



Finnvera Group's Half-Year Report
1 January-30 June 2022

Finnvera Group, Stock Exchange Release 18 August 2022

Finnvera Group's Half-Year Report 1 January–30 June 2021

In the first half of the year, Russia's invasion of Ukraine impacted Finnvera's financing and increased the credit loss risk - Group result showed a loss of EUR 29 million

Finnvera Group, summary H1/2022 (vs. H1/2021 or 31 Dec 2021)

- Result -29 MEUR (65) – In the first half of the year, credit loss risk of export credit guarantee exposure and loss provisions in Russia increased by 210 MEUR – as yet, there were no grounds for reversing loss provisions made due to the coronavirus pandemic in 2020.
- Result by segments: profit of the parent company Finnvera plc's SME and midcap business stood at 11 MEUR (11) and the result of Large Corporates business at -65 MEUR (35); the subsidiary Finnish Export Credit Ltd had an impact of 25 MEUR (19) on the Group's profit.
- The separate result for export credit guarantee and special guarantee operations was -79 MEUR (38).
- Balance sheet total EUR 12.8 bn (12.2) – change 5% was mainly due to short-term funding.
- Contingent liabilities stood at EUR 15.7 bn (15.9) – change -2% was mainly due to the decrease in outstanding domestic guarantees and binding export credit commitments.
- The total exposure of the parent company Finnvera plc decreased to EUR 25.1 bn (25.6).
- Non-restricted equity and the State Guarantee Fund, that is, the buffer reserves in total, decreased to EUR 1.3 bn (1.4).
- Equity ratio decreased by 0.6 pp to 6.5% (7.1%).
- The expected credit losses based on the balance sheet items increased due to the increase in loss provisions in Russia to EUR 1.6 bn (1.4).
- The expense-income ratio improved by 7.8 pp to 18.8% (26.6%).
- Net promoter score (NPS) index, measuring customer satisfaction, 81 (70) – the improvement in the NPS index for Locally operating small companies and Large Corporates boosted the average.

CEO Pauli Heikkilä:

"Russia's invasion of Ukraine has various negative impacts on the global economy. Central banks are expected to tighten their monetary policies, which may slow down the sharp rise in inflation but also lead to a global recession. The risk of recession is further exacerbated by the contraction of the Chinese economy due to the country's strict Covid-19 policy and the global component shortage.

In January–June, Finnvera granted domestic loans and guarantees amounting to EUR 0.5 billion (0.9). In line with the Group strategy, most of the financing was allocated to growth companies, innovative enterprises and export companies seeking growth through internationalisation. However, we have seen many domestic investment plans postponed and even cancelled because of the uncertain economic times. Financing for transfers of ownership also decreased. However, as a whole the financing remains at a higher level than before the coronavirus pandemic. The banks have access to higher number of EU financial instruments than before.

The amount of export credit guarantees and special guarantees granted in January–June came to EUR 2.4 billion (1.6). The granting of export credit guarantees to Russia ended on 22 February, which in turn decreased the number of export credit guarantees granted. The annual volume of export financing is always influenced by the timing of individual major transactions. In the first half of the year, large export transactions were financed especially in the telecommunications sector. No new vessel orders were made in cruise shipping, impacted by the coronavirus pandemic. The German shipyard MW Werften and its owners were placed in liquidation, which will also cause losses to Finnvera, as, in 2019, Finnvera guaranteed deliveries Finnish companies made to the shipyard. The final amount of losses will become clear later. Globally, however, there are signs of recovery in cruise shipping, even though Russian military operations cause delays in cruise demand. As yet, there are no grounds for reversing the substantial loss provisions Finnvera made in 2020.

The Finnvera Group's result for January–June 2022 showed a loss of EUR 29 million, whereas the result for the corresponding period last year showed a profit of EUR 65 million. Due to the increase in the export credit guarantee exposure in Russia, we issued a negative profit warning on 11 March 2022. As a result of the arrangements made due to the war

Finnvera Group, H1/2022 (vs. H1/2021)

Result

H1/2022

-29 MEUR

H1/2021: 65 MEUR

Balance sheet total

30 Jun 2022

EUR 12.8 bn

31 Dec 2021: EUR 12.2 bn
change 5%

Total exposure, the parent company's domestic, export credit guarantee and special guarantee operations

30 Jun 2022

EUR 25.1 bn

31 Dec 2021: EUR 25.6 bn
change -2%

Non-restricted equity and The State Guarantee Fund after H1/2021 result

30 Jun 2022

EUR 1.3 bn

31 Dec 2021: EUR 1.4 bn
change -7%

Expense-income ratio

H1/2022

18.8%

H1/2021: 26.6%
change -7.8 pp

Equity ratio

30 Jun 2022

6.5%

31 Dec 2021: 7.1%
change -0.6 pp

NPS index (net promoter score)

H1/2022

81

H1/2021: 70
change 11 points

Expected credit losses based on the balance sheet items

30 Jun 2022

EUR 1.6 bn

31 Dec 2021: EUR 1.4 bn
change 15%

and sanctions, Finnvera's exposure in Russia has decreased by EUR 440 million from the end of 2021. The loss provisions for exposure in Russia recognised in the period under review amounted to EUR 210 million.

Finnvera Group, Stock Exchange Release 18 August 2022

The economic outlook for the second half of the year is overshadowed by inflation and the risk of recession. Within its financing authorisations, Finnvera will be able to meet the financing needs of companies. We can continue to finance large corporates within the framework of the European Investment Bank's EGF guarantee programme. We expect to be able to initiate direct lending to foreign buyers aimed at accelerating export transactions at the end of the year. Responsibility, and climate change in particular, are at the heart of our strategy, and, accordingly, we will soon introduce a special digital and climate loan to finance innovative and digital companies and sustainable development projects."

Finnvera Group, financing granted and exposure H1/2022 (H1/2021)

- Loans and guarantees granted: 531 MEUR (918), change -42%
- Export credit guarantees and special guarantees granted: 2,399 MEUR (1,594), change 50%
- Export credits granted: 149 MEUR (346), change -57%
 - The credit risk for Finnish Export Credit Ltd's export credits is covered by the parent company Finnvera plc's export credit guarantee.
 - The fluctuation in the amount of export credit guarantees and export credits is influenced by the timing of individual major export transactions.

30 June 2022 (31 December 2021)

- Exposure, drawn domestic loans and guarantees: EUR 2.7 bn (3.0), change -8%
- Exposure, export credit guarantees and special guarantees, incl. SME and midcap export credit guarantees: EUR 22.4 bn (22.6), change -1%
 - Drawn exposure: EUR 13.5 bn (12.1), change 11%, of which Large Corporates' cruise shipping exposure EUR 5.9 bn (5.4)
 - Undrawn exposure: EUR 7.0 bn (7.4) and binding offers EUR 1.9 bn (3.1), in total EUR 8.9 bn (10.5), change -15%, of which Large Corporates' cruise shipping exposure in total EUR 5.8 bn (6.4).
- Exposure, export credits drawn: EUR 7.6 bn (7.9), change -5%

Financial performance

Finnvera Group	H1/2022	H1/2021	Change	Change	2021
Financial performance	MEUR	MEUR	MEUR	%	MEUR
Net interest income	31	27	4	16%	55
Net fee and commission income	107	78	30	38%	167
Gains and losses from financial instruments carried at fair value through P&L and foreign exchange gains and losses	9	-2	12	-	2
Other operating income	74	0	74	-	4
Operational expenses	-25	-22	2	11%	-46
Other operating expenses and depreciations	-3	-5	-2	-37%	-8
Realised credit losses and change in expected credit losses, net	-217	-6	211	-	-11
Operating profit/loss	-23	69	-92	-	164
Profit/loss for the period	-29	65	-94	-	153

The Finnvera Group's result for January–June 2022 showed a loss of EUR 29 million, whereas the result in the comparison period showed a profit of EUR 65 million. The negative result was due to an increase of EUR 210 million in loss provisions for export credit guarantee exposure in Russia during the first quarter. No major individual final losses were realised in the first or second quarter. No significant recovery in cruise shipping or substantial reduction in the credit risk of guarantee commitments took place during the period under review, so, as yet, there were no grounds for reversing the extensive loss provisions made in 2020. The company actively monitors any changes in risk subjects. In January–June, the expected credit losses increased by a total of EUR 213 million (2), and the final credit losses totalled EUR 16 million (14).

The total exposure in Russia decreased by 45 per cent, from EUR 977 million to EUR 536 million, as a result of the arrangements and early repayments made during the period under review. At the end of June, drawn exposure accounted for EUR 489 million of total exposure.

The net interest income and net fee and commission income improved in January–June compared to the previous year and also compared to the years before the coronavirus pandemic. The net interest income was EUR 4 million higher than in the previous year, especially as a result of gains made by the interest and investment positions. Correspondingly, net fee and commission income increased by EUR 30 million compared to the previous year, which was, in particular, due to the recognition of guarantee premiums received in advance from early repayments of liabilities during the period under review.

The changes in the value of items recognised at fair value through profit or loss totalled EUR 9 million (-2), of which the change in the fair value of liabilities and interest rate and currency swaps accounted for EUR 9 million (-3).

Taking into account the January–June result, as per 30 June, Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,097 million (1,224). The reserves consisted of non-restricted equity for domestic financing of EUR 423 million (399), non-restricted equity for export credit and special guarantee financing as well as the assets in the State Guarantee Fund for covering a loss-making result totalling EUR 674 million (825).

Outlook for financing

Due to the uncertain economic outlook, in the second half of 2022 Finnvera's domestic financing demand may focus more on working capital financing than on SME investments. Banks have access to a higher number of EU financial instruments than before, which may reduce demand for financing from Finnvera. Finnvera aims to utilise the InvestEU guarantee programme to launch a new climate and digital loan in 2022. In particular, the granting of direct export credit to buyers with an aim to accelerate exports of SMEs and smaller export transactions will begin during the second half of the year if the legislative amendment enabling this is approved by Parliament. By diversifying the scope of financing offered, we will further strengthen the support we are providing for the

establishment, transfers of ownership, growth and internationalisation of Finnish companies.

We expect the demand for export credit guarantees and export credits in euros to remain at the same level as in previous years, and the prospects for new financing projects are good. As in previous years, the overall demand is affected by the realisation of individual major transactions. Working capital financing for large corporations through the European Investment Bank's EGF guarantee programme will continue until the end of 2022. The granting of export credit guarantees to Russia has been stopped, which may reduce the demand for credit insurance policies. The focus of demand for export financing will probably be on the pulp and paper as well as telecommunications sectors. The outlook for the cruise shipping sector and the demand for export financing are strongly influenced by how the shipping companies recover from the impacts of the coronavirus pandemic.

As stated in financial review Q1/2022, the recovery of cruise shipping from the pandemic as well as the war in Ukraine and the weakened global economic outlook cause significant uncertainty regarding Finnvera Group's profit development in 2022. Changes in the amount of loss provisions and any final losses determine whether the result will show a loss or profit for 2022. However, under the prevailing circumstances, it still remains very difficult to anticipate changes in loss provisions and the realised losses.

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Half-year report 1 January–30 June 2022 (PDF)

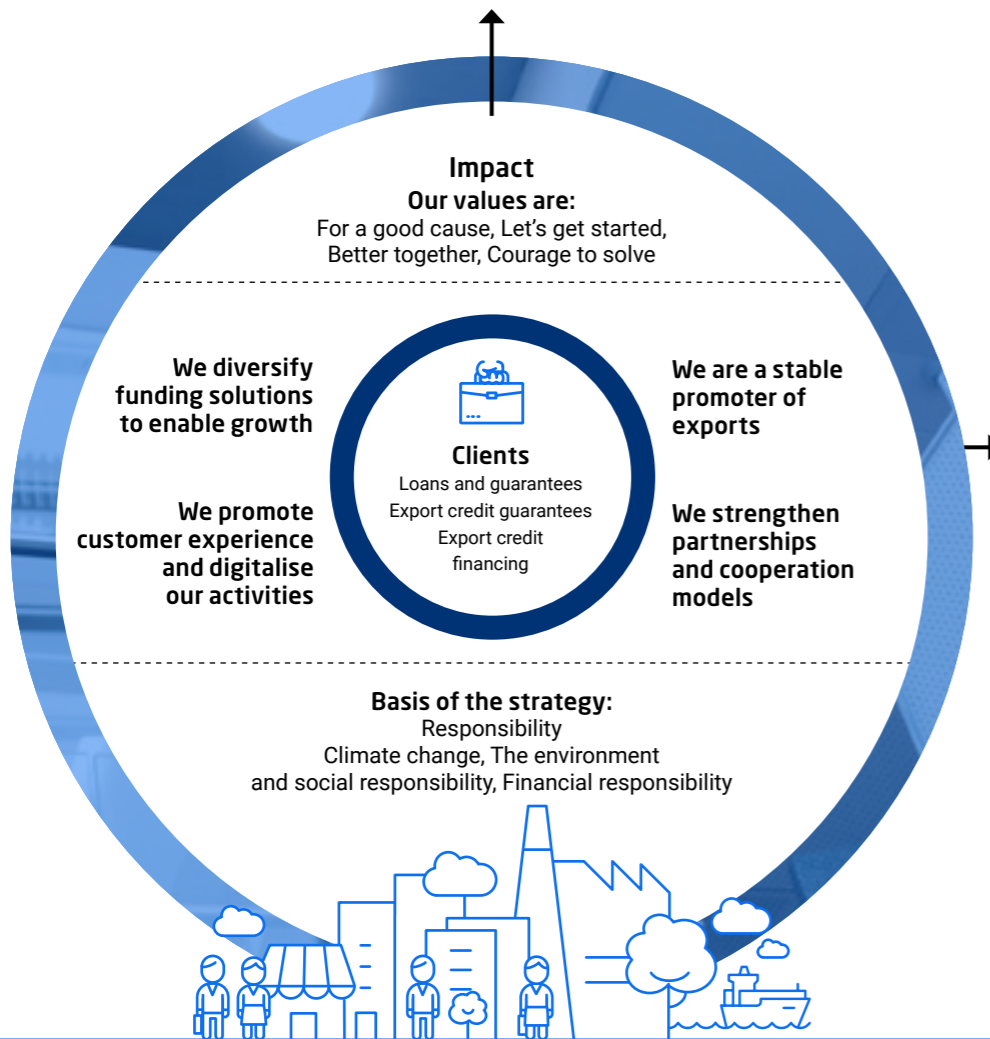
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www.finnvera.fi

The half-year report is available in Finnish and English at
www.finnvera.fi/financial_reports

How Finnvera creates value

Our vision is:
Our clients' success strengthens the Finnish economy



Number of clients 30 June 2022: 25,344

- Micro-enterprises: 87%
- Other SMEs and midcap enterprises: 13%
- Large corporates: 0.5%

Products and services 1-6/2022

Loans and guarantees granted
EUR 0.5 billion in total
Export credit guarantees and special guarantees granted
EUR 2.4 billion in total
Export credits granted
EUR 0.1 billion in total

Authorisations and exposures 30 June 2022

Exposures include credit commitments as well as guarantee receivables

Loans and guarantees

- authorisation EUR 12.0 billion
- exposure EUR 2.7 billion

Export credit guarantees

- authorisation EUR 38.0 billion
- exposure EUR 21.9 billion

Export credits

- authorisation EUR 33.0 billion
- exposure EUR 12.5 billion of which
- drawn EUR 7.6 billion

Special guarantees
(shipping and environmental guarantees and raw material guarantees)

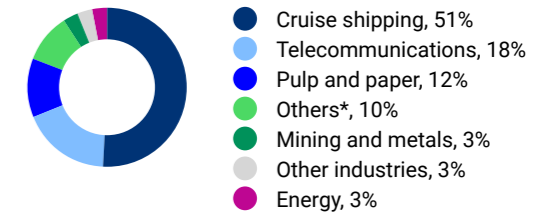
- authorisation EUR 3.15 billion
- exposure EUR 0.5 billion

The exposure defined in the Act on the State's Export Credit Guarantees include commitments and half of offers given at the closing date's exchange rate. The exposure according to the Act on the State's Export Credit Guarantees was EUR 18.6 billion on 30 June 2022. Of the authorisation for domestic loans and guarantees the amount used in 30 June 2022 was EUR 2.4 billion and of the export credit authorisation the amount used was EUR 11.7 billion.

Exposure by sector 30 June 2022, % Loans, guarantees and export guarantees in total 2,615 MEUR

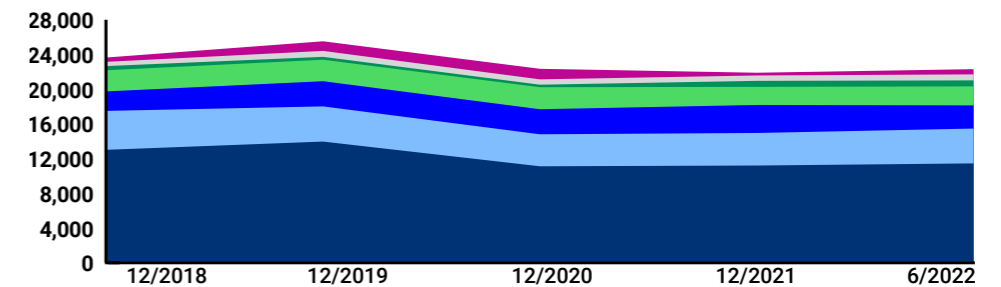


Exposure by sector 30 June 2022, % Export credit guarantees and special guarantees, in total 22,131 MEUR



* Including other risks such as state and bank risks and reinsurance risk transfer.

Export credit guarantees and special guarantees, 5-year-trend of exposure by sector, MEUR



Exposure	12/2018	12/2019	12/2020	12/2021	6/2022
● Cruise shipping	12,835	13,786	10,938	11,308	11,271
● Telecommunications	4,487	4,055	3,688	3,303	4,016
● Pulp and paper	2,243	2,901	2,886	3,526	2,667
● Others*	2,440	2,478	2,539	2,129	2,190
● Mining and metals	478	332	290	693	696
● Other industries	497	1,108	1,215	840	690
● Energy	492	684	616	606	601
Total	23,473	25,344	22,172	22,405	22,131

* Including other risks such as state and bank risks and reinsurance risk transfer.



Finnvera finances various stages of business with loans, guarantees and export credit guarantees. Finnvera is a specialised financing company owned by the State of Finland. Finnvera has official Export Credit Agency (ECA) status.

**Finnvera Group's Half-Year Report
1 January-30 June 2022**

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When creating the PDF documents of Finnvera's Half-Year Report, the accessibility requirements for online services have been taken into account, and the publications can be read using a screen reader.

Finnvera Group's financial performance H1/2022

Finnvera Group

Result for the period

-29 MEUR

(H1/2021: 65 MEUR)

Expense-income ratio

18.8%

(H1/2021: 26.6%)

Equity ratio

6.5%

(31 Dec 2021: 7.1%)

Result EUR -29 million

The Group result was EUR -29 million (65). The credit loss risk of export credit guarantee exposure and loss provisions in Russia increased in the first half of the year. As yet, there were no grounds for reversing loss provisions made in 2020.



Finnvera's goal is, by means of financing, to promote the operations and growth of enterprises as well as the internationalisation and export.

Capital adequacy, Tier 1

Domestic operations

26.5%

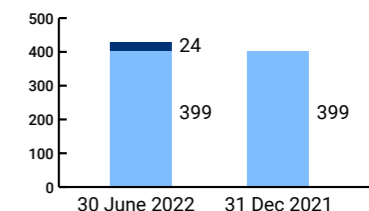
(31 Dec 2021: 23.9%)

Export credit guarantee and special guarantee operations

3.3%

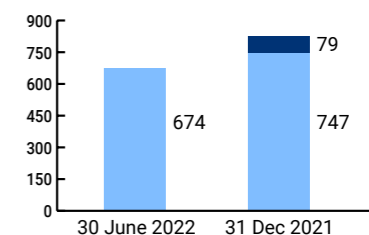
(31 Dec 2021: 3.4%)

Reserves for domestic financing after result for the period H1/2022 and 2021, MEUR



■ Result of domestic operations H1/2022
■ Reserve for domestic operations

Reserves for export financing after result for the period H1/2022 and 2021, MEUR



■ Reserve/result for export credit guarantees and special guarantees H1/2022
■ State Guarantee Fund (SGF)

Clients willing to recommend Finnvera

NPS-index

(net promoter score)

81

(H1/2021: 70)

Financial performance

Finnvera Group in January-June 2022

In February, Russia's invasion of Ukraine changed the global economic outlook, and the negative impact on the world economy will continue for as long as the invasion continues. Increasing costs have raised the inflation rate to heights not experienced for decades. Central banks have tightened their monetary policies. The impacts of the coronavirus pandemic on the global economy have also remained significant. The risk of global recession is further exacerbated by the contraction of the Chinese economy due to the country's strict Covid-19 policy and the global component shortage.

The Finnvera Group's result for January–June 2022 showed a loss of EUR 29 million, whereas the result in the comparison period showed a profit of EUR 65 million. The negative result was due to an increase of EUR 210 million in loss provisions for export credit guarantee exposure in Russia during the first quarter. No major individual final losses were realised in the first or second quarter. As yet, there were no grounds for decreasing the extensive loss provisions made in 2020, since no recovery that would substantially reduce credit risk has taken place in the business operations of the major risk subjects in Finnvera's export credit guarantee and special guarantee operations. The company actively monitors any changes in risk subjects. During the period under review, the expected credit losses increased by a total of EUR 213 million (2), and the realised final credit losses totalled EUR 16 million (14).

The total exposure in Russia decreased by 45 per cent during the period under review as a result of the arrangements and early repayments made. At the end of June, the total exposure stood at EUR 536 million (EUR 977 million), of which drawn exposure amounted to EUR 489 million.

Loss provisions are affected by changes in economic development forecasts and factors such as risk ratings of individual risk subjects.

Economic growth is forecasted to slow down, and, according to the IMF's July forecast, the global GDP is expected to grow by 3.2 per cent in 2022 and that of developed countries by 2.5 per cent. This year, Finland's GDP will grow by approximately 1.7 per cent according to the Bank of Finland's forecast and by 1.4 per cent according to the Ministry of Finance's forecast.

The net interest income and net fee and commission income improved in January-June compared to the previous year and also compared to the years before the coronavirus pandemic. The net interest income was EUR 4 million higher than in the previous year, especially as a result of gains made by the interest and investment positions. Correspondingly, net fee and commission income increased by EUR 30 million compared to the previous year, which was, in particular, due to the recognition of guarantee premiums received in advance from early repayments of liabilities during the period under review.

The changes in the value of items recognised at fair value through profit or loss totalled EUR 9 million (-2), of which the change in the fair value of liabilities and interest rate and currency swaps accounted for EUR 9 million (-3). The changes of value were influenced by a significant increase in the interest rate.

The Group's operating expenses were EUR 25 million (22), and other operating expenses and depreciation amounted to EUR 3 million (5). The operating expenses increased particularly due to the increase in IT expenses. Write-down due to a suspended IT system project made during the comparison period had a reducing impact on other operating expenses and depreciation.

Taking into account the January-June result, as per 30 June, Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,097 million (1,224). The reserves consisted of non-restricted equity for domestic financing of

EUR 423 million (399), non-restricted equity for export credit and special guarantee financing as well as the assets in the State Guarantee Fund for covering a loss-making result totalling EUR 674 million (825).

The quality of the domestic exposure remained at the targeted level during the first half of the year. So far, the war in Ukraine has not had significant impact leading to arrangements of the debts of SMEs. Risks pertaining to individual clients and the amounts of non-performing credits and arrears have remained at a reasonable level. Expected loss (EL) for exposure decreased and was 2.85 per cent (3.55%) of total exposure at the end of the period under review. The decrease was due to the repayment of large individual liabilities.

At the end of the period under review, the total exposure arising from export credit guarantees and special guarantees in the Large Corporates business was EUR 22,374 million (22,637), which is EUR 263 million less than at the turn of the year. Approximately 80 per cent (76) of the amount of the outstanding guarantees and binding offers were associated with transactions in EU Member States and OECD countries.

At the end of June, the most significant market risks associated with asset management were within the risk limits in line with risk appetite. The most significant of these risks was the EUR 83 million market value risk of the investment portfolio.

Financial performance of Finnvera plc and the Group companies

The result of the parent company, Finnvera plc, showed a loss of EUR 54 million due to the loss made by the Large Corporates business. In the comparison period, the result of the parent company showed a profit of EUR 46 million and the result of the Large Corporates business a profit of EUR 35 million. The result of the SME and midcap operations showed a profit of EUR 11 million (11).

The subsidiary Finnish Export Credit Ltd had an impact of EUR 25 million (19) on the Group's profit.

In September 2021, Finnvera sold its remaining venture capital investments to Finnish Industry Investment Ltd, which finalised Finnvera's withdrawal from venture capital financing in line with the Ministry of Economic Affairs and Employment's policy. The merger of the subsidiary Veraventure Ltd, which managed the venture capital investments, with the parent company took place on 31 July 2022.

Separate result for export credit guarantee and special guarantee operations and the fund payment

In January–June, the separate result for export credit guarantee and special guarantee operations before the fund payment from the State Guarantee Fund was EUR -152 million (38). Of the loss, EUR 79 million is covered by the reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet and EUR 74 million as a fund payment from the State Guarantee Fund. The fund payment is recognised in the financial statements in receivables, and it has not yet been applied for. The State Guarantee Fund is a fund not included in the state budget, the funds of which have been accumulated in the activities of Finnvera's predecessor organisations. The Fund covers the result showing a loss in the export credit guarantee and special guarantee operations if the reserve funds in the company's balance sheet are not sufficient.

Analysis of financial performance in January–June 2022

Interest income and expenses and net interest income

The Finnvera Group's net interest income in January–June came to EUR 31 million (27). The interest income accrued was 46 per cent higher and interest expenses 56 per cent higher than in the comparison period. During the period under review, the interest income was EUR 158 million (108) and interest expenses were EUR 127 million (81). The net interest income increased particularly due to the enhanced net interest income in asset management.

In January–June, outstanding export credits decreased by 5 per cent to EUR 7,562 million (7,942), and the outstanding loans in domestic financing decreased by 9 per cent to EUR 541 million (593). The carrying amount of debt securities in issue was EUR 9,834 million (10,285). No new long-term funding was carried out in January–June, but the short-term debt under the Euro Commercial Paper programme (ECP) launched during the period under review amounted to EUR 192 million at the end of June and the amount of repo liabilities stood at EUR 493 million.

Fee and commission income and expenses

In January–June, net fee and commission income increased by 38 per cent, totalling EUR 107 million (78).

The gross amount of fee and commission income increased by 29 per cent to EUR 111 million (86), which was particularly affected by the recognition of guarantee premiums in the period under review as a result of early repayments of liabilities. Fee and commission income from export credit guarantees and special guarantees increased by 37 per cent to EUR 77 million (56), and, correspondingly, fee and commission income from domestic guarantees increased by 12 per cent to EUR 25 million (22). The fee and commission income from export credits amounted to EUR 8 million (7), increasing by 16 per cent from the corresponding period last year.

Drawn exposure arising from export credit guarantees and special guarantees increased by 11 per cent to EUR 13,494 million (12,136), whereas, after the increased demand caused by the coronavirus pandemic had subsided and a result of the early repayments, the guarantee exposure for domestic financing decreased by 12 per cent to EUR 1,815 million (2,056).

Fee and commission expenses totalled EUR 4 million (9), which is well below the comparison period – this was particularly due to the lower amount of reinsurance expenses in export credit guarantee and special guarantee operations.

Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses

The Group's positive changes in the value of items recognised at fair value through profit or loss and net income from foreign currency operations for the financial period were EUR 9 million (-2). Of the amount, the change in the fair value of liabilities, debt securities and interest rate and currency swaps accounted for EUR 9 million (-3), influenced by a significant increase in the interest rate.

Finnvera applies hedge accounting in the valuation of liabilities when hedge accounting is applicable. The liabilities are hedged from changes caused by market interest rates. Credit risk changes are not part of the hedging relation. During the financial period, the change in the fair value of the liabilities covered by hedge accounting and the derivatives that are used for hedging them had a positive impact of EUR 2 million on profit (0). The fair value option is applied to the valuation of liabilities that fall outside hedge accounting when they are hedged with derivative contracts.

The valuation of the liabilities is based on market quotes. The share of the credit risk in the value change of liabilities is presented in other comprehensive income. During the financial period, the liabilities subject to the fair value option and the derivatives that are used for hedging them had a positive impact of EUR 6 million on profit (-4).

In addition to derivatives that are used in hedging liabilities, Finnvera has taken out individual long-term cross currency swaps to cover foreign currency commitments. These derivatives are included in the scope of cash flow hedge accounting, and the change in fair value had a total negative impact of less than EUR -1 million on profit (0).

Finnvera applies fair value hedge accounting to some of the debt securities that are covered with interest rate swaps. These, and specifically debt securities recognised at fair value through profit and loss (the fair value option), interest rate swaps hedging them, and other interest rate

swaps taken out for liquidity management purposes had a positive impact of EUR 1 million on profit (0).

Operating expenses, depreciation and other operating expenses

The Group's operating expenses were EUR 25 million (22), and other operating expenses and depreciation amounted to EUR 3 million (5). Of operating expenses, personnel expenses accounted for EUR 15 million (15) and other administrative expenses for EUR 9 million (7).

Write-down due to a suspended IT system project made during the comparison period had a reducing impact on other operating expenses and depreciation.

Realised and expected credit losses

The coronavirus pandemic and Russia's invasion of Ukraine have significantly increased the credit risk of Finnvera's export credit guarantee and special guarantee exposures and loss provisions made for the liabilities. The positive trend in the growth, internationalisation and investments of companies which began in 2021 continued at the beginning of 2022, but Russia's invasion of Ukraine has had a negative impact on the development. Furthermore, there have been no grounds for decreasing the extensive loss provisions made in the first coronavirus pandemic year 2020, since no recovery that would substantially reduce credit risk has taken place in the business operations of the major risk subjects in Finnvera's export credit guarantee and special guarantee operations. For the time being, the situation continues to be mainly characterised by uncertainty.

The Group's realised credit losses and change in expected credit losses totalled EUR 229 million (17) in January-June. Of the total, realised losses accounted for EUR 16 million (14), and the growth in expected losses for a total of EUR 213 million (2). The State's credit loss compensation covering these losses amounted to EUR 12 million (11). As a consequence of the coronavirus pandemic, the State's credit loss compensation for domestic

loans and guarantees during the financial period was 80 per cent, after which the Group's liability for realised losses during the first half of the year amounted to EUR 217 million (6).

The expected losses in domestic financing, including export guarantees for SMEs and midcap companies, increased by EUR 3 million in January–June. Loss provisions stood at EUR 60 million at the end of June and at EUR 57 million at the end of last year.

Export credit guarantee exposure in Russia increased by EUR 210 million during the first half of the year as the risk of credit losses increased. As a consequence of the deterioration in macroeconomic forecasts and risk ratings of individual risk subjects, significant credit loss provisions totalling EUR 1,222 million had to be made for export credit guarantee and special guarantee operations in the first coronavirus pandemic year 2020. Cruise shipping accounted for about 90 per cent of the loss provisions made. As yet, there was no grounds for reversing these loss provisions. At the end of June, loss provisions in export credit guarantee and special guarantee operations were EUR 1,505 million (1,295).

Non-performing exposure

Calculated according to the method harmonised at the EU level, the amount of non-performing exposure in domestic financing stood at EUR 133 million at the end of June (30 June 2021: EUR 113 million). When the loss provisions made are considered, non-performing exposure accounted for 5.1 per cent (3.8%) of total exposure. The ratio of non-performing exposure to total exposure was 1.0 per cent (0.8%) when the compensation for credit losses received from the State is taken into account.

The amount of non-performing exposure in export financing stood at EUR 12.0 million at the end of June (30 June 2021: EUR 6 million). The ratio of non-performing exposure to total exposure was 0.05 per cent (0.03%).

Long-term economic self-sustainability

In its operations, Finnvera is expected to attain economic self-sustainability, which means that the income received from the company's operations must, in the long run, cover the company's operating expenses. The assets in the State Guarantee Fund that were accumulated from the operations of Finnvera's predecessor organisations are taken into account when assessing the self-sustainability of export credit guarantee and special guarantee financing. The period for reviewing self-sustainability is 10 years for domestic financing and 20 years for export financing.

Self-sustainability in Finnvera's domestic financing has been attained over a 10-year period when the cumulative result is calculated up to the end of June.

Due to the coronavirus pandemic and Russia's invasion of Ukraine, significant loss provisions were made for export credit guarantee and special guarantee operations, for which reason the result of export financing showed a considerable loss in 2020 and in January–June 2022. Self-sustainability in export credit guarantee and special guarantee operations was attained when the result is calculated cumulatively up till the end of June and when the assets factored in include not only the reserves accumulated in the company's balance sheet from the profits from previous financial periods but also the State Guarantee Fund's assets accumulated from the operations of the company's predecessor organisations.

The company's risk-based pricing, the extent and risk level of Finnvera's total exposure, and the dissipation of the uncertainty caused by the coronavirus pandemic and the war in Ukraine will have a significant impact on the company's financial performance and long-term economic self-sustainability.

Balance sheet and contingent liabilities 30 June 2022

At the end of June, the consolidated balance sheet total was EUR 12,785 million (12,220). The balance sheet total increased by 5 per cent, or EUR 565 million, during the financial period, especially due to acquisition of short-term funding during the period. At the end of June, the Group's outstanding credits came to EUR 6,781 million (7,306), or 7 per cent less than at the end of the previous year. The balance sheet value of debt securities in issue was EUR 9,834 million (10,285).

The parent company's outstanding guarantees in domestic financing decreased 12 per cent during the first six months of the year and were EUR 1,815 million at the end of June (2,056).

The maximum amount of exposure for export credit guarantees defined in the Act on the State's Export Credit Guarantees, or commitments and half of offers given at the closing date's exchange rate, totalled EUR 18,645 million at the end of June (19,195), i.e., 3 per cent lower than at the end of last year. The parent company's total exposure arising from export credit guarantees and special guarantees, or commitments and offers given, including export guarantees, totalled EUR 22,374 million (22,637). During the first half of the year, drawn exposure increased by 11 per cent, amounting to EUR 13,494 million (12,136). The Group's off-balance sheet exposure for export credit guarantees and special guarantees amounted to EUR 15,680 million (15,922). At the end of June, the maximum indemnity amount of reinsurance arrangements for export credit guarantee and special guarantee operations was approximately EUR 1.4 billion.

The Group's long-term liabilities as per 30 June totalled EUR 9,909 million (10,360), nearly all of this sum consisting of bonds.

At the end of June, the Group's non-restricted equity amounted to EUR 597 million (626), of which the reserve for domestic operations accounted for EUR 399 million (366), the reserve for export credit guarantee and special guarantee operations for EUR 79 million (0) and the retained profits for EUR 119 million (260).

Taking into account the January-June result, as per 30 June, Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,097 million (1,224) at the end of June. The reserves consisted of non-restricted equity for domestic financing of EUR 423 million (399), non-restricted equity for export credit and special guarantee financing as well as assets in the State Guarantee Fund for covering a loss-making result totalling EUR 674 million (825).

Finnvera Group	30 Jun 2022	31 Dec 2021	Change	Change
Balance sheet, equity	MEUR	MEUR	MEUR	%
Share capital	197	197	0	0%
Share premium and fair value reserve	35	41	-6	-14%
Non-restricted equity, in total	597	626	-29	-5%
Reserve for domestic operations	399	366	33	9%
Reserve for export credit guarantees and special guarantees	79	0	79	-
Retained earnings	119	260	-141	-54%
Equity attributable to the parent company's shareholders	829	863	-35	-4%

Funding

Similarly to the same period last year, no long-term funding was carried out in January–June and no repayments were made on long-term loans. Short-term funding amounted to EUR 1,156 million (0), some of which was arranged through short-term repo agreements. At the end of June, repo liabilities stood at EUR 493 million, secured by debt securities with a total nominal value of EUR 551 million. The amount of the short-term ECP debt was EUR 192 million.

Capital adequacy

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

from the reserve for domestic operations, while losses from export credit guarantees and special guarantees are covered from the reserve for export credit guarantee and special guarantee operations. According to the Act on the State Guarantee Fund (444/1998), the State is responsible for export credit guarantees and special guarantees. Should the reserve for export credit guarantee and special guarantee operations lack sufficient assets to cover the losses incurred in the respective operations, the losses are covered from assets in the State Guarantee Fund, which are supplemented, whenever necessary, by an appropriation from the State Budget.

Capital adequacy in domestic operations

According to the goal set by the State of Finland, the owner of Finnvera, the Group's capital adequacy ratio for domestic operations should be at least 15 per cent. Finnvera's capital adequacy is calculated in accordance with the principles of the Basel III standard method. At the end of June, the Group's capital adequacy ratio for domestic operations, Tier 1, stood at 26.5 per cent (23.9%) and the leverage ratio was 23.2 per cent (21.0%).

Capital adequacy in export financing

No specific requirement has been set for the capital adequacy of Finnvera's export financing because, ultimately, the State is responsible for any major export credit guarantee losses that the equities accumulated from operations and the assets of the State Guarantee Fund cannot cover. Consequently, calculating capital adequacy in a manner applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports. However, if a similar method for calculating capital adequacy were applied and the assets in the reserve for export credit guarantee and special guarantee operations and the State Guarantee Fund were factored in, the estimated capital adequacy of export financing in accordance with Tier 1 would be 3.3 per cent (3.4%).

Finnvera Group Domestic operations	30 Jun 2022	31 Dec 2021	Change	Change
Capital for calculating capital adequacy	MEUR	MEUR	MEUR	%
Equity for domestic operations	657	658	-1	0%
Intangible assets	-8	-7	-1	-18%
Total	649	651	-2	0%

Finnvera Group Domestic operations	30 Jun 2022	31 Dec 2021	Change	Change
Risk-weighted items	MEUR	MEUR	MEUR	%
Receivables from credit institutions	5	4	1	23%
Receivables from clients	2,020	2,318	-298	-13%
Investments and derivatives	24	23	1	5%
Interest receivables, other receivables, prepayments, other assets	12	14	-2	-12%
Binding credit commitments	183	162	21	13%
Operational risk	206	206	0	0%
Total	2,450	2,727	-276	-10%

Risk position

The exposure for drawn domestic loans and guarantees amounted to EUR 2,356 million (2,649) at the end of the financial period, representing a decrease of EUR 294 million from the turn of the year. The decrease in outstanding commitments was mainly due to some large repayments.

The quality of the domestic exposure remained at the targeted level during the first half of the year. The coronavirus situation, which began in 2020, was no longer reflected in the companies' credit performance, as the operations of the domestic service sector have also almost returned to their previous level. So far, the war in Ukraine has not had significant impact leading to arrangements of the debts of SMEs. Risks pertaining to individual clients and the amounts of non-performing credits and arrears have remained at a reasonable level. Expected loss (EL) for exposure decreased during the first six months of the year and was 2.85 per cent

(3.55%) of total exposure at the end of the period under review. The value was reduced by the aforementioned repayments.

The distribution of exposure by risk category also remained virtually unchanged. Altogether 90 per cent of Finnvera's exposure fell into the credit rating category B- or a better category. Credit and guarantee losses and change in provisions for losses totalled EUR 11 million (22).

At the end of the period under review, the total exposure arising from export credit guarantees and special guarantees in the Large Corporates business was EUR 22,374 million (22,637), which is EUR 263 million less than at the turn of the year. Approximately 80 per cent of the outstanding guarantees totalling EUR 20,502 million (19,500) and binding offers totalling EUR 1,872 million (3,108) were associated with transactions in EU Member States and OECD countries.

The main sectors were cruise shipping, telecommunications and pulp and paper, which accounted for a total of 80 per cent of the total exposure. Altogether, 28 per cent of the exposure was in risk category BBB-, which reflects investment grade, or in better risk categories.

While no significant final export credit guarantee losses were realised during the first six months of 2022, the calculated expected loss (ECL) remains significantly high. The increase in loss provisions is mainly due to the decline of shipping companies' risk ratings caused by the coronavirus pandemic, and, more lately, the sanctions against Russia because of the war in Ukraine.

Among the subsidiaries, the exposure arisen for Finnish Export Credit Ltd from the financing of export credits totalled EUR 12,525 million at the end of June (13,141), which was EUR 616 million less than at the beginning of the year. The exposure includes outstanding credits and binding credit commitments. The offers amounted to EUR 149 million. The credit risk for export credits is covered by the parent company Finnvera plc's export credit guarantees. These export credit guarantees are included in the above-mentioned total exposure for export financing.

The asset management liquidity portfolio consisting of deposits in banks and investments in liquid assets stood at EUR 4,385 million (3,839) on 30 June. All investments were at least in risk category BBB (Finnvera's risk category), which reflects investment grade, or in better risk categories, and all long-term (exceeding 12 months) investments are made in assets with a minimum credit rating of A- (S&P and Fitch) or A3 (Moody's). A total of 92 per cent of assets were in investments or account banks with a minimum rating of A- (Finnvera's risk category). Expected loss (EL) for deposits and investments was EUR 2.1 million, or 0.05 per cent.

The company hedges interest rate and currency risks using derivatives, the nominal value of which was EUR 16,076 million (13,771) at the end of June. The minimum credit rating for all derivative contract counterparties was A3 (Moody's) or A- (S&P and Fitch). The derivative-related counterparty risk is mitigated with collateral agreements, the collateral premiums of which are agreed on a daily basis.

At the end of June, the most significant market risks associated with asset management were within the risk limits in line with risk appetite. The most significant of these risks was the EUR 83 million market value risk of the investment portfolio. The funding-related cost risk due to structural underfunding was EUR 37 million, the balance sheet's interest rate sensitivity was EUR -17 million for a 200-bps change, and the open foreign exchange position was EUR 13 million. Significant changes in the interest rate may also in the future cause review period changes in the value of items recognised at fair value through profit or loss.

Corporate governance

Personnel

At the end of June, the Group had 378 employees (30 June 2021: 369), of whom 345 (342) held a permanent post and 33 (27) a fixed-term post. The Group's average number of employees during the period under review was 370 (365).

Supervisory Board, Board of Directors and auditor

On 25 March 2022, Finnvera's Annual General Meeting appointed Elina Piispanen, M.Sc. (Econ.) and Petri Viertiö, M.Sc. (Tech.), as new members to Finnvera's Board of Directors. Petri Ekman, M.Sc. (Eng.), continued as Chairman of the Board of Directors. Antti Neimala, Director General, continued as First Vice Chairman of the Board of Directors and Terhi Järvikare, Director General, continued as Second Vice Chairman. Hannu Jaatinen, M. Sc. (Econ.), eMBA, and Ritva Laukkanen, M.Sc. (Econ.), continued as members of the Board of Directors.

Katja Syvärinen, Director in The Central Organisation of Finnish Trade Unions SAK, and Seppo Nevalainen, Economist in the Finnish Confederation of Professionals STTK, were appointed as new members to Finnvera's Supervisory Board.

Sofia Vikman, Member of Parliament, continued as Chairman of the Supervisory Board and Johannes Koskinen, Member of Parliament, continues as Vice Chairman. As members of the Supervisory Board continued Members of Parliament Eeva-Johanna Eloranta, Mari Holopainen, Anne Kalmari, Juho Kautto, Juha Pylväs, Lulu Ranne, Wille Rydman and Joakim Strand; as well as Kari Luoto, Managing Director (Finnish Grocery Trade Association); Veli-Matti Mattila, Director, Chief Economist (Finance Finland FFI); Anne Niemi, Vice President (Federation of Finnish Enterprises); Martin Paasi, Chairman (Finnish Business School Graduates); Arja Parkkinen, Development Manager (Finnvera); and Tommi Toivola, Director (Confederation of Finnish Industries).

Finnvera's regular auditor is KPMG Oy Ab, with Marcus Tötterman, Authorised Public Accountant, as the principal auditor.

Other events during the period under review

Demand for domestic financing slowed down as Russia invaded Ukraine - development of export financing positive in the forest and telecommunications sectors

The positive trend in the growth, internationalisation and investments of companies which began in 2022 continued at the beginning of 2022. Of the lines of business, demand was the strongest in industry. However, Russia's invasion of Ukraine had a negative impact on investments. Finnvera granted 42 per cent less domestic loans and guarantees than in the previous year, but the provision of financing was at a higher level than in 2019 before the coronavirus pandemic. Due to the increased uncertainty, the demand for financing for investments may be lower than expected in domestic financing and the demand for working capital financing will increase. Within its financing authorisations, Finnvera will be able to meeting the financing needs of companies.

The economic uncertainty resulting from Russia's invasion was also reflected in the financing of transfers of ownership, which decreased by 11 per cent in the first half of the year. In euro terms, the drop was the biggest in the transfers of ownership concerning domestic companies employing more than 10 people.

With regard to export financing, especially in the forest and telecommunications sector, the development has continued positively in the first half of the year. The cruise shipping shows signs of recovery from the consequences of the coronavirus pandemic, but, as yet there were no grounds for reversing the extensive loss provisions made in the first coronavirus year 2020.

Finnvera interrupted the processing of guarantees to Russia and Ukraine as of 22 February 2022, and the interruption will continue until further notice. No new exports have been approved under the credit insurance

limits as of 1 March 2022. Due to the interruption, in terms of numbers, the granting of Finnvera's export credit guarantees decreased in the first half of the year. In accordance with the decision of the OECD country classification meeting, Finnvera lowered the country risk classification of Russia and Belarus to category 7/7, which means very poor solvency. No guarantees have been granted to Belarus since summer 2021.

The credit loss risk of Finnvera Group's export credit guarantee exposure in Russia has increased, which is why we issued a negative profit warning on 11 March 2022. As a result of the arrangements made due to the war and sanctions, Finnvera's exposure in Russia decreased to EUR 536 million by the end of June. The loss provisions for exposure in Russia recognised in the period under review amounted to EUR 210 million.

The European Investment Bank's EGF guarantee programme will continue until the end of 2022

Finnvera's possibility to grant loans to large corporations under the Pan-European Guarantee Fund (EGF) programme of the European Investment Bank (EIB) was extended by a new agreement until the end of 2022. Within the EGF programme, Finnvera can grant a total of EUR 650 million of working capital and investment loans, mainly for the financing needs of large enterprises. The funding has a 75 per cent guarantee from the EIB. Finnvera joined the guarantee programme on 1 April 2022.

Finnvera intends to utilise the InvestEU programme for accelerating digitalisation and sustainable development

Finnvera's goal is to take advantage of the risk-sharing offered by the InvestEU programme in a loan product for financing innovative digital businesses and projects compatible with sustainable development. Finnvera submitted an application and a product proposal to the European Investment Fund in May 2022. The schedule for launching the product will be specified according to the timetables of EU actors. Finnvera is prepared to make the loan available to companies in 2022.

Finnvera promoted the accountability of its operations in accordance with the Group's strategic objectives

Finnvera made progress towards reaching its strategic objectives related to accountability and climate change during the first half of the year. Finnvera aims to help its customers benefit from the opportunities climate change mitigation provides for growth, exports and investments and launched a credit policy that encourages them to take up climate-friendly projects. The Group will continue to measure the climate impacts of financing activities in cruise shipping in accordance with the Poseidon Principles initiative. The aim is to calculate the carbon dioxide emissions of financing projects in other sectors as well during 2022. Thorough assessment and management of environmental and social risks in the transactions to be funded has been an integral part of Finnvera's financing activities for a long time. As part of company-level risk management, Finnvera will examine the possibility of adding ESG impacts to the risk classification model of companies and projects. An ESG assessment of Finnvera's operations was also launched from the perspective of investors. In 2022, Finnvera specified its sectoral policies, excluding any new coal- or peat-fired power plants from projects eligible for financing in line with the OECD guidelines. In 2022, Finnvera will examine its sectoral policy for the oil and gas industry as part of the E3F coalition.

Under exceptional circumstances, Finnvera may insure export transactions with a short repayment period to Western industrial countries

The European Commission has granted Finnvera a special permission extension which allows Finnvera to guarantee export transactions with a risk period of less than two years to Western industrialised countries ("marketable risk" countries). The new special permission will be valid until the end of 2025. Within the scope of the special permission, Finnvera may only insure transactions for which no private credit insurance company has granted credit insurance.

Estimated amount of funding EUR 1.0-1.5 billion in 2022

No long-term funding was carried out in the first half of the year. In

accordance with Finnvera's funding plan, the estimated amount of funding for 2022 is between EUR 1.0 billion and EUR 1.5 billion. Finnvera issues long-term debts mainly under the EUR 15 billion EMTN debt programme. From the beginning of 2022, short-term funding has taken place under the EUR 3 billion ECP debt security programme. Both loan programmes are guaranteed by the Finnish State.

Pia Peltoniemi appointed as CEO of Finnish Export Credit Ltd

On 17 May 2022, the Board of Directors of Finnish Export Credit Ltd has appointed Pia Peltoniemi, LL.M., EMBA, as the CEO of the Finnish Export Credit Ltd for the period from 15 September 2022 to 14 September 2024 as the current CEO is retiring in the beginning of 2023. Finnish Export Credit Ltd is a company part of Finnvera Group and provides export credit financing and interest equalisation.

Finnvera introduced quarterly reporting

From the beginning of 2022, Finnvera transferred to publishing its financial reviews on a quarterly basis. The interim management report Q1/2022 was released on 12 May 2022. Half-Year Report 1 January–30 June 2022 will be released on 18 August 2022, and the interim management report Q3/2022 on 10 November 2022.

Events after the period under review

In September 2021, Finnvera sold its entire remaining venture capital financing portfolio to Finnish Industry Investment Ltd. The merger of the subsidiary Veraventure Ltd, which managed venture capital investments, with the parent company took place on 31 July 2022.

Outlook for financing

Due to the uncertain economic outlook, in the second half of 2022 Finnvera's domestic financing demand may focus more on working

capital financing than on SME investments. Banks have access to a higher number of EU financial instruments than before, which may reduce demand for financing from Finnvera. Finnvera aims to utilise the InvestEU guarantee programme to launch a new climate and digital loan in 2022. In particular, the granting of direct export credit to buyers with an aim to accelerate exports of SMEs and smaller export transactions will begin during the second half of the year if the legislative amendment enabling this is approved by Parliament. By diversifying the scope of financing offered, we will further strengthen the support we are providing for the establishment, transfers of ownership, growth and internationalisation of Finnish companies.

We expect the demand for export credit guarantees and export credits in euros to remain at the same level as in previous years, and the prospects for new financing projects are good. As in previous years, the overall demand is affected by the realisation of individual major transactions. Working capital financing for large corporations through the European Investment Bank's EGF guarantee programme will continue until the end of 2022. It may reduce the number of credit insurance policies demanded that the granting of export credit guarantees to Russia has been stopped. The focus of demand for export financing will probably be on the pulp and paper as well as telecommunications sectors. The outlook for the cruise shipping sector and the demand for export financing are strongly influenced by how the shipping companies recover from the impacts of the coronavirus pandemic.

As stated in financial review Q1/2022, the recovery of cruise shipping from the pandemic as well as the war in Ukraine and the weakened global economic outlook cause significant uncertainty regarding Finnvera Group's profit development in 2022. Changes in the amount of loss provisions and any final losses determine whether the result will show a loss or profit for 2022. However, under the prevailing circumstances, it still remains very difficult to anticipate changes in loss provisions and the realised losses.

Consolidated comprehensive income statement

(EUR 1,000)	Note	Finnvera Group	
		1-6 2022	1-6 2021
Interest income			
- Interest from loans passed on to customers		33,376	24,399
- Subsidies passed on to customers		-	1
- Other interest income ¹		125,036	83,768
Total interest income	3	158,412	108,168
Interest expense ¹		-127,321	-81,392
Net interest income		31,091	26,775
Net fee and commission income	4	107,399	77,625
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	5	9,438	-2,469
Net income from investments		-41	251
Other operating income		73,843	79
Total operational expenses		-24,810	-22,381
- Personnel expenses		-15,443	-15,219
- Other operational expenses		-9,367	-7,162
Depreciation and amortisation on tangible and intangible assets		-2,838	-4,630
Other operating expenses		-200	-198
Realised credit losses and change in expected credit losses, net	6	-216,636	-5,676
- Realised credit losses		-15,941	-14,158
- Credit loss compensations from the State		12,239	10,905
- Expected credit losses		-212,934	-2,423
Operating profit/loss		-22,753	69,376
Income tax		-6,304	-4,843
Profit/loss for the period		-29,057	64,533

¹ The presentation of interest expenses and interest incomes has been changed and the comparative figures have been updated to reflect the new presentation method.

(EUR 1,000)	Note	Finnvera Group	
		1-6 2022	1-6 2021
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Revaluation of defined benefit pension plans		-	-
- Change in the credit risk associated with liabilities carried at fair value		2,098	-3,517
Items that may be reclassified subsequently to profit or loss			
- Change in fair value of investments		-23,589	329
- Change in the expected credit losses of investments		-1,151	-1,660
- Cash flow hedging		16,895	-6,937
Total other comprehensive income		-5,747	-11,785
Total comprehensive income for the period		-34,804	52,748
Distribution of the profit/loss for the period attributable to equity holders of the parent company		-29,057	64,533
Distribution of the total comprehensive income for the period attributable to equity holders of the parent company		-34,804	52,748

Balance sheet

(EUR 1,000)	Note	Finnvera Group	
		30 Jun 2022	31 Dec 2021
ASSETS			
Loans to and receivables from credit institutions	7		
- Payable on demand		916,992	475,674
- Investment accounts and deposits		96,243	88,245
- Other		37,253	50,215
		1,050,488	614,134
Loans to and receivables from customers	7		
- Loans		6,780,901	7,305,538
- Debt Securities		31,098	42,679
- Guarantee receivables		36,914	35,784
- Receivables from export credit and special guarantee operations		30,494	20,049
		6,879,406	7,404,051
Investments			
- Debt securities	5, 7, 8	3,380,157	3,309,090
- Other shares and participations	5, 7, 8, 9	13,723	13,723
		3,393,879	3,322,812
Derivatives	5, 7, 8	199,190	370,910
Intangible assets		8,316	7,025
Tangible assets		3,204	3,923
Other Assets			
- Credit loss receivables from the state		12,248	24,305
- Other		428,054	354,860
		440,302	379,165
Prepayments and accrued income	7	810,396	117,690
Tax assets		46	46
Assets		12,785,227	12,219,756

(EUR 1,000)	Note	Finnvera Group	
		30 Jun 2022	31 Dec 2021
LIABILITIES			
Other liabilities to credit institutions	7, 10	493,212	-
Liabilities to other institutions	7, 10	74,583	74,583
Debt securities in issue	5, 7, 8, 11	9,834,219	10,284,982
Derivatives	5, 7, 8	727,120	35,278
Provisions	6	297,452	205,372
Other liabilities	7	105,781	36,856
Accruals and deferred income	7	419,936	711,543
Tax liabilities		4,403	7,817
Liabilities		11,956,705	11,356,431
EQUITY			
Equity attributable to the parent company's shareholders			
Share capital		196,605	196,605
Share premium		51,036	51,036
Fair value reserve		-15,968	-10,221
Non-restricted reserves			
- Reserve for domestic operations		399,211	366,373
- Reserve for export credit guarantees and special guarantees		78,658	-
Retained earnings		118,980	259,533
Non-restricted equity		596,849	625,906
Total equity, equity attributable to the parent company's shareholders		828,522	863,326
Total liabilities and equity		12,785,227	12,219,756

Contingent liabilities

In the first table (Table 1) the commitments have been categorised according to their contractual stage. In the second table (Table 2) commitments have been broken down by business area and contractual stage.

Table 1: Contingent liabilities according to the status of commitments

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	31 Dec 2021
Current drawn commitments (A+D+G)	7,137,743	5,716,253
Current undrawn commitments (B+E+F+H)	6,566,881	6,977,106
Offers given (C+I)	1,975,606	3,228,775
Contingent liabilities, total	15,680,229	15,922,133

Table 2: Contingent liabilities by business area

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	31 Dec 2021
Domestic operations		
A) Valid guarantees	1,814,755	2,056,102
B) Binding credit commitments	263,033	232,733
C) Guarantee offers	103,237	91,798
Domestic operations total	2,181,026	2,380,633
Export credit guarantees, special guarantees and export credit commitments		
Current commitments (drawn and undrawn)		
D) Drawn export and special guarantees, not included export loans	5,028,174	3,548,836
E) Undrawn export and special guarantees, not included export loans	2,419,282	2,179,804
F) The Group: undrawn export credits granted by the subsidiary (credit commitments)	3,755,812	4,506,524
G) Export and special guarantee interest commitments, drawn commitments)	294,814	111,314
H) Export and special guarantee interest commitments, undrawn commitments)	128,753	58,045
Offers given		
I) Export and special guarantees	1,872,369	3,136,977
Export credit guarantees, special guarantees and export credit commitments	13,499,204	13,541,500
Contingent liabilities, total	15,680,229	15,922,133

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

F) Credit commitments given by the subsidiary always involve an export credit guarantee granted by the parent company. The figure for the Group includes the unused credit arrangements (credit commitments) for export credits granted by Finnish Export Credit Ltd. The figure for the parent company consists of export credit guarantees that cover the credit risk for the credit commitments presented in the figure for the Group (liability for compensation to the subsidiary).

G) and H) Finnvera pays compensation for the interest included in guaranteed receivables for the amount fallen due, until the due date according to credit documents. If Finnvera pays the compensation before the due date, interest will be paid only until the compensation payment date. The Group interest commitment figures do not include group internal interest commitments to Finnish Export Credit Ltd.

Table 3: Liability for export credit guarantees calculated according to the Act on the State's Export Credit Guarantees¹

(EUR 1,000)	Finnvera plc	
	30 Jun 2022	31 Dec 2021
Liability according to the Act on the State's Export Credit Guarantees	18,644,571	19,194,867

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

¹ The total commitments of Finnvera's export credit guarantees and hedging arrangements may amount to EUR 38 billion (38 billion) at the maximum. The total export credits and ship credits granted by Finnvera's subsidiary Finnish Export Credit Ltd may amount to EUR 33 billion (33).

Table 4: Possible obligations according to IAS 37

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	31 Dec 2021
Possible obligation arising to cover losses of fund payment in accordance with The State Guarantee Fund Act	422,778	349,023

During the reporting period an additional amount of EUR 74 million possible obligation debt was booked, which relates to the the export credit guarantees and special guarantees and from which the repayment decision is made later in this year. The possible obligation will be returned to The State Guarantee Fund once the reserve for export credit guarantees and special guarantees has funds of at least EUR 829 million consisting of future profits.

Change in equity

(EUR 1,000)	Share capital	Share premium reserve	Fair value through OCI			Reserve for domestic operations	Reserve for export credit guarantees and special guarantees	Reserve for venture capital financing	Retained earnings	Total equity
			Fair value through OCI	Cash flow hedging	Change in the credit risk associated with liabilities carried at fair value					
30 Jun 2022										
Finnvera Group's equity 2020, equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	12,942	-13,968	-9,195	366,373	-	-	259,533	863,326
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	32,839	78,658	-	-111,496	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Change in credit risk associated with liabilities carried at fair value	-	-	-	-	2,098	-	-	-	-	2,098
Cash flow hedging	-	-	-	16,895	-	-	-	-	-	16,895
Change in fair value of investments recognised at fair value through comprehensive income	-	-	-23,589	-	-	-	-	-	-	-23,589
Change in ECL of investments recognised at fair value through comprehensive income	-	-	-1,151	-	-	-	-	-	-	-1,151
Profit/loss for the period	-	-	-	-	-	-	-	-	-29,057	-29,057
Total equity at 30 Jun	196,605	51,036	-11,798	2,927	-7,097	399,211	78,658	-	118,980	828,522
31 Dec 2021										
Finnvera Group's equity 2019, equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	15,719	-8,741	-978	282,241	828,911	15,252	-653,143	726,902
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	68,879	-828,911	-	760,031	-
Reversal of reserve for venture capital financing	-	-	-	-	-	15,252	-	-15,252	-	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	99	99
Change in credit risk associated with liabilities carried at fair value	-	-	-	-	-8,217	-	-	-	-	-8,217
Cash flow hedging	-	-	-	-5,227	-	-	-	-	-	-5,227
Change in fair value of investments recognised at fair value through comprehensive income	-	-	-798	-	-	-	-	-	-	-798
Change in ECL of investments recognised at fair value through comprehensive income	-	-	-1,978	-	-	-	-	-	-	-1,978
Profit/loss for the period	-	-	-	-	-	-	-	-	152,546	152,546
Total equity at 31 Dec	196,605	51,036	12,942	-13,968	-9,195	366,373	-	-	259,533	863,326

Statement of cash flows

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	30 Dec 2021
Cash flows from operating activities		
Withdrawal of loans granted	-334,770	-273,701
Repayments of loans granted	1,052,240	672,235
Purchase of investments	-	-1,684
Proceeds from investments	-	3,902
Interest income and interest expense, net	35,019	33,841
Net payments received (+) / paid (-) from commission income and expense	80,020	68,005
Payments received from other operating income	635	136
Payments for operating expenses	-24,896	-22,737
Claims paid (-) and recovered amounts (+)	-26,397	-14,755
Net credit loss compensation from the State	24,296	24,041
Net taxes paid	-9,717	-3,115
Net cash used in (-) / from (+) operating activities (A)	796,430	486,167
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-366	-1,671
Short-term and other liquid investments made	-2,398,409	-2,094,537
Proceeds and maturities of short-term and other liquid investments	2,323,377	2,155,755
Other investments	-	-135
Proceeds from other investments	-	1,673
Dividends received from investments	-	6
Net cash used in (-) / from (+) investing activities (B)	-75,398	61,092
Cash flows from financing activities		
Proceeds from long-term loans	-	-
Repayment of long-term loans	-	-51
Net proceeds (+) and repayments (-) of short-term loans	682 587	-
Payments of lease liabilities	-1 610	-1 869
Payments (-) / receipts (+) from derivative collaterals	-962 192	-265 880
Net cash used in (-) / from (+) financing activities (C)	-281 215	-267 800
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	439 817	279 459
Cash and cash equivalents at the beginning of the period¹	564 159	620 469
Foreign exchange differences ¹	9 519	6 619
Cash and cash equivalents at the end of the period¹	1 013 496	906 547

¹ Cash and cash equivalents comprise of cash and investment accounts held in credit institutions and deposits with a maturity less than 3 months. Cash and cash equivalents are included in the balance sheet line item Loans to and receivables from credit institutions -payable on demand and Loans to and receivables from credit institutions -investment accounts and deposits.

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	30 Jun 2021
Cash and cash equivalents at the end of the period		
Cash and investment accounts held in credit institutions	1,013,496	786,851
Short-term deposits	-	119,695
Total	1,013,496	906,547

Changes in liabilities arising from financing activities

(EUR 1,000)	Finnvera Group 2022						
	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 30 Jun 2022
Long-term liabilities to credit institutions	-	-	-	-	-	-	-
Short-term liabilities to credit institutions	-	493,212	-	-	-	-	493,212
Long-term liabilities to other institutions	74,583	-	-	-	-	-	74,583
Debt securities in issue	10,284,982	662,960	-483,737	-911,014	278,670	2,358	9,834,219
Security given for derivatives ¹	-	-679,540	-	-	-	-	-679,540
Security received for derivatives ²	370,440	-297,790	-	-	-	-	72,650
Total	10,730,006	178,842	-483,737	-911,014	278,670	2,358	9,795,124

(EUR 1,000)	Finnvera Group 2021						
	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 30 Jun 2021
Long-term liabilities to credit institutions	-	-	-	-	-	-	-
Short-term liabilities to credit institutions	-	-	-	-	-	-	-
Long-term liabilities to other institutions	74,583	-	-	-	-	-	74,583
Debt securities in issue	10,378,929	-	-	-231,076	67,325	1,558	10,216,736
Subordinated liabilities	15,867	-	-	-	-	-	15,867
Security given for derivatives ¹	-2,360	1,170	-	-	-	-	-1,190
Security received for derivatives ²	854,070	-267,050	-	-	-	-	587,020
Total	11,321,089	-265,880	-	-231,076	67,325	1,558	10,893,016

¹ Included in Prepayments and accrued income in the balance sheet

² Included in Accruals and deferred income in the balance sheet

1 Principles for drawing up the half-year report

Main accounting principles of the half-year report

The Finnvera Group consists of Finnvera plc and its subsidiary is Finnish Export Credit Ltd and in the period under review, Veraventure Ltd, which merged with the parent company on 31 July 2022. The financial statements of the Finnvera Group and the parent company Finnvera plc are drawn up according to the International Financial Reporting Standards (IFRS). The income statement is presented in accordance with the IAS 1 Presentation of Financial Statements standard.

The half-year report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard as adopted by the EU. The half-year report does not contain all the information and notes required by the IFRS standards (International Financial Reporting Standards). The accounting principles are presented in their entirety in the Group's previous year's financial statements (2021). The half-year report must be read in conjunction with the consolidated financial statements. The half-year report only contains information about the Group. The figures presented in the half-year report are rounded, so the sum of the individual figures presented may differ from the sum total presented. The key indicators have been calculated using precise values. The change in reporting standards and the interpretations that entered into force on 1 January 2022 had no significant impact on Finnvera's half-year report.

On 17 August 2022, Finnvera's Board of Directors approved the half-year report for the period 1 January–30 June 2022. The half-year report is unaudited.

The half-year report is published in Finnish and English. If there are discrepancies between different language versions, the Finnish

version of the half-year report shall apply. The Finnvera Group's report of the Board of Directors, financial statements and half-year report can be found on Finnvera's website at www.finnvera.fi/eng/annual-reports-and-financial-reports.

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

Drawing up the half-year report requires the management's judgment and assumptions that affect the income and expense amounts and the asset and liability items reported. The realised items may differ from these estimates. Russia's invasion of Ukraine and the resulting international sanctions have created unexpected business risks, such as several Russian banks being excluded from the SWIFT messaging system and various Russian companies being included on the sanctions list. In addition, the war has caused rising inflation, particularly in energy, fuel, food and fertiliser prices. Attempts have been made to control the rapid rise of inflation by increasing the key interest rates. The outlook for the global economy has changed from the positive prospects at the end of last year to a highly uncertain outlook. Last spring, the IMF estimated that the growth of global GDP will slow down to 3.6 per cent in 2022. In addition, the IMF expects inflation in developed countries to rise to 5.7 per cent this year. In developing countries, inflation is expected to be even higher.

At Finnvera, the essential assumptions and judgments concern the assessment of expected credit losses for clients' loan and other receivables, exposure for export credit guarantees and other guarantees, and export credits. Expected credit losses continue to constitute the most significant expense item in the income statement. Recording expected losses requires the management's judgment of calculation components affecting ECL calculation, such as credit loss probabilities (PIT–PD), macroeconomic scenarios and their weighting as well as the expected receivable-related cash flows, their timing and

the effective interest rate. Management's assessments related to the IFRS 9 standard are covered in more detail in the section Calculation of expected credit losses (ECL) in the Accounting Principles of the Annual Report and Financial Statements for 1 January–31 December 2021.

The judgments and the estimates made by the management related to the Group's accounting principles and key uncertainties made in connection with drawing up these financial statements have changed in terms of exposure in relation to Russia, while in other respects they are still in keeping with the assumptions in the previous financial statements. The management estimates that the risk associated with the Group's business operations and, consequently, with the expected credit losses has increased from the previous year's financial statements. As a result, the expected credit losses have increased by EUR 213 million since the beginning of this year.

Venture capital financing is no longer presented as its own segment but has since the beginning of the year been integrated into the figures of SMEs focusing on the domestic markets segment.

2 Segment information

2.1 Profit/Loss by segment

(EUR 1,000)	SME and midcap financing			Export financing		Venture capital financing	Total
	Locally operating small companies	SMEs focusing on the domestic markets ¹	SMEs seeking growth and internationalisation	Large corporates	Export credits		
Finnvera Group							
1–6/2022							
Net interest income	2,250	4,590	3,945	3,185	17,120	-	31,091
Net fee and commission income	4,462	10,657	11,602	73,165	7,512	-	107,399
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-	-	-	264	9,174	-	9,438
Net income from investments	-	-	-	-	-41	-	-41
Other operating income	434	1,540	2,671	69,198	0	-	73,843
Administrative expenses	-3,753	-6,340	-5,791	-6,901	-2,024	-	-24,810
Depreciation and amortisation on tangible and intangible assets	-498	-1,006	-768	-446	-120	-	-2,838
Other operating expenses	-39	-58	-45	-46	-12	-	-200
Realised credit losses and change in expected credit losses, net	-1,972	-2,125	-8,839	-203,787	87	-	-216,636
- Realised credit losses	-3,861	-8,628	-3,818	408	-42	-	-15,941
- Credit loss compensations from the State	2,984	6,924	2,331	-	-	-	12,239
- Change in expected credit losses (increase - / decrease +)	-1,095	-422	-7,351	-204,195	129	-	-212,934
Operating profit/loss	884	7,257	2,775	-65,367	31,697	-	-22,753
Income tax	-	-7	-	-	-6,297	-	-6,304
Profit/loss for the period	884	7,251	2,775	-65,367	25,400	-	-29,057
Finnvera Group							
1–6/2021							
Net interest income	2,575	5,576	4,493	654	13,451	27	26,775
Net fee and commission income	4,458	11,250	10,275	45,113	6,529	-1	77,625
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-	-	-	91	-3,388	828	-2,469
Net income from investments	-	-	-	-	251	-	251
Other operating income	2	16	8	53	0	-	79
Administrative expenses	-3,537	-6,062	-5,036	-6,037	-1,619	-91	-22,381
Depreciation and amortisation on tangible and intangible assets	-746	-1,565	-1,007	-1,005	-308	-	-4,630
Other operating expenses	-43	-57	-44	-44	-11	-	-198
Realised credit losses and change in expected credit losses, net	-1,195	-3,067	-5,388	-4,249	8,196	27	-5,676
- Realised credit losses	-3,617	-3,650	-7,424	533	-	-	-14,158
- Credit loss compensations from the State	2,880	2,905	5,120	-	-	-	10,905
- Change in expected credit losses (increase - / decrease +)	-458	-2,322	-3,084	-4,782	8,196	27	-2,423
Operating profit/loss	1,514	6,090	3,302	34,577	23,103	791	69,376
Income tax	-	-	-	-	-4,589	-253	-4,843
Profit/loss for the period	1,514	6,090	3,302	34,577	18,514	538	64,533

¹ Venture capital financing segment has been included in the SMEs focusing on the domestic markets segment since 1st Jan 2022.

2.2 Balance sheet by segment

(EUR 1,000)	SME and midcap financing			Export financing		Venture capital financing	Total
	Locally operating small companies	SMEs focusing on the domestic markets ¹	SMEs seeking growth and internationalisation	Large corporates	Export credits		
Finnvera Group							
1–6/2022							
Assets	115,865	341,204	216,534	-623,364	12,734,987	-	12,785,227
- of which loans to and receivables from credit institutions	10,800	44,100	18,000	100,000	877,589	-	1,050,488
- of which loans to and receivables from customers	91,950	254,580	187,195	-1,178,743	7,524,424	-	6,879,406
- of which investments	-	52	-	33,852	3,359,975	-	3,393,879
Liabilities	28,813	-99,024	98,672	-654,895	12,583,139	-	11,956,705
- of which debt securities in issue	-	-	-	-	9,834,219	-	9,834,219
- of which provisions	3,774	6,867	28,290	258,521	-	-	297,452
Equity	87,053	440,228	117,863	31,531	151,848	-	828,522
- of which restricted equity	-	159,660	67,818	17,589	-13,394	-	231,673
- of which non-restricted equity	87,053	280,568	50,045	13,942	165,242	-	596,849
Finnvera Group							
1–12/2021							
Assets	126,130	377,853	217,628	-594,743	12,075,300	17,588	12,219,756
- of which loans to and receivables from credit institutions	10,800	31,200	18,000	100,000	441,196	12,938	614,134
- of which loans to and receivables from customers	97,969	294,807	185,859	-1,065,961	7,891,377	-	7,404,051
- of which investments	-	13,723	-	20,182	3,288,908	-	3,322,812
Liabilities	39,962	1,179	101,727	-694,979	11,947,256	-38,715	11,356,431
- of which debt securities in issue	-	-	-	-	10,284,982	-	10,284,982
- of which provisions	3,152	6,723	24,432	171,065	-	-	205,372
Equity	86,168	376,463	115,911	100,226	128,043	56,514	863,326
- of which restricted equity	-	106,270	68,641	20,917	-11,799	53,390	237,420
- of which non-restricted equity	86,168	270,193	47,270	79,309	139,842	3,124	625,906

¹ Venture capital financing segment has been included in the SMEs focusing on the domestic markets segment since 1st Jan 2022.

3 Interest income by class of financial assets and liabilities¹

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	30 Jun 2021
Interest income on items carried at amortised cost	35,867	28,905
Interest income on items carried at fair value through OCI	5,188	4,496
Interest income on items carried at fair value through profit or loss	117,356	74,767
Total interest income	158,412	108,168

¹ The presentation of interest expenses and interest incomes has been changed and the comparative figures have been updated to reflect the new presentation method.

4 Fee and commission income and expenses by income statement items

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	30 Jun 2021
Fee and commission income from guarantees		
Export and credit guarantees and special guarantees	73,000	55,200
Domestic financing	23,173	20,664
Sub total	96,173	75,864
Delivery and handling fees		
Export and credit guarantees and special guarantees	3,873	1,015
Domestic financing	1,578	1,487
Sub total	5,450	2,502
Fee and commission income from loans		
Export loans	7,569	6,517
Commission income of domestic financing, loans	2,017	885
Sub total	9,585	7,402
Other fee and commission income		
Interest balancing, export credit guarantees and special guarantees	85	180
Other fee and commission income, domestic financing	131	288
Sub total	217	468
Grand total	111,426	86,236
Other commission expenses		
Reinsurance, export and credit guarantees and special guarantees	-3,677	-8,428
Borrowing	-10	-9
Payment transactions	-173	-174
Other fee and commission expenses	-167	0
Grand total	-4,027	-8,611
Net fee and commission income	107,399	77,625

5 Gains and losses from financial instruments carried at fair value through profit or loss and foreign exchange gains and losses

(EUR 1,000)	Finnvera Group			
	Dividends	Gains and losses from sales	Changes in fair value	Total
30 Jun 2022				
From financial instruments recognised through profit or loss				
Derivatives	-	-	-811,762	-811,762
Debt securities in issue	-	-	908,916	908,916
Investments in debt securities	-	-	-88,044	-88,044
Shares and participations	-	-	-	-
Total for financial instruments recognised through profit or loss	-	-	9,111	9,111
By categories of financial instruments, IFRS 9				
Items carried at amortised cost (fair value hedging)	-	-	775,766	775,766
Items carried at fair value through OCI (fair value hedging)	-	-	-84,696	-84,696
Items carried at fair value through profit and loss (fair value option)	-	-	129,802	129,802
Items carried at fair value through profit and loss (mandatory)	-	-	-811,762	-811,762
Total	-	-	9,111	9,111
Foreign exchange gains (+) and losses (-)				327
Total for financial instruments carried at fair value through profit or loss and foreign exchange gains and losses				9,438

(EUR 1,000)	Finnvera Group			
	Dividends	Gains and losses from sales	Changes in fair value	Total
30 Jun 2021				
From financial instruments recognised through profit or loss				
Derivatives	-	-	-230,100	-230,100
Debt securities in issue	-	-	234,593	234,593
Investments in debt securities	-	-	-7,874	-7,874
Shares and participations	6	1,187	-365	828
Total for financial instruments recognised through profit or loss	6	1,187	-3,746	-2,553
By categories of financial instruments, IFRS 9				
Items carried at amortised cost (fair value hedging)	-	-	188,901	188,901
Items carried at fair value through OCI (fair value hedging)	-	-	-7,375	-7,375
Items carried at fair value through profit and loss (fair value option)	-	-	45,192	45,192
Items carried at fair value through profit and loss (mandatory)	6	1,187	-230,465	-229,272
Total	6	1,187	-3,746	-2,553
Foreign exchange gains (+) and losses (-)				84
Total for financial instruments carried at fair value through profit or loss and foreign exchange gains and losses				-2,469

In the Group, Finnish Export Credit Ltd's business area is export credit financing operations. On the basis of a separate management agreement, the parent company takes care of funding and asset management related to export credit financing on behalf of Finnish Export Credit Ltd. In its financial statements, Finnvera plc recognises Finnish Export Credit Ltd's share of the change in the fair value of liabilities and derivatives either as a liability to or as a receivable from Finnish Export Credit Ltd, depending on the final outcome of the change, which means that this share of the change in the fair value of liabilities and derivatives comes to the consolidated financial statements from Finnish Export Credit Ltd's figures.

6 Expected credit losses (ECL)

6.1 Realised credit losses and change of expected credit losses, net

(EUR 1,000)	Finnvera Group	
	30 Jun 2022	30 Jun 2021
Total realised credit losses	-15,941	-14,158
- Loans	-2,170	-4,469
- Guarantees	-13,240	-9,189
- Export credit guarantees and special guarantees	-531	-500
Credit loss compensation from the State	12,239	10,905
Change in expected credit losses (ECL) decrease (+) / increase (-)	-212,934	-2,423
Expected credit losses at the beginning of the reporting period, gross	1,378,844	1,378,631
Expected credit losses at the end of the reporting period, gross	1,591,778	1,381,053
Total, net	-216,636	-5,676

6.2 Changes in expected credit losses

Financial assets (EUR 1,000)	Finnvera Group 30 Jun 2022			Finnvera Group 30 Jun 2021		
	ECL 31 Dec 2021	ECL 30 Jun 2022	Change in ECL	ECL 31 Dec 2020	ECL 31 Dec 2021	Change in ECL
Loans and receivables from credit institutions	-193	-229	-36	-701	-406	295
Investment accounts and deposits	-48	-31	17	-369	-110	259
Loans and receivables from customers	-1,169,220	-1,290,853	-121,633	-1,167,447	-1,171,960	-4,513
Debt securities	-791	-1,131	-340	-5,745	-813	4,932
Other assets	-94	-94	0	-132	-120	12
Prepayments and accrued income	-1,032	-1,046	-14	-851	-1,077	-226
Assets of disposal groups classified as held for sale	-	-	-	-4	-1	3
Change in expected credit losses: decrease (+) / increase (-)	-1,171,378	-1,293,384	-122,006	-1,175,250	-1,174,487	762
Financial liabilities (EUR 1,000)						
Provisions	-205,372	-297,452	-92,080	-199,309	-204,154	-4,845
Equity - Fair value	-2,094	-943	1,151	-4,072	-2,412	1,660
Change in expected credit losses: decrease (+) / increase (-)	-207,466	-298,394	-90,928	-203,381	-206,566	-3,185
Change in expected credit losses: decrease (+) / increase (-), net			-212,934			-2,423

6.3 Transfers of expected credit losses between stages

6.3.1 Transfers of expected credit losses between stages - Investments and receivables from credit institutions

(EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	2,036	-	-	2,036	10,765	-	-	10,765
Changes in ECL during the reporting period	20	-	-	20	30	-	-	30
Transfers to stage 1 from stages 2 and 3	-	-	-	-	-	-	-	-
Transfers to stage 2 from stages 1 and 3	-	-	-	-	-	-	-	-
Transfers to stage 3 from stages 1 and 2	-	-	-	-	-	-	-	-
Additions from stage 1	-	-	-	-	-	-	-	-
Additions from stage 2	-	-	-	-	-	-	-	-
Additions from stage 3	-	-	-	-	-	-	-	-
ECL from new receivables from credit institutions	2,179	-	-	2,179	3,710	-	-	3,710
Decrease of receivables from credit institutions	-1,182	-	-	-1,182	-8,125	-	-	-8,125
Change in PD parameters	-1,148	-	-	-1,148	-4,344	-	-	-4,344
ECL at the end of the period	1,905	-	-	1,905	2,036	-	-	2,036
Net change of ECL during the reporting period				-131				-8,729

6.3.2 Transfers of expected credit losses between stages - Loans and receivables from customers¹

(EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	677	1,127,386	43,374	1,171,436	434	1,126,512	41,607	1,168,554
Changes in ECL during the reporting period	6,873	240,523	1,988	249,384	-334	-667	-2,438	-3,439
Transfers to stage 1 from stages 2 and 3	-	1,762	-58	1,704	-	-519	-78	-597
Transfers to stage 2 from stages 1 and 3	-755	-	-381	-1,135	-213	-	-125	-338
Transfers to stage 3 from stages 1 and 2	-77	-496	-	-574	-165	-569	-	-734
Additions from stage 1	-	28,324	932	29,256	-	833	3,695	4,528
Additions from stage 2	50	0	1,317	1,366	56	-	2,048	2,104
Additions from stage 3	39	92	-	131	16	24	-	40
ECL from new finances	481	1,681	7,536	9,697	1,561	2,139	5,675	9,376
Repayments/Expirations of guarantees	-1,930	-283,257	-4,055	-289,242	-460	-312	-6,951	-7,723
Change in PD parameters	-666	-76,885	-	-77,551	-316	-63	0	-379
Change in State's credit loss compensation rate	-	-	-	-	3	6	35	45
ECL at the end of the period	4,691	1,039,129	50,653	1,094,473	583	1,127,386	43,467	1,171,436
Net change of ECL during the reporting period				-76,963				2,882

¹ The table includes domestic finance loans, guarantee receivables, receivables from export credit and special guarantee operations, interest receivables, fee and commission receivables, debt securities, Veraventure Ltd's trade receivables of venture capital investments and Finnish Export Credit Ltd's drawn export credits.

6.3.3 Transfers of expected credit losses between stages - Provisions

(EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	40,291	137,648	27,433	205,372	35,749	138,616	24,944	199,309
Changes in ECL during the reporting period	2,881	232,378	137,696	372,955	-1,922	-514	-241	-2,677
Transfers to stage 1 from stages 2 and 3	-	1,085	-87	998	-	-989	-	-989
Transfers to stage 2 from stages 1 and 3	-1,472	-	-23	-1,495	-485	-	-72	-557
Transfers to stage 3 from stages 1 and 2	-236	-61	-	-298	-193	-94	-	-288
Additions from stage 1	-	47,188	4,905	52,094	-	1,653	2,112	3,765
Additions from stage 2	139	-	227	366	149	-	312	461
Additions from stage 3	4	6	-	9	-	6	-	6
ECL from new finances	10,881	257	1,415	12,554	15,807	68	899	16,774
Repayments/Expirations of guarantees	-21,159	-88,892	-26,223	-136,274	-10,074	-1,042	-521	-11,637
Change in PD parameters	-1,073	-9,807	-	-10,880	913	-256	-	657
Change in State's credit loss compensation rate	-	-	-	-	347	200	1	548
ECL at the end of the period	30,255	319,801	145,343	495,399	40,291	137,648	27,433	205,372
Net change in ECL during the reporting period				290,027				6,063

6.4 Distribution of capital by credit ratings

6.4.1 Loans and receivables from credit institutions by credit ratings and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	622,940	-	-	622,940	379,801	-	-	379,801
AA	1,893,026	-	-	1,893,026	1,936,327	-	-	1,936,327
A	1,402,800	-	-	1,402,800	1,210,543	-	-	1,210,543
BBB	345,049	-	-	345,049	211,072	-	-	211,072
BB	37,253	-	-	37,253	36,442	-	-	36,442
B	-	-	-	-	-	-	-	-
CCC	-	-	-	-	-	13,773	-	13,773
D	-	-	-	-	-	-	-	-
No credit rating	-	-	-	-	-	-	-	-
Total	4,301,068	-	-	4,301,068	3,774,185	13,773	-	3,787,958
Expected credit loss	1,905	-	-	1,905	2,036	-	-	2,036

6.4.2 Loans and receivables from customers by credit ratings and expected credit losses¹

Credit rating (EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	-	-	-	-
AA	534	-	-	534	358	-	-	358
A	3,191	3	82	3,277	6,899	57	188	7,143
BBB	2,500,821	42	235	2,501,098	2,783,871	230	641	2,784,742
BB	691,727	12,622	1,185	705,534	757,498	7,307	8,913	773,717
B	242,783	4,620,720	12,307	4,875,810	217,691	4,387,376	13,289	4,618,356
CCC	9,660	476,037	3,402	489,099	14,636	194,935	3,911	213,481
D	1,779	4,166	153,085	159,030	1,329	2,554	122,108	125,990
No credit rating	4,698	-	-	4,698	26,731	-	-	26,731
Total	3,455,193	5,113,591	170,297	8,739,081	3,809,013	4,592,459	149,048	8,550,520
Expected credit loss	4,691	1,039,129	50,653	1,094,473	583	1,127,386	43,467	1,171,436

¹ The table includes SME loans, guarantee receivables, receivables from export credit and special guarantee operations, interest receivables, fee and commission receivables, debt securities, Veraventure Ltd's trade receivables of venture capital investments and Finnish Export Credit Ltd's drawn export credits.

6.4.3 Off-balance sheet items by credit rating and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 30 Jun 2022				Finnvera Group 31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	-	-	-	-
AA	12,690	-	-	12,690	14,395	-	-	14,395
A	38,838	-	-	38,838	42,357	-	-	42,357
BBB	2,322,068	-	-	2,322,068	1,812,775	-	-	1,812,775
BB	2,435,742	-	-	2,435,742	2,548,735	19,373	-	2,568,108
B	1,874,194	726,196	-	2,600,390	1,401,975	894,393	-	2,296,368
CCC	44,525	1,888,135	-	1,932,660	247,428	924,450	-	1,171,878
D	285	988	282,582	283,855	382	2	107,885	108,269
No credit rating	20,275	5,260	-	25,535	72,662	42,835	-	115,497
Total	6,748,616	2,620,579	282,582	9,651,777	6,140,708	1,881,052	107,885	8,129,646
Expected credit loss	30,255	319,801	145,343	495,399	40,291	137,648	27,433	205,372

6.5 Expected credit losses in balance sheet

Assets (EUR 1,000)	Finnvera Group 30 Jun 2022			Finnvera Group 31 Dec 2021		
	Gross	ECL	Net	Gross	ECL	Net
Loans and receivables from credit institutions	954,474	-229	954,245	526,082	-193	525,889
Investment accounts and deposits	96,274	-31	96,243	88,293	-48	88,245
Loans and receivables from customers	8,170,259	-1,290,853	6,879,406	8,573,271	-1,169,220	7,404,051
Debt securities	3,381,287	-1,131	3,380,157	3,309,881	-791	3,309,090
Other assets	440,396	-94	440,302	379,259	-94	379,165
Prepayments and accrued income	811,442	-1,046	810,396	118,722	-1,032	117,690
Total	13,854,133	-1,293,384	12,560,749	12,995,508	-1,171,378	11,824,130
Liabilities (EUR 1,000)						
Provisions		-297,452			-205,372	
Equity - Fair value		-943			-2,094	
Total		-298,394			-207,466	

7 Financial instruments classification and fair values

Group, IFRS 9

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss		Fair value through OCI	Total	Fair value ¹
		Mandatorily	Designated at fair value through profit or loss (Fair value option)			
30 Jun 2022						
Loans to and receivables from credit institutions	1,050,488	-	-	-	1,050,488	1,051,520
Loans to and receivables from customers	6,848,308	-	-	31,098	6,879,406	6,996,536
Investments in debt securities – Short term debt securities	1,015,615	-	-	-	1,015,615	1,015,615
Investments in debt securities – Bonds	-	-	132,818	2,231,619	2,364,437	2,364,437
Derivatives	-	199,190	-	-	199,190	199,190
Other shares and participations	-	13,723	-	-	13,723	13,723
Assets of disposal groups classified as held for sale	1,211,792	-	-	-	1,211,792	1,211,792
Other financial assets	10,126,203	212,912	132,818	2,262,717	12,734,650	12,852,812
Total						

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss		Fair value through OCI	Total	Fair value ¹
		Mandatorily	Designated at fair value through profit or loss (Fair value option)			
31 Dec 2021						
Loans to and receivables from credit institutions	614,134	-	-	-	614,134	615,484
Loans to and receivables from customers	7,361,372	-	-	42,679	7,404,051	7,558,578
Investments in debt securities – Short term debt securities	1,005,870	-	-	-	1,005,870	1,005,870
Investments in debt securities – Bonds	-	-	136,240	2,166,980	2,303,220	2,303,220
Derivatives	-	370,910	-	-	370,910	370,910
Other shares and participations	-	13,723	-	-	13,723	13,723
Other financial assets	443,643	-	-	-	443,643	443,643
Total	9,425,019	384,632	136,240	2,209,659	12,155,550	12,311,427

¹ The fair values for receivables that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term receivables has been set at their carrying amount due to their short maturity. The fair value of long-term receivables is based on discounted cash flows (Level 2).

Group, IFRS 9 Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss		Total	Fair value ¹
		Mandatorily	Fair value option		
30 Jun 2022					
Liabilities to credit institutions	493,212	-	-	493,212	493,212
Liabilities to other institutions	74,583	-	-	74,583	76,771
Debt securities in issue	7,554,700	-	2,279,519	9,834,219	9,840,060
Derivatives	-	727,120	-	727,120	727,120
Other financial liabilities	236,644	-	-	236,644	236,644
Total	8,359,139	727,120	2,279,519	11,365,778	11,373,807

Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss		Total	Fair value ¹
		Mandatorily	Fair value option		
31 Dec 2021					
Liabilities to other institutions	74,583	-	-	74,583	79,918
Debt securities in issue	7,897,102	-	2,387,880	10,284,982	10,290,624
Derivatives	-	35,278	-	35,278	35,278
Subordinated liabilities	464,874	-	-	464,874	464,874
Total	8,436,559	35,278	2,387,880	10,859,717	10,870,694

¹ The fair values for liability items that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term liabilities has been set at their carrying amount due to their short maturity. The fair value of long-term liabilities is based on discounted cash flows (Level 2). The fair values of bonds in issue that are covered by hedge accounting are based on the prices at the closing of the financial period, determined by a third party (Level 2).

Fair value measurement principles for items carried at fair value

1. Debt securities

The fair values of debt securities are based on the prices at the closing of the financial period, determined by a third party pricing source, or on the value discounted using the market interest rate at the closing of the financial period.

2. Derivatives

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

3. Other shares and participations

Group's other shares and participations include EUR 13.7 million (13.7) in investments in unlisted companies outside the Group. The measurement of the shares is presented at acquisition cost, which, according to the Group's estimate, equals the fair value of the shares.

4. Financial liabilities at fair value through profit or loss

The fair values of bonds in issue that fall outside hedge accounting are based on the prices at the closing of the financial period, determined by a third party pricing source.

8 Hierarchy for financial instruments carried at fair value

(EUR 1,000)	Finnvera Group			Total
	Level 1	Level 2	Level 3	
Financial assets 30 Jun 2022				
Financial instruments carried at fair value through profit and loss				
- Investments in debt securities – Bonds	-	132,818	-	132,818
- Derivatives	-	199,190	-	199,190
- Other Shares and participations	-	-	13,723	13,723
- Assets of disposal groups held for sale	-	-	-	-
Financial instruments carried at fair value through other comprehensive income (OCI)				
- Loans to and receivables from customers - debt securities	-	31,098	-	31,098
- Investments in debt securities – Bonds	-	2,231,619	-	2,231,619
Total	-	2,594,725	13,723	2,608,447
Financial liabilities 30 Jun 2022				
Financial instruments carried at fair value through profit and loss				
- Debt securities in issue	-	2,279,519	-	2,279,519
- Derivatives	-	727,120	-	727,120
Total	-	3,006,638	-	3,006,638
Financial assets 31 Dec 2021				
Financial instruments carried at fair value through profit and loss				
- Investments in debt securities – Bonds	-	136,240	-	136,240
- Derivatives	-	370,910	-	370,910
- Other Shares and participations	-	-	13,723	13,723
Financial instruments carried at fair value through other comprehensive income (OCI)				
- Loans to and receivables from customers - debt securities	-	42,679	-	42,679
- Investments in debt securities – Bonds	-	2,166,980	-	2,166,980
Total	-	2,716,808	13,723	2,730,531
Financial liabilities 31 Dec 2021				
Financial instruments carried at fair value through profit and loss				
- Debt securities in issue	-	2,387,880	-	2,387,880
- Derivatives	-	35,278	-	35,278
Total	-	2,423,158	-	2,423,158

The table shows financial instruments that are measured at fair value on a recurring basis. The fair values of financial assets and liabilities measured at amortised cost and their fair value hierarchy levels are presented in Note 9.

Hierarchy

Level 1

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

Level 2

The fair values of interest rate and currency swaps and currency futures are specified using a method based on the current value of cash flows, in which the market interest rates on the end date of the period and other market information serve as the accounting principle. The fair values of bonds in issue that fall outside hedge accounting are based on the prices at the closing of the financial period, determined by a third party. The fair values of investments in bonds are based on the prices at the closing of the financial period, determined by a third party, or on the value discounted using the market interest rate at the closing of the financial period.

Level 3

Other shares and participations in unlisted companies outside the Group are measured at acquisition cost, which, according to the Group's estimate, equals the fair value of the shares.

Transfers between Level 1 and 2

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

9 Specification of events at hierarchy level 3

LEVEL 3, Financial assets (EUR 1,000)	Finnvera Group	
	30 Jun 2022	31 Dec 2021
Financial assets carried at fair value		
Balance at 1 Jan 1	13,723	59,130
Profits and losses recognised in the income statement, total	-	1,915
Acquisitions	-	1,968
Sales	-	-17,588
Other	-	-31,702
Balance at end of period	13,723	13,723
Profits and losses recognised in the income statement for the instruments held by the Group/Finnvera plc	-	-400

10 Liabilities to credit and other institutions

(EUR 1,000)	Finnvera Group 2022	
	Nominal value	Carrying amount
Liabilities to credit and other institutions		
1 Jan 2022	74,583	74,583
Loans withdrawn	493,212	493,212
Repayments	-	-
Net proceeds (+) and repayments (-) of short-term loans 1	-	-
Early repayments	-	-
Fair value changes	-	-
Foreign exchange differences	-	-
30 June 2022	567,795	567,795

(EUR 1,000)	Finnvera Group 2021	
	Nominal value	Carrying amount
Liabilities to credit and other institutions		
1 Jan 2021	74,583	74,583
Loans withdrawn	-	-
Repayments	-	-
Net proceeds (+) and repayments (-) of short-term loans 1	-	-
Early repayments	-	-
Fair value changes	-	-
Foreign exchange differences	-	-
31 Dec 2021	74,583	74,583

1 The gross amounts of short-term liabilities are presented in the notes of the cash flow statement.

11 Debt securities in issue

Issuer and ISIN (EUR 1,000)	Interest	Nominal (thousands)	Currency	Issue date	Maturity date	Finnvera plc/ Finnvera Group Carrying amount	
						30 Jun 2022	31 Dec 2021
Finnvera plc - XS1951364915	2.800%	30,000	AUD	14.2.2019	14.8.2029	17,848	20,033
Finnvera plc - XS1951364915	2.800%	30,000	AUD	13.11.2019	14.8.2029	17,848	20,033
Finnvera plc - XS1294518318	0.625%	1,000,000	EUR	22.9.2015	22.9.2022	1,002,080	1,009,030
Finnvera plc - XS1392927072	0.500%	1,000,000	EUR	13.4.2016	13.4.2026	954,911	1,018,678
Finnvera plc - XS1613374559	1.125%	750,000	EUR	17.5.2017	17.5.2032	681,979	811,681
Finnvera plc - XS1613374559	1.125%	100,000	EUR	3.7.2017	17.5.2032	90,931	108,224
Finnvera plc - XS1613374559	1.125%	150,000	EUR	6.9.2017	17.5.2032	136,396	162,336
Finnvera plc - XS1791423178	1.250%	1,000,000	EUR	14.3.2018	14.7.2033	912,713	1,107,984
Finnvera plc - XS1904312318	0.750%	500,000	EUR	7.11.2018	7.8.2028	469,090	522,558
Finnvera plc - XS1979447064	0.375%	1,000,000	EUR	9.4.2019	9.4.2029	902,746	1,018,315
Finnvera plc - XS2230845328	0.000%	1,000,000	EUR	15.9.2020	15.9.2027	909,640	995,383
Finnvera plc - XS1538285807	1.910%	1,500,000	SEK	20.12.2016	20.12.2028	129,911	153,156
Finnvera plc - XS1538285807	1.910%	1,500,000	SEK	23.1.2017	20.12.2028	129,911	153,156
Finnvera plc - XS1538285807	1.910%	500,000	SEK	23.1.2017	20.12.2028	43,304	51,052
Finnvera plc - XS1241947768	2.375%	500,000	USD	4.6.2015	4.6.2025	470,665	459,154
Finnvera plc - XS1845379152	3.000%	1,000,000	USD	27.6.2018	27.6.2023	959,036	910,867
Finnvera plc - XS2068940753	1.625%	1,000,000	USD	23.10.2019	23.10.2024	924,277	890,198
Finnvera plc - XS2401591800	1.125%	1,000,000	USD	27.10.2021	27.10.2026	888,739	873,144
Total						9,642,024	10,284,982

ECP loan programme

Issuer and ISIN (EUR 1,000)	Nominal (thousands)	Currency	Issue date	Maturity date	Finnvera Group Carrying amount	
					30 Jun 2022	31 Dec 2021
Finnvera plc - XS2479328796	25,000,000	USD	9.5.2022	14.7.2022	24,058	-
Finnvera plc - XS2491169046	50,000,000	USD	10.6.2022	12.9.2022	47,986	-
Finnvera plc - XS2495126216	100,000,000	USD	21.6.2022	25.7.2022	96,164	-
Finnvera plc - XS2498452130	25,000,000	USD	30.6.2022	31.8.2022	23,987	-
Total					192,195	-

Finnvera Group 2022		
(EUR 1,000)	Nominal value	Carrying amount
Debt securities in issue		
Debt 1 Jan 2022	9,970,113	10,284,982
Debt securities issued	663,523	662,960
Repayments at maturity	-483,737	-483,737
Fair value changes	-	-911,014
Foreign exchange differences	278,172	278,670
Other changes	-	2,358
Debt 30 Jun 2022	10,428,071	9,834,219
Average interest rate ¹		0.5503%
Finnvera Group 2021		
(EUR 1,000)	Nominal value	Carrying amount
Debt securities in issue		
Debt 1 Jan 2021	9,673,873	10,378,929
Debt securities issued	860,807	855,109
Repayments at maturity	-750,000	-750,000
Fair value changes	-	-394,906
Foreign exchange differences	185,433	192,500
Other changes	-	3,350
Debt 31 Dec 2021	9,970,113	10 284 982
Average interest rate ¹		-0.2178%

¹ The average interest rate is calculated as an average interest rate for all interest-bearing loans.

Liabilities have been measured at fair value through profit and loss (FVTPL) when they have been hedged with derivatives (fair value option). Liabilities under hedge accounting are carried at amortised cost and adjusted for the change in interest rate risk. An amount equaling the nominal value of a liability is repaid at the maturity date. The credit risk portion of the change in fair value of the FVTPL liabilities is based on market data. The liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

12 Key financial performance indicators and formulas for the key indicators

	Finnvera Group	
	30 Jun 2022	31 Dec 2021
Equity ratio, %	6.5	7.1
Expense-income ratio, %	18.8	23.5

Formulas for the key indicators

Equity ratio, %	$\frac{\text{equity} + \text{minority share} + \text{accumulated appropriations} - \text{deducted by the deferred tax liability}}{\text{balance sheet total}} \times 100$
Expense-income ratio, %	$\frac{\text{operational expenses} + \text{depreciation, amortisation and impairment on tangible and intangible assets} + \text{other operating expenses}}{\text{net interest income} + \text{net fee and commission income} + \text{gains and losses from financial instruments carried at fair value through profit and loss} + \text{foreign exchange gains and losses} + \text{net income from investments} + \text{other operating income excl. fund payment from The State Guarantee Fund}} \times 100$



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

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