pohjola

Risto Paaermaa

Kristina Sarjo

Marjaana Aarnikka

Johanna Ala-Nikkola

Leila Helaakoski

Timo Kekkonen

Timo Lindholm

Petri Vanhala

Pauli Heikkilä
Managing Director

Auditor's report

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

To the Annual General Meeting of Finnvera Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Finnvera Plc for the year ended on 31 December 2012. The financial statements comprise both the consolidated and the parent company's balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion

In our opinion,

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

Other opinions

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

Helsinki, 14 March 2013
KPMG OY AB

Juha-Pekka Mylén
Authorized Public Accountant

Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including theconsolidatedfinancial statements, for the period 1 January–31 December 2012,as well as the auditors' report issued on 14 March 2013.

We propose to the Annual General Meeting that the financial statements, in which the consolidatedincome statement shows a profitof EUR 53,361,707.30 and the parent company's income statement shows a profit of EUR 56,065,496.46, be adopted and that the parent company's profit be used in accordance with the proposal made by the Board of Directors.

Helsinki, 14 March 2013

Johannes Koskinen

Lauri Heikkilä

Paula Aikio-Tallgren

Kaija Erjanti

Lasse Hautala

Miapetra Kumpula-Natri

Leila Kurki

Esko Kurvinen

Kasperi Launis

Liisa Mariapori

Tapio Mäkeläinen

Jari Myllykoski

Hannele Pohjola

Antti Rantakangas

Olli Rantanen

Osmo Soininvaara

Timo Vallittu

Sofia Vikman