Finnvera Q4/2014 and Financial Statements 2014

FINNVERA

Financial Statements of the Finnvera Group for the fourth quarter and 1 January–31 December 2014

Finnvera's possibilities to provide financing improved markedly

The Finnish financial market was marked by diffuse economic prospects and the effects of tightening bank regulation, which were felt, in particular, in the credit terms and credit margins of the weakest borrowers. Demand for financing focused heavily on working capital, and there were very few investment projects. The government greatly improved Finnvera's possibilities to provide public financing.

The Group's financial trend

The Finnvera Group's profit for the year 2014 was EUR 101 million, or 27 million euros more than the year before (75 million). The main factor improving the performance was the decrease of 47 per cent in impairment losses on receivables and in guarantee losses, totalling EUR 34 million (64 million). In addition, financial performance was improved by the reduction of administrative expenses by 5 per cent, to EUR 41 million (43 million) and the increase of 3 per cent in the net value of fee and commission income and expenses, totalling EUR 138 million (134 million). Correspondingly, the performance was encumbered, among other factors, by the lower net interest income, EUR 52 million (56 million), due to a fall in interest levels and in the amount of outstanding credits in SME financing. Moreover, losses on venture capital investments and on the recognition of derivatives and liabilities at fair value totalled EUR 10 million (2 million). The financial performance of the parent company, Finnvera plc, in 2014 came to EUR 94 million (69 million).

The Group's operating profit amounted to EUR 102 million (75 million) and was broken down as follows: EUR 6 million for SME financing (7 million) and EUR 104 million for export financing (74 million). The operating profit from venture capital investments was EUR 7 million in the red (5 million).

The Finnvera Group's profit for the last quarter of 2014 was EUR 25 million, or clearly less than for the third quarter (42 million). The main factors affecting the smaller profit were the impairment losses on receivables and guarantee losses, which nearly doubled and were EUR 19 million more than in the third quarter.

Within the past few years, Finnvera's outstanding commitments and their risk levels have risen significantly. However, in 2014 the outstanding commitments for SME financing fell and the risk level did not rise any longer. The outstanding commitments for export financing increased in 2014 but, as in the case of SME financing, the risk level did not rise. Nevertheless, the risk levels are still high, as evidenced by the considerable impairment losses and guarantee losses in SME financing in recent years, even though the impairment losses on receivables and guarantee losses in 2014 were below the figures for 2013. In export financing, no major losses have been recorded in recent years or in 2014. The estimated provisions for losses in export financing were reduced in 2014 when compared against the provisions for losses in the financial statements for 2013.

The extent and risk level of Finnvera's outstanding commitments will have a significant impact on its financial performance and long-term economic self-sustainability in the coming years. In examining the financial performance, it is important to note that, at the end of December 2014, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 12.6 billion and the commitments for credits and guarantees in SME financing, as well as guarantee receivables, stood at EUR 2.4 billion. Seen against these commitments, the net profit building a loss buffer on the balance sheet is now about 0.7 per cent at the annual level and the equity 6 per cent.

Finnvera Group Financial performance	**Q4/2014 MEUR**	**Q3/2014 MEUR**	**Change MEUR**	**Change %**	**Q4/2013 MEUR**	**Change MEUR**	**2014 MEUR**	**2013 MEUR**	**Change MEUR**	**Change %**
Net interest income	10	14	–5	–32	15	–5	52	56	–4	–7
Fee and commission income and expenses (net)	35	33	2	7	37	–2	138	134	4	3
Gains/losses from items carried at fair value	4	–6	–10	–156	1	2	–10	–2	8	496
Administrative expenses	–11	–8	3	35	–12	0	–41	–43	–2	–5
Impairment losses, guarantee losses	–9	10	19	190	–35	–26	–34	–64	–30	–47
Loans and domestic guarantees	–26	–38	–11	–30	–31	–5	–105	–101	5	4
Credit loss compensation from the State	18	23	–4	–19	7	11	64	48	16	33
Export credit guarantees and special guarantees	–1	25	26	103	–11	–10	8	–11	–19	–173
Operating profit	27	41	–15	–36	4	23	102	75	27	36
Profit for the period	25	42	–17	–41	3	22	101	75	27	36

The group's key figures on 31 December 2014 (31 December 2013)

- Capital adequacy, Tier2 18.6% (16.9)
- Cost/income ratio 25.7% (27.0)
- Equity ratio 14.4% (18.4)

Outlook for financing

The U.S. economy has got a foothold on the growth path, but economic growth in the euro area is stagnating. In Russia, the sanctions focusing on the country's economy, the falling oil prices and the change in the political direction caused financial difficulties for the country in late 2014.

The situation will affect the demand for Finnvera's export financing and the company's risk position in an essential way if the current uncertain political and financial situation continues. Finnvera's financing plays an increasingly central role in the conclusion of export transactions. Despite this, it is expected that the demand for export financing will decrease further from the previous year, as uncertainty keeps the volume of investments small. Finnvera's possibilities to provide financing for large enterprises' domestic projects intended for exports will become concrete when Finnvera can participate in investment projects undertaken by the export industry in Finland.

The slow economic growth and the low investment level will keep the demand for SME financing moderate in 2015. However, according to Finnvera's estimate, the new mandates received by the company and, for its part, the regulation of banks may increase the overall level of demand. Most financing needs are still associated with working capital.

The uncertainty of the economy makes it difficult to predict financial performance. The materialisation of large individual export credit guarantee claims may considerably weaken the projected situation. According to the current estimate, the Finnvera Group's financial performance for 2015 is likely to be somewhat weaker than that for 2014.

CEO Pauli Heikkilä:

"The government greatly improved Finnvera's possibilities to provide public financing. Thanks to the amendments made to legislation and commitments, we can increase our risk-taking in both SME financing and export financing. Financing through bonds, guaranteeing large enterprises' domestic investments relating to exports, and the possibility to provide financing for enterprises larger than the SME definition applied by the EU, diversified our selection of means. Once the bill on the refinancing guarantee is passed, we can state that, in terms of authorisations and financial instruments, we are on the same level as our principal reference countries, such as Sweden and Germany.

One of our goals is to identify growth companies and encourage them to grow internationally. With respect to enterprises operating on the domestic market, our principle is to share risks so that a bank or some other private provider of financing, such as an insurance company, is the principal source of financing. In particular, we focus our financing on situations of change within companies and on the financing needed by start-up enterprises during establishment. We continue our efforts to ensure that our financing has the maximum impact and is allocated to the most important uses in view of industrial policy.

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Finnvera publishes its Annual Report for 2014 as an electronic document on the company's website in the week 11 in Finnish, English and as a summary in Swedish. The Annual Report also includes the Corporate Responsibility Report.

Finnvera Group

Q4/2014 and Financial Statements 1 January–31 December 2014

Contents

In addition to the parent company, Finnvera plc, the Finnvera Group is comprised of the following subsidiaries: Seed Fund Vera Ltd and Veraventure Ltd, which are engaged in venture capital investments; and Finnish Export Credit Ltd, which provides export credits and export financing based on withholding tax agreements and administers interest equalisation.

Report of the Board of Directors

During the early 2014, expectations for the global economy turned into disappointments, with the exception of the upswing in the U.S. economy towards the end of the year. China's growth fell short of the pace of the past few years, nor was any light visible in the economies of the other BRIC countries. Europe struggled not only with the prolonged impacts of the credit crisis but also with the consequences of the Ukrainian crisis and the decline of the Russian economy. No hoped-for turn for the better was seen in Finland, either, despite some encouraging investment plans in the forest industry.

The Finnish financial market was marked by diffuse economic prospects and the effects of tightening bank regulation, which were felt, in particular, in the credit terms and credit margins of the weakest borrowers. Demand for financing focused heavily on working capital, and there were very few investment projects. In the public debate, problems in the availability of credit were given as the reason for the sluggishness of the economy, but it is evident that at least equally important reasons were the weakened competitiveness of enterprises and the low levels of demand and investments. Owing to these circumstances, many requirements were set for the smooth functioning of public financing.

During the past year, Finnvera worked hard to develop its services. The Government introduced significant increases in the maximum sums regulating Finnvera's financing, and added the company's potential for risk-taking. Important initiatives included a number of new forms of financing that support domestic investments aiming for exports, speed up the development of bond markets and also channel long-term financing to enterprises larger than SMEs. Finnvera's strategic priority, i.e. financing for growth, competitiveness and internationalisation, constitutes the core of all new initiatives.

Finnvera revised its business model and organisation in order to accelerate the effective implementation of its strategy. The regional organisation was revised and new national functions were established: the Service Centre, the Team for Growth and Internationalisation Financing, and the Credit Decision Unit. The business model revolves around three themes: measures to strengthen active customer work; more efficient service processes; and raising the services for growing and internationalising enterprises to the front line. The reform is one of the most important development steps in the company's history.

Finnvera intensified cooperation with the Team Finland network at various levels in the sphere of financing for enterprises seeking growth through internationalisation. The 'We Got Courage' event organised by Finnvera, Finpro, Tekes and the Ministry for Foreign Affairs toured in over ten localities. The aim of the tour was to give enterprises a comprehensive account of the range of services provided by these actors so that enterprises would know how to utilise these services if needed. The search for joint premises was an important project: In autumn 2016, Finpro, Finnvera and Tekes will move to a property located in Ruoholahti, Helsinki.

Finnvera received new tasks

On 12 June 2014, the Government authorised Finnvera to subscribe bonds issued by enterprises meeting the EU's definition of an SME, between 1 July 2014 and 31 December 2017. In late 2014, this authorisation was expanded, and since the beginning of 2015, Finnvera has been able to finance enterprises that are larger than the EU's definition of an SME, up to a turnover of EUR 300 million. The subscriptions are implemented at market price, and their total maximum sum is EUR 600 million.

Large Finnish industrial enterprises will be able to receive export credit guarantees for long-term credits granted by banks for domestic investments in machinery or equipment. The projects must create export industry or bring benefit to it. The legislative amendment entered into force on 1 September 2014. Finnvera can now participate in financing arrangements for investments made in Finland and benefiting exports. This improves Finnish companies' equal competitive standing when offering their products for export-industry investments implemented in Finland.

As of the beginning of 2015, Finnvera can also finance enterprises larger than SMEs. There are market failures in the financing of medium-sized enterprises as well, and it is important from the perspective of industrial policy that enterprises grow bigger.

Authority was raised

Finnvera received substantially more authority for export financing during the period under review. The maximum amount of export credit guarantees rose to EUR 17 billion and the maximum amount for financing export credits to EUR 7 billion. The amendments entered into force on 1 July 2014. Owing to the raised authority, Finnvera has better possibilities to supplement the private financial markets with respect to financing arrangements for both SMEs and export transactions requiring long-term financing.

The maximum amount of the State guarantee related to Finnvera's acquisition of funds was raised from EUR 5 billion to EUR 9 billion.

Finnvera's risk-taking was increased

The Government raised the State's share of Finnvera's potential credit and guarantee losses. On 1 July 2014 the compensation outside assisted areas I and II, or mostly in Southern Finland, increased from the previous 40 per cent to 55 per cent. This change enables Finnvera to increase its risk-taking in the financing of enterprises located outside the assisted areas.

Credit and guarantee policies were revised

On the basis of the changes made to legislation and authority, Finnvera revised its credit and guarantee policies to be increasingly better equipped to meet enterprises' financing needs. Finnvera can increase risk-taking, particularly in the financing of starting, growing and internationalising enterprises. Whenever necessary, Finnvera can participate in the financing of enterprises' investments by applying repayment periods that are longer than a bank's maturity. In certain situations, Finnvera can also grant completely unsecured financing to enterprises. Enterprise projects that create innovations or bring export revenues may receive larger shares of their financing from Finnvera; it is hoped that this will encourage them to revitalise and grow their business. The guarantee policy also takes growing and internationalising enterprises into account better than before. In projects undertaken by these enterprises, Finnvera can stress their importance to the SME exporter at the same time as it assesses the risk arisen from the counterparty.

The Group's financial trend

The Finnvera Group in January–December 2014

The Finnvera Group's profit for the year 2014 was EUR 101 million, or 27 million euros more than the year before (75 million). The main factor improving the performance was the decrease of 47 per cent in impairment losses on receivables and in guarantee losses, totalling EUR 34 million (64 million). In addition, financial performance was improved by the reduction of administrative expenses by 5 per cent, to EUR 41 million (43 million) and the increase of 3 per cent in the net value of fee and commission income and expenses, totalling EUR 138 million (134 million). Correspondingly, the performance was encumbered, among other factors, by the lower net interest income, EUR 52 million (56 million), due to a fall in interest levels and in the amount of outstanding credits in SME financing. Moreover, losses on venture capital investments and on the recognition of derivatives and liabilities at fair value totalled EUR 10 million (2 million).

The Group's operating profit amounted to EUR 102 million (75 million) and was broken down as follows: EUR 6 million for SME financing (7 million) and EUR 104 million for export financing (74 million). The operating profit from venture capital investments was EUR 7 million in the red (5 million). The operating profit from the financing of export credits accounted for EUR 10 million of the operating profit for export financing (0.6 million).

Within the past few years, Finnvera's outstanding commitments and their risk levels have risen significantly. However, in 2014 the outstanding commitments for SME financing fell and the risk level did not rise any longer. The outstanding commitments for export financing increased in 2014 but, as in the case of SME financing, the risk level did not rise. Nevertheless, the risk levels are still high, as evidenced by the considerable impairment losses and guarantee losses in SME financing in recent years, even though the impairment losses on receivables and guarantee losses in 2014 were below the figures for 2013. In export financing, no major losses have been recorded in recent years or in 2014. The estimated provisions for losses in export financing were reduced in 2014 when compared against the provisions for losses in the financial statements for 2013.

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

The financial performance of export financing and SME financing by the parent company, Finnvera plc, in 2014 came to EUR 94 million, or EUR 25 million more than the year before (69 million). The improvement was mainly due to a rise of 4 per cent in fee and commission income, to EUR 137 million (133 million), a reduction of 4 per cent in administrative expenses, to EUR 39 million (40 million), and a decrease of 47 per cent in impairment losses on receivables and guarantee losses, to EUR 33 million (62 million). Correspondingly, the profit was reduced by a decrease in net interest income to EUR 47 million (53 million) and an increase in losses carried at fair value to EUR one million (-2 million). In addition, an impairment loss of EUR 9 million (9 million) entered on the investments made by the subsidiaries had an impact on the parent company's profit.

The subsidiaries and associated companies had an impact of EUR 7 million on the Group's profit (6 million). Venture capital investments by Veraventure Ltd and Seed Fund Vera Ltd accounted for EUR -6 million (-4 million) of this impact. Interest equalisation, lending, and financing of export credits by Finnish Export Credit Ltd accounted for EUR 5 million (2 million). In addition, the elimination of the impairment loss entered on the subsidiaries' investments had an impact on the Group's profit.

Finnvera Group Financial performance	**Q4/2014 MEUR**	**Q3/2014 MEUR**	**Change MEUR**	**Change %**	**Q4/2013 MEUR**	**Change MEUR**	**2014 MEUR**	**2013 MEUR**	**Change MEUR**	**Change %**
Net interest income	10	14	-5	-32	15	-5	52	56	-4	-7
Fee and commission income and expenses (net)	35	33	2	7	37	-2	138	134	4	3
Gains/losses from items carried at fair value	4	-6	-10	-156	1	2	-10	-2	8	496
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Loans and domestic guarantees	-26	-38	-11	-30	-31	-5	-105	-101	5	4
Credit loss compensation from the State	18	23	-4	-19	7	11	64	48	16	33
Export credit guarantees and special guarantees	-1	25	26	103	-11	-10	8	-11	-19	-173
Operating profit	27	41	-15	-36	4	23	102	75	27	36
Profit for the period	25	42	-17	-41	3	22	101	75	27	36

Separate result and transfers to the reserves on the balance sheet

Finnvera's balance sheet has separate reserves for domestic operations and for export and special guarantee operations. Each year, operating profits are entered into these reserves after the completion of the annual financial statements. Correspondingly, 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 financing.

The separate result of export credit guarantee and special guarantee activities accounted for EUR 100 million of the parent company Finnvera plc's total profit for 2014 (78 million). This sum is transferred to the reserve for export credit guarantees and special guarantees. The result for SME financing and venture capital investments during the financial period, and the sum entered into the reserve for domestic operations, is EUR -7 million (-9 million). In addition, the following items are transferred to the reserve for domestic operations: a subordinated loan that had been granted by the State and subsequently cancelled because of the loss shown by Seed Fund Vera Ltd in 2013, which had been entered directly into retained earnings; the non-applied portion of the forgiven subordinated loan from

2012; and an item arisen from the revaluation of benefit-based pensions, in total EUR 7 million (7 million).

The Finnvera Group in October–December 2014

The Finnvera Group's profit for the last quarter of 2014 was EUR 25 million, or clearly less than for the third quarter (42 million).

The main factors affecting the smaller profit were the impairment losses on receivables and guarantee losses, which nearly doubled and were EUR 19 million more than in the third quarter. The increase in the impairment losses on receivables and guarantee losses between the two quarters was partly due to the reduction of loss provisions in export financing done by the parent company, Finnvera plc, in the third quarter. Other factors affecting the smaller profit included the net interest income, which was nearly one third, or EUR 5 million less than in the previous quarter, and administrative expenses that had risen by EUR 3 million and were at the same level as the year before. However, owing to the accrual practices applied to personnel expenses and the timing of certain expenses for external services near the end of the year, administrative expenses were over 35 per cent more than the figure for the third quarter of 2014. The financial performance was improved by the fee and commission income, which was higher in the last quarter, and the profits on items carried at fair value.

Analysis of the Finnvera Group's financial performance in January–December 2014

The Group's revenues in 2014 were 4 per cent higher than the year before. The factors having the impact on revenues were the rise of 5 per cent in fee and commission income from the parent company's SME financing and export financing, the fall of 40 per cent in the fee and commission income of Finnish Export Credit Ltd, and the reduction of 7 per cent in the Group's net interest income. The Group's expenses were nearly 9 per cent less than the year before, the main reason for this being the decrease in personnel expenses. At the end of the year, the Group's cost-to-income ratio was excellent, 25.7 per cent.

Interest income and expenses and interest subsidies

In January-December, the Group's net interest income amounted to EUR 52 million, or EUR 4 million less than the year before (56 million). The factors contributing to the lower net interest income included the fall in interest levels and in the outstanding credits of SME financing, as well as the adjustment made in interest income in the last quarter.

The interest subsidies paid by the State and by the European Regional Development Fund (ERDF) and passed on directly to clients totalled EUR 6 million (9 million). Owing to a reduction in outstanding credits involving interest subsidies, the interest subsidies paid totalled 27 per cent less than in 2013. In particular, the decision to discontinue the granting of interest-subsidised financing as from the start of 2014 decreased the amount of outstanding credits involving interest subsidies.

Fee and commission income and expenses

The net value of the Group's fee and commission income and expenses came to EUR 138 million (134 million). This was 3 per cent more than during the same period in 2013. Underlying the increase were some individual major export credit guarantees that came into effect and the general rise in risk premiums on the market, which in part also affected Finnvera.

The gross sum of fee and commission income increased by 5 per cent, to EUR 146 million (140 million). Of this, commission income from export credit guarantees and special guarantees accounted for 74 per cent, or EUR 108 million (104 million), while SME financing accounted for 26 per cent, or EUR 37 million (34 million). Finnish Export Credit Ltd's fee and commission income from interest equalisation, lending and export credit financing amounted to EUR 1 million (2 million).

The fee and commission expenses nearly doubled on the previous year and totalled EUR 8 million (5 million). The fee and commission expenses consisted mainly of reinsurance costs paid by the parent company, Finnvera plc.

Gains/losses from items carried at fair value

The Group's losses from items carried at fair value totalled EUR 10 million (2 million). Of this loss, the change in the fair value of venture capital investments accounted for EUR 7 million (3 million), and the change in the fair value of liabilities and interest rate and currency swaps accounted for EUR 4 million (-1 million). Exchange Rate differences decreased the losses on items carried at fair value by EUR 0.3 million (0.3 million).

Other income

In 2014, net income from investments and other operating income totalled EUR 3 million for the Group (2 million). Net income from investments include net income from shares, holdings and debt securities. Other operating income includes rental income and the management fee paid by the State Guarantee Fund to Finnvera for managing the 'old liability' for export credit guarantees and special guarantees.

Impairment losses on receivables, guarantee losses

The impairment losses on the Group's loans, domestic guarantees, export guarantees and special guarantees, as well as the guarantee losses recorded, totalled EUR 98 million (112 million). After the compensation for credit losses by the State, the Finnvera Group's liability for the impairment and losses in the period under review was EUR 34 million (64 million).

Impairments, losses and provisions on loans and domestic guarantees totalled EUR 105 million (101 million). The compensation for credit losses paid by the State and the European Regional Development Fund totalled EUR 64 million (48 million), or 53 per cent of the losses materialised (57).

Losses and provisions for losses on export credit guarantees and special guarantees amounted to EUR -8 million (11 million) during the period under review. This was because the estimated loss provisions were reduced during 2014 from the amount in the financial statements for 2013.

In its financial statements for 2014, Finnvera adopted a method for calculating doubtful receivables that has been harmonised at the EU level. Calculated according to this method, the net amount of doubtful and zero-interest receivables stood at EUR 251 million at the end of December. When the impairment losses recognised are taken into account, doubtful zero-interest receivables accounted for 10.0 per cent of the total outstanding commitments. When the State's compensation for losses – a reducing element in SME financing – is also taken into account in the ratio, their amount in relation to the total outstanding commitments was 2.9 per cent at the end of 2014.

Finnvera Group Impairment losses on receivables, guarantee losses	Q4/2014 MEUR	Q3/2014 MEUR	Change MEUR	Change %	Q4/2013 MEUR	Change MEUR	2014 MEUR	2013 MEUR	Change MEUR	Change %
Impairment losses, guarantee losses	-9	10	19	190	-35	-26	-34	-64	-30	-47
Loans and domestic guarantees	-26	-38	-11	-30	-31	-5	-105	-101	5	4
Credit loss compensation from the State	18	23	-4	-19	7	11	64	48	16	33
Export credit guarantees and special guarantees	-1	25	26	103	-11	-10	8	-11	-19	-173

Other expenses

The Group's administrative expenses, including personnel expenses and other expenses, were EUR 41 million (43 million). Administrative expenses decreased by 5 per cent, or EUR 2 million, on the corresponding period last year. Personnel expenses accounted for 69 per cent (70) of administrative expenses.

Other operating expenses came to EUR 5 million (7 million). Other operating expenses include depreciation and costs associated with real property.

Long-term economic self-sustainability

According to the goal of economic self-sustainability set for Finnvera's operations, the income received from the company's operations must, in the long run, cover the company's operating expenses. In SME financing, the period for reviewing self-sustainability is 10 years while in export financing it is 20 years.

Self-sustainability in Finnvera's SME financing has been attained over a period of ten years when the cumulative result is calculated up to the end of December 2014. Correspondingly, export financing has been economically self-sustainable during Finnvera's history of more than 15 years of operation. If the payment-based result of Finnvera's predecessor, the Finnish Guarantee Board, for its last years of operation is taken into account when reviewing the self-sustainability of export financing, economic self-sustainability is also realised over a 20-year period.

The extent and risk level of Finnvera's outstanding commitments will have a significant impact on its financial performance and long-term economic self-sustainability in the coming years. In examining the financial performance, it is important to note that, at the end of December 2014, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 12.6 billion and the commitments for credits and guarantees in SME financing, as well as guarantee receivables, stood at EUR 2.4 billion. Seen against these commitments, the net profit building a loss buffer on the balance sheet is now about 0.7 per cent at the annual level and the equity 6 per cent.

Balance sheet 31 December 2014

At the end of December, the consolidated balance sheet total was EUR 6,629 million (4,603 million), while the balance sheet total of the parent company, Finnvera plc, came to EUR 4,132 million (2,423 million). The consolidated balance sheet total increased by 44 per cent, or nearly EUR 2.0 billion, during 2014. The main reasons for this increase were the refinancing granted by Finnish Export Credit Ltd based on the State's acquisition of funds, and the financing of export credits based on the acquisition of funds by the parent company, Finnvera plc. At the end of December, the balance sheet total of the subsidiary Finnish Export Credit Ltd was EUR 3,425 million (2,305 million).

At the end of December, the Group's outstanding credits came to EUR 4,593 million (3,650 million). The Group's outstanding credits increased by 26 per cent, or EUR 943 million, during the year. The credits granted by the subsidiary Finnish Export Credit for export financing had the greatest effect on this increase. The outstanding credits of the parent company, Finnvera plc, came to EUR 2,193 million (1,540 million), of which the receivables from the subsidiaries totalled EUR 928 million (131 million).

The parent company's outstanding domestic guarantees decreased by 6 per cent during 2014 and totalled EUR 988 million on 31 December (1,047 million).

The outstanding commitments, as defined in the Act on the State's Export Credit Guarantees, totalled EUR 10,755 million at the end of December (9,761 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 12,600 million (11,004 million).

The parent company's long-term liabilities as per 31 December totalled EUR 2,650 million (1,148 million). Of this sum, EUR 2,564 million (1,060 million) consisted of bonds. The liabilities include subordinated loans of EUR 36 million received by Finnvera from the State for investment in the share capitals of Seed Fund Vera Ltd and Veraventure Ltd (38 million), and a subordinated loan of EUR 50 million granted by the State for strengthening capital adequacy (50 million).

At the end of the period under review, the Group's non-restricted reserves contained a total of EUR 703 million (595 million), of which the reserve for domestic operations accounted for EUR 135 million (137 million), the reserve for export credit guarantees and special guarantees EUR 436 million (358 million), the reserve for venture capital investments EUR 17 million (17 million) and retained profits for EUR 116 million (83 million).

Finnvera Group Balance sheet	31 Dec 2014 MEUR	31 Dec 2013 MEUR	Change MEUR	Change %
Share capital	197	197	0	0
Share premium and fair value reserve	51	51	0	0
Non-restricted reserves, in total	703	595	108	18
Reserve for domestic operations	135	137	-2	-2
Reserve for export credit guarantees and special guarantees	436	358	78	22
Reserve for venture capital investments	17	17	-1	-4
Retained earnings	116	83	33	40
Equity attributable to the parent company's owners	951	843	108	13
Share of equity held by non-controlling interests	5	6	0	-3
Balance sheet total	6 629	4 603	2 025	44

Acquisition of funds

In January–December, the Group's long-term acquisition of funds totalled EUR 2,036 million (1 611 million). EUR 529 million in long-term loans was paid back (576 million).

Capital adequacy

According to the goal set by State of Finland, the owner of Finnvera, the Group's capital adequacy ratio should be at least 12.0 per cent. At the end of December, the Group's capital adequacy ratio stood at 18.6 per cent (16.9) while the capital adequacy of the parent company, Finnvera plc, was 17.8 per cent (16.8). For September, capital adequacy has been calculated according to the Basel III standard method.

Finnvera Group Vakavaraisuus	31 Dec 2014 %	31 Dec 2013 %	Change % points
Tier 1	17.7	15.7	2.0
Tier 2	18.6	16.9	1.7

Finnvera plc Vakavaraisuus	31 Dec 2014 %	31 Dec 2013 %	Change % points
Tier 1	16.9	15.7	1.2
Tier 2	17.8	16.8	1.0

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

The Finnvera Group's risk-weighted receivables totalled EUR 2,349 million at the end of December (2,607 million). Of these, loans and guarantees involving actual business operations amounted to EUR 1,926 million (2,117 million), or 82 per cent of risk-weighted receivables. Most of the remaining receivables were associated with the acquisition of funds and the investment of cash assets. About 50 per cent of loans and guarantees consisted of a large number of individual commitments of under one million euros. Calculated according to the standard method, their risk weight is 75 per cent. The risk weight of other loans and guarantees is 100 per cent.

Finnvera Group Capital for calculating capital adequacy	31 Dec 2014 MEUR	31 Dec 2014 MEUR
Equity excl. profit for the year	855	780
Intangible assets	-3	-3
Reserve for export credit guarantees and special guarantees	-436	-358
Profit for the period	101	69
Profit for the period attributable to export credit guarantees	-100	-78
Subordinated loan	20	30
Total	436	440

Finnvera Group Risk-weighted items	31 Dec 2014 MEUR	31 Dec 2013 MEUR
Receivables from credit institutions	138	55
Receivables from clients	1 926	2 117
Investments and derivatives	73	224
Receivables, prepayments, interest and other receivables, other assets	27	21
Binding promises for loans	98	94
Operational risk	87	96
Total	2 349	2 607

Tier 2	18.6%	16.9%

Group structure and its changes

On 31 December 2014, apart from the parent company, the Finnvera Group comprised two companies owned 100 per cent by Finnvera: Finnish Export Credit Ltd and Veraventure Ltd. In addition, the Group included Seed Fund Vera Ltd, in which Finnvera's holding is 93.89 per cent.

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

The Finnvera Group's risk position

At the end of 2014, outstanding commitments for SME financing monitored by risk management totalled EUR 2.7 billion. The outstanding commitments shrank by about EUR 230 million during the year. The main reason for this was the low demand for financing for investments. Companies paid off their old loans, and new loans were not withdrawn at the same rate. The credit losses recognized also diminished the outstanding commitments.

The risk level of the outstanding commitments decreased somewhat during the year, but the overall risk level is still markedly higher than it was in 2008, before the financial crisis and the subsequent recession. In particular, the risk level is affected by the weak and uncertain general economic situation. Commitments in weaker risk categories diminished in 2014 mostly because of impairment losses. Similarly, commitments in the best risk categories have also diminished because Finnvera has a small role in the financing of these enterprises. Most commitments are in risk categories B1, B2 and B3. At year's end, owing to individual factors, commitments in risk category D were higher than normally. Appropriate impairment losses have been recognized for these commitments, either in the financial year 2014 or earlier.

Credit and guarantee losses and impairment losses totalled EUR 105 million. Losses rose by EUR 5 million on the previous year. The decrease in impairment losses stemmed from the anticipated impairment losses on some major commitments that were entered in the previous year but did not exist to the same extent in 2014.

At the end of 2014, outstanding commitments for export financing, monitored by risk management, totalled EUR 12.4 billion. The 'old liability' under the State Guarantee Fund's direct responsibility accounted for no more than EUR 5 million of this sum. Outstanding commitments increased by EUR 1.5 billion during the year. At year's end, a significant share of the current guarantees and binding offers was in the country risk categories 0 and 3. Most of the guarantees granted during the year were also entered into these categories.

The volume of enterprises' commercial commitments, associated with export guarantees and special guarantees, rose by about EUR 1.7 billion during 2014, to EUR 11.2 billion at year's end. The sectors with the highest commitments were telecommunications, shipping companies, shipyards, and the forest industry. These sectors accounted for a total of 90 per cent of corporate commitments. Altogether 47 per cent of the commitments were in category B1, which is close to investment grade, or in better categories. New risks were mostly taken in categories B1–B2.

No guarantee losses arose in 2014. Owing to the cancellations made for previous years, the net effect was positive by EUR 7 million.

Among the subsidiaries, the outstanding commitments for export credits financed by Finnish Export Credit Ltd totalled EUR 3.3 billion at year's end; this was EUR 1.1 billion more than at the start of the year. The outstanding commitments include export credits financed both under the so-called temporary system and the permanent system launched in 2012. The credit risks are fully covered by means of export credit guarantees granted by the parent company, Finnvera plc.

Finnvera's gross investments in subsidiaries engaged in venture capital investments totalled EUR 192 million at year's end. Additional investments totalling EUR 10.3 million were made in Seed Fund Vera Ltd using appropriations from the State Budget and from ERDF funds left unused in previous years. Seed Fund Vera Ltd makes direct investments in portfolio companies, while Veraventure Ltd has invested in regional fund companies. Investments are distributed among numerous companies. This reduces the risk arising from the operations to the Finnvera Group. Owing to policy decisions made on venture capital investments, Veraventure Ltd exited from several investments in 2014.

Attainment of industrial policy and ownership policy goals

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

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

Out of the 10 goals set for the company for 2014, Finnvera attained 7.

Corporate Governance

Personnel

At the end of the financial period, the Group had 394 employees (399). Finnvera plc had 376 employees (382), of whom 358 (361) held a permanent post and 18 (21) a fixed-term post.

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

Supervisory Board, Board of Directors and auditor

On 16 April 2014, Finnvera's Annual General Meeting elected new members to the company's Supervisory Board. No changes were made in the composition of the Board of Directors.

The new members on the Supervisory Board are Chief Economist Olli Koski and Chairman Timo Saranpää.

Johannes Koskinen, Member of Parliament, continues as Chairman of the Supervisory Board, and Lauri Heikkilä, Member of Parliament, continues as Vice Chairman. The members continuing on the Supervisory Board are: Paula Aikio-Tallgren, Entrepreneur; Kaija Erjanti, Head of Financial Markets; Helena Hakkarainen, Finance Manager; Lasse Hautala, Member of Parliament; Miapetra Kumpula-Natri, Member of Parliament; Leila Kurki, Senior Adviser; Esko Kurvinen, Member of Parliament; Anna Lavikkala, Labour Market Director; Jari Myllykoski, Member of Parliament; Lea Mäkipää, Member of Parliament; Antti

Rantakangas, Member of Parliament; Osmo Soininvaara, Member of Parliament; Sofia Vikman, Member of Parliament; and Antti Zitting, Chairman of the Board of Directors.

On 1 October 2014, the Ministry of Employment and the Economy elected Eeva-Johanna Eloranta, Member of Parliament, to replace Mia-Petra Kumpula-Natri, Member of the European Parliament, who had resigned from the Supervisory Board.

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

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

In 2015 resources will be targeted at the priorities of the strategy

In line with its strategy and starting already during the period under review, Finnvera targeted its financing more clearly at enterprises that focused on growth, development of competitiveness and internationalisation. This will be continued in 2015. In addition, services directed at start-up enterprises will be improved. At the same time, it will be necessary to have a more reserved attitude to requests for financing from companies that, on the one hand, are already eligible for bank financing or, on the other hand, have permanently unprofitable business.

Thus, more consistently than before, Finnvera will act in line with the Government's industrial policy.

Finnvera has adopted an increasingly active approach towards clients and the whole organisation has been streamlined to support this goal. Active effort is made to spread information about Finnvera's services more widely to both enterprises and stakeholders.

Events after the period under review

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

Outlook for financing

The U.S. economy has got a foothold on the growth path, but economic growth in the euro area is stagnating. In Russia, the sanctions focusing on the country's economy, the falling oil prices and the change in the political direction caused financial difficulties for the country in late 2014.

The situation will affect the demand for Finnvera's export financing and the company's risk position in an essential way if the current uncertain political and financial situation continues. Finnvera's financing plays an increasingly central role in the conclusion of export transactions. Despite this, it is expected that the demand for export financing will decrease further from the previous year, as uncertainty keeps the volume of investments small. Finnvera's possibilities to provide financing for large enterprises' domestic projects intended for exports will become concrete when Finnvera can participate in investment projects undertaken by the export industry in Finland.

The slow economic growth and the low investment level will keep the demand for SME financing moderate in 2015. However, according to Finnvera's estimate, the new mandates received by the company and, for its part, the regulation of banks may increase the overall level of demand. Most financing needs are still associated with working capital.

The uncertainty of the economy makes it difficult to predict financial performance. The materialisation of large individual export credit guarantee claims may considerably weaken the projected situation. According to the current estimate, the Finnvera Group's financial performance for 2015 is likely to be somewhat weaker than that for 2014.

Key figures

Finnvera Group	2014	2013	2012	2011	2010
Net interest income and net fee and commission income, MEUR	190.2	189.8	174.6	157.9	154.2
Administrative expenses, MEUR	40.7	42.8	42.7	42.0	41.4
Write-down on receivables and guarantee losses, MEUR	97.5	111.6	125.0	87.3	74.6
Credit loss compensation from the State, MEUR	63.7	48.0	49.7	31.9	25.4
Operating profit or loss, MEUR	102.0	75.1	54.1	62.3	62
Profit for the year, MEUR	101.3	74.5	53.4	59.7	62.9
Return on equity, %	11.3	9.3	7.3	9.3	10.5
Return on assets, %	1.8	1.8	1.6	2.4	2.4
Equity ratio, %	14.4	18.4	20.3	24.7	23.8
Capital adequacy ratio Tier 2, %	18.6	16.9	16.3	15.5	14.6
Expense-income ratio, %	25.7	27.0	27.6	29.2	30.4
Balance sheet total, MEUR	6,628.6	4,603.5	3,807.8	2,890.2	2,664.1
Shareholders' equity, MEUR	956.0	848.5	771.8	714.8	633.5
- of which unrestricted funds, MEUR	703.1	594.8	513.3	455.8	374.6
Personnel at year-end	394	399	411	413	418

Finnvera plc, SME Financing	2014	2013	2012	2011	2010
Financing granted, MEUR	1,003	827	933	1,051	1,029
Outstanding commitments as per the balance sheet and contingencies at year's end					
Outstanding credits, MEUR	1,265	1,409	1,555	1,660	1,731
Outstanding guarantees, MEUR	988	1,047	1,068	1,093	1,065
Export guarantees and export credit guarantees	385	353	315	368	338
Start-up enterprises	3,247	3,473	3,123	3,397	3,611
New jobs	8,105	8,663	8,660	10,159	8,994

Finnvera plc, Export Financing	2014	2013	2012	2011	2010
Export credit guarantees and special guarantees offered, MEUR	5,034	3,327	5,272	3,722	2,264
Total outstanding commitments, MEUR	12,216	10,651	10,889	9,997	8,593

Finnvera plc, clients and personnel	2014	2013	2012	2011	2010
Number of clients, SME Financing and Export Financing together	28,800	29,700	30,000	29,900	29,300
Personnel at year's end	376	382	393	391	397

*2010–2012 capital adequacy ratio % is calculated according to Basel II standard method.

Formulas for the key indicators:

Return on equity % (ROE)

Operating profit/loss – income taxes * 100

Equity + minority share + accumulated appropriations deducted by the deferred tax liability (average of the beginning and the end of the year)

Return on assets % (ROA)

Operating profit/loss – income taxes * 100

Total assets in average (average of the beginning and the end of the year)

Equity ratio %

Equity + minority share + accumulated appropriations deducted by the deferred tax liability * 100

Total assets

Capital adequacy ratio

2013–2014 calculated according to Basel III standard method
2010–2012 calculated according to Basel II standard method

Expense–income ratio

Administrative expenses + other operating expenses * 100

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

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

The parent company's profit for the financial period was EUR 93 877 875,04.

The Board of Directors proposes that, by virtue of Section 4 of the Act on the State-owned specialised Financing Company, the profit be transferred to the non-restricted reserves as follows:

To the reserve for export credit guarantee and special guarantee operations; the share of export credit guarantee and special guarantee operations	EUR 100 436 476,74
To the reserve for domestic operations; the share of domestic operations	EUR -6 558 601,70

In addition, the cancellation of a subordinated loan received from the owner, EUR 6 889 909,50 and remeasurement gains in defined benefit pension plans, EUR 459 470,00, were entered directly into retained earnings during the financial period. It is proposed that this sum be transferred to the reserve for domestic operations.

Sum transferred to the reserve for domestic operations, in total	EUR 790 777,80

Consolidated comprehensive income statement

		Finnvera Group		Finnvera plc	
		1–12	1–12	1–12	1–12
(EUR 1,000)	Note	2014	2013	2014	2013
Interest income					
Loans	D1	106 963	97 356	45 950	43 247
Subsidies passed on to customers		6 397	8 808	6 397	8 808
Other		-335	4 020	-651	3 717
Total interest income		**113 025**	**110 184**	**51 696**	**55 773**
Interest expenses	D1	-61 267	-54 620	-4 999	-3 268
Net interest income		**51 758**	**55 564**	**46 697**	**52 504**
Net fee and commission income	D2	138 487	134 284	137 457	132 567
Gains and losses from financial instruments carried at fair value	D3	-10 009	-1 678	-556	1 821
Net income from investments	D4	945	909	-298	-37
Other operating income	D5	1 556	850	3 391	2 174
Administrative expenses					
Wages and salaries	D6	-28 073	-29 880	-26 659	-28 366
Other administrative expenses		-12 669	-12 957	-12 085	-11 915
Total administrative expenses		**-40 743**	**-42 837**	**-38 745**	**-40 281**
Gains and losses from financial instruments carried at fair value	D8	-1 047	-1 146	-1 005	-1 106
Other operating expenses	D9	-5 097	-7 261	-11 280	-7 951
Impairment loss on financial assets	D10				
Impairment losses on credits and losses on guarantees		-105 374	-100 869	-104 341	-99 394
Credit loss compensation from the State		63 708	47 976	63 708	47 976
Losses on export credit guarantees and special guarantees		7 848	-10 693	7 848	-10 693
Net impairment loss on financial assets		**-33 817**	**-63 586**	**-32 784**	**-62 110**
Impairment losses on other financial assets		0	0	-9 000	-9 003
Operating profit		**102 034**	**75 099**	**93 878**	**68 577**
Income tax expense	D11	-713	-566	0	0
Profit for the period		**101 321**	**74 533**	**93 878**	**68 577**
Other comprehensive income					
Items that may not be reclassified subsequently to the statement of income					
- Revaluation of defined benefit pension plans		459	2 782	459	2 782
Items that may be reclassified subsequently to the statement of income					
- Change in the fair value of shares		-617	200	-165	115
Total other comprehensive income		**-157**	**2 982**	**294**	**2 897**
Total comprehensive income for the period		**101 165**	**77 515**	**94 173**	**71 476**

Distribution of the profit for the period attributable to			
Equity holders of the parent company		101 515	74 922
Non-controlling interest		-194	-389
		101 321	**74 533**
Distribution of the total comprehensive income for the period attributable to			
Equity holders of the parent company		101 358	77 904
Non-controlling interest		-194	-389
		101 165	**77 515**

Balance sheet

		Finnvera Group		Finnvera plc	
(EUR 1,000)	Note	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
ASSETS					
Loans and receivables from credit institutions	E1				
Payable on demand		634 614	250 271	549 942	215 646
Other than payable on demand		56 304	26 172	20 252	26 172
		690 918	**276 443**	**570 194**	**241 818**
Loans and receivables from customers	E2				
Loans		4 592 991	3 649 525	2 192 725	1 540 016
Guarantee receivables		38 740	46 023	38 740	46 023
Receivables from export credit and special quarantee operations		11 238	15 305	11 238	15 305
		4 642 969	**3 710 853**	**2 242 703**	**1 601 344**
Investments	E3				
Debt securities		934 721	326 191	934 721	326 191
Investments in group companies		0	0	159 815	158 815
Associates		63 570	78 195	349	349
Other shares and participations		67 134	118 019	14 520	15 246
		1 065 425	**522 405**	**1 109 404**	**500 602**
Derivatives	E11	51 434	8 159	51 434	8 159
Intangible assets	E4	3 427	2 572	3 378	2 490
Property and equipment	E5				
Properties		171	834	171	834
Equipment		1 171	1 437	1 171	1 437
		1 342	**2 270**	**1 342**	**2 270**
Other assets	E6				
Credit loss receivables from the state		19 713	6 516	19 713	6 516
Other		4 345	5 030	7 783	5 894
		24 059	**11 546**	**27 496**	**12 410**
Prepayments and accrued income	E7	148 875	69 115	125 907	53 952
Tax assets	E8	190	98		
TOTAL ASSETS		**6 628 639**	**4 603 461**	**4 131 859**	**2 423 044**
LIABILITIES					
Liabilities to credit institutions	E9	0	0	0	0
Liabilities to other institutions	E9				
At fair value through profit or loss		35 769	35 883	0	0
Other financial liabilities		2 419 517	2 107 553	0	0
Debt securities in issue	E10				
At fair value trough profit or loss		2 564 141	1 059 870	2 564 141	1 059 870
Derivatives	E11	106 232	31 272	103 794	29 915
Provisions	E13	55 276	65 601	55 276	65 601
Other liabilities	E12	50 769	54 738	50 705	49 790
Accruals and deferred income	E15	351 923	307 616	335 333	293 824
Tax liabilities	E8	2 862	4 333		
Capital loans	E16	86 139	88 029	86 139	88 029
		5 672 626	**3 754 895**	**3 195 388**	**1 587 029**
EQUITY	E21				
Equity attributable to the parent company's shareholders					
Share capital		196 605	196 605	196 605	196 605
Share premium		51 036	51 036	51 036	51 036
Fair value reserve		-99	518	-236	-71
Non-restricted reserves					
Reserve for domestic operations		135 089	137 172	135 089	137 172
Reserve for export credit guarantees and special guarantees		435 628	357 825	435 628	357 825
Other		16 619	17 225	16 619	17 225
Retained earnings		115 736	82 590	101 731	76 223
		703 071	**594 813**	**689 066**	**588 445**
Total equity		**950 613**	**842 972**	**936 471**	**836 015**
Share of equity held by non-controlling interest		5 399	5 594		
TOTAL LIABILITIES AND EQUITY		**6 628 639**	**4 603 461**	**4 131 859**	**2 423 044**

Contingencies

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Contingencies				
Commitments for domestic guarantees *)	987 561	1 046 853	987 561	1 046 853
Commitments for export credit guarantees and special guarantees **)	12 600 433	11 003 537	12 600 433	11 003 537
Binding financing offers ***)	3 090 405	2 171 239	182 497	187 576
Total	**16 678 398**	**14 221 629**	**13 770 490**	**12 237 966**

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

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

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Current commitments	12 049 578	9 918 963	12 049 578	9 918 963
- For export credit guarantees	11 890 141	9 741 204	11 890 141	9 741 204
- For special guarantees	159 437	177 759	159 437	177 759
Offers given	550 854	1 084 574	550 854	1 084 574
- For export credit guarantees	550 854	1 084 574	550 854	1 084 574
- For special guarantees	0	0	0	0
Total	**12 600 433**	**11 003 537**	**12 600 433**	**11 003 537**

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

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Liability according to the Act on the State's Export Credit Guarantees	**10 754 962**	**9 760 786**	**10 754 962**	**9 760 786**

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.

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

Statement of changes in equity

Finnvera Group

Equity attributable to the parent company's shareholders

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Balance at 1 Jan 2014	**196 605**	**51 036**	**518**	**137 172**	**357 825**	**17 225**	**82 590**	**842 972**	**5 594**	**848 566**
Cancelled amount of subordinated loan received from the owner							6 890	**6 890**		**6 890**
Total comprehensive income for the period / Revaluation of defined pension plans							459	**459**		**459**
Total comprehensive income for the period/change in the fair value of shares			-617				101 515	**100 898**	-195	**100 702**
Transfer to reserves				-2 084	77 803	-606	-75 719	**-606**		**-606**
Adjustments										**0**
Balance at 31 Dec 2014	**196 605**	**51 036**	**-99**	**135 089**	**435 628**	**16 619**	**115 736**	**950 615**	**5 399**	**956 012**
Reported balance at 31 Dec 2012	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**60 401**	**761 319**	**10 468**	**771 787**
Amendment in calculation principle, IAS 19							-337	**-337**		**-337**
Restated balance at 1 Jan 2013	**196 605**	**51 036**	**318**	**139 770**	**295 726**	**17 461**	**60 064**	**760 982**	**10 468**	**771 450**
Cancelled amount of subordinated loan received from the owner							4 359	**4 359**		**4 359**
Total comprehensive income for the period / Revaluation of defined pension plans / Change in the fair value of shares							2 782	**2 782**		**2 782**
Total comprehensive income for the period/change in the fair value of shares			200				74 922	**75 122**		**75 122**
Transfer to reserves				-2 598	62 099	-236	-59 537	**-273**		**-273**
Adjustments									-4 874	**-4 874**
Balance at 31 Dec 2013	**196 605**	**51 036**	**518**	**137 172**	**357 825**	**17 225**	**82 590**	**842 972**	**5 594**	**848 566**

Finnvera plc

(EUR 1,000)	A	B	C	D	E	F	G	H
Balance at 1 Jan 2014	**196 605**	**51 036**	**-71**	**137 172**	**357 825**	**17 225**	**76 223**	**836 015**
Cancelled amount of subordinated loan received from the owner							6 890	**6 890**
Total comprehensive income for the period / Revaluation of defined pension plans							459	**459**
Total comprehensive income for the period/change in the fair value of shares			-165				93 878	**93 713**
Transfer to reserves				-2 084	77 803	-606	-75 719	**-606**
Adjustments								**0**
Balance at 31 Dec 2014	**196 605**	**51 036**	**-236**	**135 089**	**435 628**	**16 619**	**101 731**	**936 472**
Reported balance at 31 Dec 2012	**196 605**	**51 036**	**-186**	**139 770**	**295 726**	**17 461**	**60 342**	**760 754**
Amendment in calculation principle, IAS 19							-337	**-337**
Restated balance at 1 Jan 2013	**196 605**	**51 036**	**-186**	**139 770**	**295 726**	**17 461**	**60 005**	**760 417**
Cancelled amount of subordinated loan received from the owner							4 359	**4 359**
Total comprehensive income for the period / Revaluation of defined pension plans							2 782	**2 782**
Total comprehensive income for the period/change in the fair value of shares			115				68 578	**68 693**
Transfer to reserves				-2 598	62 099	-236	-59 501	**-236**
Balance at 31 Dec 2013	**196 605**	**51 036**	**-71**	**137 172**	**357 825**	**17 225**	**76 223**	**836 015**

Legend:
A = Share capital
B = Share premium
C = Fair value reserve
D = Reserve for domestic operations
E = Reserve for export credit guarantees and special guarantees
F = Other reserves
G = Retained earnings
H = Total
I = Share of equity held by non-controlling interest
J = Total equity

Statement of cash flow

	Finnvera Group		Finnvera plc	
	1–12	1–12	1–12	1–12
(EUR 1,000)	2014	2013	2014	2013
Cash flows from operating activities				
Withdrawal of loans granted	-2 058 047	-1 315 190	-1 653 604	-270 552
Repayments of loans granted	1 279 457	350 007	943 937	230 477
Purchase of investments	-14 885	-24 965	-10 000	-10 686
Proceeds from investments	15 723	3 369	0	0
Interest received	112 972	91 899	50 968	42 165
Interest paid	-64 145	-60 764	-4 099	-3 429
Interest subsidy received	4 637	9 923	4 637	9 923
Payments received from commission income	146 898	125 147	143 655	122 443
Payments received from other operating income	98 831	66 968	96 261	68 135
Payments for operating expenses	-30 847	-74 572	-27 009	-69 704
Claims paid	-41 704	-49 738	-41 704	-49 738
Taxes paid	-2 167	-234	0	0
Net cash used in (-) / from (+) operating activities (A)	**-553 276**	**-878 150**	**-496 959**	**69 034**
Cash flow from investing activities				
Purchase of property and equipment and intangible assets	-1 674	-1 508	-1 615	-1 463
Proceeds from other investments	1 019	-705	1 019	4 956
Dividends received from investments	307	926	12	24
Net cash used in (-) / from (+) investing activities (B)	**-347**	**-1 287**	**-583**	**3 517**
Cash flows from financing activities				
Proceeds from loans	2 035 753	1 611 065	1 633 997	464 490
Repayment of loans	-528 634	-576 341	-199 550	-364 126
Net cash used in (-) / from (+) financing activities (C)	**1 507 119**	**1 034 724**	**1 434 447**	**100 364**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**953 495**	**155 287**	**936 905**	**172 915**
Cash and cash equivalents at the beginning of the period	**661 834**	**506 549**	**568 009**	**395 094**
Cash and cash equivalents at the end of the period	**1 615 330**	**661 835**	**1 504 914**	**568 009**
Cash and cash equivalents at the end of the period				
Receivables from credit institutions	673 576	276 443	570 194	241 818
Debt securities	940 721	326 191	934 721	326 191
Investments in short-term interest reserves	1 033	59 201	0	0
	1 615 330	**661 835**	**1 504 914**	**568 009**

NOTES TO THE FINANCIAL STATEMENTS

A Accounting principles

A1 Basic information of the company

The Group's parent company, Finnvera plc, provides financing for the business of small and medium-sized enterprises (SMEs), for exports and internationalisation, and helps implement the government's regional policy objectives. The Group also consists of venture capital investment companies Veraventure Ltd and Seed Fund Vera Ltd as well as Finnish Export Credit Ltd.

The Group's parent company is a Finnish limited liability company established in accordance with Finnish law and domiciled in Kuopio. Its registered address is P.O. Box 1127, Kallanranta 11, 70111 Kuopio, Finland. The Board of Directors approved the financial statements on 26 February 2015.

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

A2 Accounting principles for the financial statements

The financial statements include both the consolidated and the parent company's financial statements. Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), complying with IFRSs effective on 31 December 2013 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

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

The financial statements are presented in thousands of euros.

New and revised IFRSs and interpretations applied

In 2014, Finnvera adopted the following new or revised IFRSs and interpretations:

- IFRS 10 Consolidated Financial Statements (applied in the EU to financial periods starting on 1 January 2014 or thereafter). The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Standard also outlines the specification of control in situations involving interpretation. The new Standard is not expected to have a major impact on the consolidated financial statements.

- IFRS 12 Disclosure of Interests in Other Entities (applied to financial periods starting on 1 January 2014 or thereafter). The standard contains requirements for disclosures about an entity's interests in other entities, including subsidiaries, joint arrangements, associates and other unconsolidated structured entities. The new standard will expand the disclosures presented by a Group of its holdings in other entities.

- IAS 28 Investments in Associates and Joint Ventures (applied to financial periods starting on 1 January 2014 or thereafter). Following the publication of IFRS 11, the revised standard outlines how to apply the equity method to associates. The new Standard is not expected to have an impact on the consolidated financial statements.

- Amendment to IAS 32 Financial Instruments: Presentation (applied to financial periods starting on 1 January 2014 or thereafter). The amendment specifies the rules for presenting the net value of financial assets and liabilities and provides more guidance on the related application. The new standard expanded the notes presented by the Group concerning financial instruments.

New and revised standards and interpretations applied later

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

The financial period 2015

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

The financial period 2015 or later

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

- IFRS 15 Revenue from Contracts with Customers (applied to financial periods starting on 1 January 2017 or thereafter). The new standard includes a five-step model for the recognition of revenue gained on the basis of contracts with customers. It replaces the current standards IAS 18 and IAS 11 and the associated interpretations. Revenue is recognised either over time or at a point in time, the central criterion being when control is passed. The standard affects the recognition of fee and commission income and increases the number of notes presented. Finnvera will assess the impact of the standard later.

- Amendment to IAS 1 Presentation of Financial Statements (applied to financial periods starting on 1 January 2016 or thereafter). The amendment has no essential impact on the consolidated financial statements.

- Annual Improvements to IFRSs 2012–2014 (applied to financial periods starting on 1 January 2016 or thereafter). The impacts of the amendments vary depending on the standard, but they are not significant.

A3 Consolidation principles for the financial statements

Subsidiaries

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

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

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

The Group's mutual share ownership has been eliminated by the acquisition cost method. When subsidiaries are acquired, they are consolidated from the date of acquisition up to the date when the control ceases.

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

Associates

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

Equity investments made by Finnvera through its subsidiaries are treated in the alternative manner allowed by IAS 28 Investments in Associates at fair value, as investments recognised through profit or loss. Changes in fair value are recognised in the income statement, under the item Gains/losses from items carried at fair value.

Elimination of intra-group items in the consolidated financial statements

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

Non-controlling interest

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

A4 Transactions denominated in foreign currencies

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

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

A5 Principles for recognising income and expenses

Net interest income

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

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

Fees and commission income and expenses, net

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

Gains/losses from financial instruments carried at fair value

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

Net income from investments

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

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

Government grants

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

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

During the financial period, Finnvera received a grant of EUR 5 million from the State to be used as capital for the subsidiary Seed Fund Vera Ltd.

A6 Intangible assets and property, plant and equipment

Intangible assets

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

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

Property, plant and equipment

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

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

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

Impairment of intangible assets and property, plant and equipment

On every balance sheet date, the carrying amounts of intangible assets and property, plant and equipment are reviewed to determine whether there are indications of impairment. If such indications exist, the asset's recoverable amount is estimated. An impairment loss is entered into the income statement when the carrying amount of an asset exceeds its recoverable amount.

A7 Costs of post-employment benefits

Group Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. Obligations resulting from a defined contribution plan are expensed in the period to which they relate. The cost of providing defined benefit plans is charged to the income statement over the working lives of the employees participating in the plan on the basis of actuarial calculations. The net liability of defined benefit plans is entered on the balance sheet.

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

A8 Income taxes

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

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

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

A9 Financial assets and liabilities

Classification

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

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

Balance sheet items recognised at fair value through profit or loss comprise derivatives held for trading and financial liabilities designated at fair value through profit or loss. Finnvera has no financial assets or liabilities held for trading.

Financial items recognised at fair value through profit or loss comprise derivatives and those liabilities designated at fair value through profit or loss for which the interest rate risk or the currency risk has been hedged using these derivatives. Finnvera applies the fair value option in accordance with IAS 39 Financial Instruments: Recognition and Measurement to the above mentioned items. Fair value changes in assets recognized at fair value through profit or loss are recognised in the income statement under the item Gains and losses from financial instruments carried at fair value through profit or loss.

Venture capital investments made by the Group are classified as financial assets at fair value through profit or loss upon initial recognition. Investments are carried at fair value and the change in fair value is recognised in the income statement, under the item Gains/losses from items carried at fair value (for determination of the fair value of venture capital investments, see A12 Accounting principles requiring the management's judgment).

- **Loans and other receivables**

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

- **Available-for-sale financial assets**

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

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

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

- **Other financial liabilities**

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

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

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

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

Determination of fair value

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

> Level 1: The fair value of quoted shares, fund investments and other financial instruments is determined on the basis of published price quotations on an active market.
>
> Level 2: If a published price quotation on an active market does not exist for a financial instrument in its entirety, but an active market exists for its components, fair value is determined on the basis of relevant market prices for the components. The valuation techniques used may vary by financial instrument.
>
> Level 3: If the market is not active or the security is unlisted, fair value is determined by using generally accepted valuation techniques. If reliable determination of fair value is not possible, the financial instrument is measured at cost less any impairment losses.

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

Recognition and derecognition of financial assets and liabilities

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

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

Impairment losses on financial assets

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

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

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

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

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

A10 Provisions

Provisions for export credit guarantee losses

A provision is recognised on outstanding export credit guarantees and special guarantees when there is objective evidence that the obligation to pay an indemnity is likely to arise and it is estimated that the present value of the cash flows arising from the indemnity and discounted at the effective interest rate exceeds the correspondingly discounted cash flow from the recovery receivables arisen on the basis of the indemnity paid.

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

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

Provisions for domestic guarantee losses

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

A11 Leases

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

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

A12 Accounting principles requiring the management's judgment and the key sources of estimation uncertainty

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

Impairment losses on loans and other receivables

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

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

Provisions

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

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

Determination of the fair value of venture capital investments

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

Determination of the fair value of liabilities and derivatives

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

B RISK MANAGEMENT

IFRS consolidated financial statements, notes to risk management

The principles, role and responsibilities of risk management

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

The task of risk management is to identify risks and to help Finnvera's management to control risks that could jeopardise the attainment of the company's objectives. Risk management is of central importance for maintaining the Finnvera Group's ability to take risks and for attaining the company's long-term economic objectives. Finnvera's Board of Directors and executive management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the policies for risk-taking.

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

Controlled risk-taking

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

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

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

Credit and guarantee risks and risk classification systems

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

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

For granting export credit guarantees, Finnvera classifies countries into eight categories. The classification is based on methods used by export credit agencies. Various factors affect the determination of the country category: assessment of the country's ability to manage its external liabilities; expectations of the future trend of the country's economy; and political stability and the legislative framework. The granting of export credit guarantees is based on country policy. Each country for which Finnvera can grant export credit guarantees is assigned one country policy out of four (A–D) policy categories. Finnvera keeps a close eye on the economic and political situations of countries and makes adjustments to its country policy depending on the changes that have occurred. The category of each country is checked at least once a year.

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

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

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

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

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

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

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

Correspondence between the rating categories of enterprise exposures and the rating used by S&P*

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

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

Financing decisions are made by the Board of Directors and according to the authorisations delegated by the Board so that the amount of exposure and risk have an impact on the decision-making level. Finnvera has credit committees for export financing and SME financing. Both credit committees make decisions under their own authority and also discuss proposals submitted to the Board of Directors for decision-making, and issues requiring a specific policy. The CEO chairs both credit committees. The Risk Management Unit participates in the work of the credit committees.

Monitoring of credit risks

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

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

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

The risk-taking realised is followed monthly by means of a diverse set of indicators. The main indicators in Finnvera's risk management are the distribution of current commitments and the change in commitments by risk category, payment delays and non-performing receivables. The level of risk-taking in relation to outstanding commitments, financing granted, and export credit guarantees is described by using the anticipated statistical value of credit losses, the total loss, and the credit losses materialised; these are reported quarterly.

Interest rate and currency risk

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

Structural interest rate risks arise when Finnvera's own funds, classified as being interest-free, are used in lending and export financing as one source of funding. Finnvera monitors the consequent interest rate risk and, if necessary, takes measures to hedge against this risk.

The entire loan portfolio of Finnvera's SME financing is denominated in euros, whereas export financing uses both euros and dollars. Finnvera acquires funds from a number of markets and in a number of currencies. To minimise the currency risk, the funds acquired are converted into euros or dollars by using currency exchange rate swaps, depending on the currency of the loans to be paid out in the near future. Cash assets are also invested in relevant currencies at any given time.

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

Liquidity risk

Finnvera acquires long-term funding mainly by means of the EMTN programme. The programme is guaranteed by the State and has the same credit rating as the State of Finland. In addition, other sources of funding, such as credit limits agreed or commercial paper programmes, are used whenever necessary. These help distribute the acquisition of funds across several markets and investor groups.

Finnvera's Board of Directors approves the principles of liquidity management. According to these principles, the liquidity buffer must at any given time cover the payments scheduled for the next six months. Liquid assets are invested in low-risk objects that have a high credit rating. Finnvera's Asset Management Unit is responsible for practical tasks associated with borrowing and liquidity management. The company's accumulated own funds are an important element of the acquisition of funds for lending.

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

Market risk

Finnvera does not trade in instruments subject to the effect of market prices. However, a small amount of market risk arises in the balance sheet when liquid assets are invested and when measures are taken to hedge against currency and interest rate risks. The aim is to invest liquid assets in instruments where assets can be kept until the maturity of the instrument. Then any changes in market prices during the term to maturity do not affect Finnvera's financial performance. Effort is also made to hedge against risks so that the hedge covers the risk as completely as possible, when the net effect of market changes would thus be slight.

Operational risks

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

The management of operational risks has been developed systematically since 2006, and operational risks have been registered since the beginning of 2007. The Risk Management Unit is responsible for developing the management of operational risks. In practice, the process teams, units and the Information Security Group are responsible for implementing practical measures. Finnvera has a full-time Information Security Manager. Potential risks have been charted and the severity of any consequences they might involve has been assessed for all business areas and support units. In addition, Finnvera has drawn up risk scenarios that, if materialised, would have serious consequences for the company's operations. Responsibility for the implementation of actions to avert the risk scenarios and other severe risks has been divided between the various organisational units in line with their tasks. The management of operational risks is closely linked to the continuous improvement of quality practised by Finnvera. Finnvera has an ISO 9001 quality certificate. Safeguards are taken against operational risks, for instance, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

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

Venture capital investments

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

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

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

Capital management, capital adequacy and external risk weight

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

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

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

On 31 December 2014, the reserve for domestic operations totalled EUR 135 million and the reserve for export credit guarantee and special guarantee operations EUR 436 million.

It has been ensured through legislation that, in the capital adequacy calculations of banks, the risk weight of Finnvera's guarantees is the same as that for the State of Finland, which could be determined at zero as per 31 December 2014.

Notes to risk management

B1 Credit risks

(EUR 1,000)	Finnvera Group 31 Dec 2014	31 Dec 2013
Receivables *)		
Loans and receivables from credit institutions	1 104 467	276 443
Loans and receivables from customers	4 642 969	3 710 853
Debt securities	521 172	326 191
Derivatives	26 615	1 130
Total	**6 295 223**	**4 314 617**
Contingencies		
Total	**14 978 240**	**14 221 629**

Finnish Export Credit's receivables, EUR 3,319,125 thousand, guaranteed by Finnvera, are included in 'Receivables from customers' in the Gruop.

DOMESTIC FINANCING

B2 Receivables from customers and guarantees whose value has not impaired

	Domestic financing			
	31 Dec 2014		31 Dec 2013	
	(EUR 1,000)	%	(EUR 1,000)	%
Risk class				
A1	186	0 %	0	0 %
A2	4 710	0 %	5 093	0 %
A3	48 721	2 %	58 614	2 %
B1	427 770	18 %	388 913	15 %
B2	1 219 568	50 %	1 276 974	50 %
B3	569 884	23 %	594 298	23 %
C	58 529	2 %	90 009	4 %
D	104 012	4 %	116 666	5 %
Total	**2 433 379**	**100 %**	**2 530 567**	**100 %**

B3 Receivables from customers and guarantees by industry

(EUR 1,000)	Domestic financing 31 Dec 2014	31 Dec 2013
Rural trades	30 737	30 327
Industry	1 354 361	1 355 021
Tourism	180 682	164 354
Services to business	497 241	619 852
Trade and consumer services	370 358	361 013
Total	**2 433 379**	**2 530 567**

B4 Loans and guarantees by area

(EUR 1,000)	Domestic financing 31 Dec 2014	31 Dec 2013
Finland	2 433 379	2 530 567
Total	**2 433 379**	**2 530 567**

B5 Collateral shortage

(EUR 1,000)	Domestic financing 31 Dec 2014 Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	**2 433 379**	**778 681**	**1 654 698**	**68 %**
	31 Dec 2013 Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	**2 530 567**	**764 939**	**1 772 832**	**70 %**

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

	Domestic financing	
(EUR 1,000)	**31 Dec 2014 Total**	**31 Dec 2013 Total**
Impairment losses on individually assessed loans and guarantee provisions		
Loans		
Commitment before the impairment	130 043	159 507
- Impairment loss	46 464	59 365
- Commitment after the impairment	83 579	100 142
Guarantees		
Commitment before the guarantee provision	102 915	127 462
- Guarantee provision	33 148	32 562
- Commitment after the guarantee provision	69 767	94 900
Impairment losses on collectively assessed loans and guarantee provisions		
Loans		
Commitment before the impairment	100 200	118 454
- Impairment loss	39 248	41 787
- Commitment after the impairment	60 952	76 667
Guarantees		
Commitment before the guarantee provision	51 523	48 951
- Guarantee provision	20 220	18 455
- Commitment after the guarantee provision	31 303	30 496

B7 Past due receivables

	Domestic financing	
(EUR 1,000)	**31 Dec 2014**	**31 Dec 2013**
1 day–3 months	11 176	17 076
3–6 months	8 492	16 978
6–12 months	11 605	15 074
Over 12 months	27 771	26 496
Total	**59 044**	**75 624**

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

EXPORT FINANCING

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

	Export financing					
(EUR 1,000)			31 Dec 2014			31 Dec 2013
Risk category	Enterprise commitments	Bank commitments	Total	Enterprise commitments	Bank commitments	Total
A1	294 665	40 918	335 583	276 500	36 555	313 055
A2	0	194 115	194 115	0	180 982	180 982
A3	1 164 551	104 028	1 268 579	813 220	71 559	884 779
B1	3 818 870	299 989	4 118 859	2 193 665	448 561	2 642 226
B2	4 718 498	82 334	4 800 831	4 311 487	147 112	4 458 599
B3	995 678	123 598	1 119 275	1 701 120	79 674	1 780 793
C	1 822	2 153	3 975	0	1 990	1 990
D	0	0	0	0	0	0
No classification	127 920	0	127 920	134 430	0	134 430
Total	**11 122 003**	**847 135**	**11 969 138**	**9 430 422**	**966 432**	**10 396 853**

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

	Export financing	
Country category (EUR 1,000)	31 Dec 2014	31 Dec 2013
0	5 882 134	4 597 777
1	588	2 099
2	870 061	844 095
3	4 710 534	4 460 644
4	499 830	404 014
5	265 377	265 540
6	143 674	116 839
7	91 198	217 192
Total	**12 463 396**	**10 908 200**

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

	Export financing	
(EUR 1,000)	31 Dec 2014	31 Dec 2013
	Total	Total
Telecommunications	3 775 415	3 262 455
Shipping companies	3 043 251	2 528 590
Wood processing	2 235 340	2 069 929
Metal industry and ore mining	404 327	237 445
Power generation	133 894	137 779
Other	554 987	589 373
Reinsurance	974 790	605 000
Banks and financing	847 135	966 432
Total	**11 969 138**	**10 397 003**

B11 Liquidity risk, maturity of liabilities *)

	Finnvera Group						
(EUR 1,000)	**Book value**	**Nominal value**	**< 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**> 10 years**
31 Dec 2014							
Assets							
Receivables from credit institutions **)	670 666	670 666	670 666	0	0	0	0
Receivables from credit institutions, bonds ***)	413 549	412 620	13 000	11 000	388 620	0	0
Receivables from customers	4 592 991	4 592 991	142 439	687 181	2 300 999	1 370 666	91 706
Debt securities	521 172	521 250	513 250	8 000	0	0	0
Total	**6 198 378**	**6 197 528**	**1 339 355**	**706 181**	**2 689 619**	**1 370 666**	**91 706**
Liabilities							
Liabilities to credit institutions	0	0	0	0	0	0	0
Liabilities to others	2 419 517	2 419 517	79 149	233 899	1 183 610	866 500	56 358
Debt securities in issue	2 599 909	2 580 326	0	176 952	1 653 374	750 000	0
Subordinated liabilities	86 139	86 139	0	0	50 000	21 139	15 000
Binding financing offers	0	2 908 090	461 731	1 289 150	1 157 209	0	0
Total	**5 105 565**	**7 994 071**	**540 881**	**1 700 001**	**4 044 193**	**1 637 639**	**71 358**
Derivatives							
Derivatives - receivables		2 873 975	0	176 952	1 947 023	750 000	0
Derivatives - liabilities		2 868 138	0	201 177	1 916 960	750 000	0
Total, net	**-54 797**	**5 742 113**	**0**	**378 129**	**3 863 984**	**1 500 000**	**0**
Guarantees and export credit guarantees*)							
Guarantees		**1 122 593**	**168 255**	**336 490**	**527 081**	**87 857**	**2 910**
Export credit guarantees		**12 458 510**	**571 343**	**1 468 635**	**6 339 559**	**3 516 942**	**562 032**
31 Dec 2013							
Assets							
Receivables from credit institutions **)	250 271	250 271	250 271	0	0	0	0
Receivables from credit institutions, bonds ***)	0	0	0	0	0	0	0
Receivables from customers	3 710 853	3 710 853	213 646	587 116	1 767 380	1 100 451	42 260
Debt securities	326 191	326 280	326 280	0	0	0	0
Total	**4 287 315**	**4 287 404**	**790 197**	**587 116**	**1 767 380**	**1 100 451**	**42 260**
Liabilities							
Liabilities to credit institutions	0	0	0	0	0	0	0
Liabilities to others	2 107 553	2 107 573	74 571	188 958	1 041 383	771 030	31 630
Debt securities in issue	1 095 753	1 089 949	0	203 276	852 142	34 530	0
Subordinated liabilities	88 029	88 029	0	0	50 000	0	38 029
Binding financing offers	0	2 226 391	508 425	742 935	975 031	0	0
Total	**3 291 335**	**5 511 941**	**582 996**	**1 135 169**	**2 918 556**	**805 561**	**69 659**
Derivatives							
Derivatives - receivables		1 103 359	0	203 276	900 083	0	0
Derivatives - liabilities		-1 121 088	0	-199 550	-921 538	0	0
Total, net	**-25 609**	**-17 729**	**0**	**3 726**	**-21 455**	**0**	**0**
Guarantees and export credit guarantees*)							
Guarantees		**1 159 442**	**154 431**	**374 461**	**537 610**	**88 369**	**4 570**
Export credit guarantees		**10 882 420**	**402 322**	**1 352 438**	**5 378 328**	**3 397 636**	**351 697**

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

**) The item "Receivables from credit institutions" does not include the ERDF assets deposited, EUR 20,252.000 Their use is regulated separately.

The table presents interest repricing dates for interest-bearing receivables and liabilities as well for interest rate and currency swaps hedging the liabilities.

***) Bond investments made in credit institutions.

B12 Market risk sensitivities *)

	Finnvera Group	
(EUR 1,000)	**31 Dec 2014**	**31 Dec 2013**
Interest rate risk		
Market interest increase 1 %	9 860	7 800
Market interest decrease 0,1 %	-986	-780
Currency risk		
The USD strengthens by 10% against the euro	421	21 784
The USD weakens by 10% against the euro	-345	-17 829

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

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

C Segment information

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

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

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

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

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

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

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

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

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

C1 Consolidated income statement and balance sheet by segments

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internation-alisation	Export financing	Venture capital financing	Eliminations	Total
Finnvera Group							
1–12/2014							
Net interest income	8 197	23 361	11 679	6 933	1 588	0	**51 758**
Net fee and commission income	3 970	19 215	16 333	98 971	-2	0	**138 487**
Net impairment loss on financial assets, guarantee and security losses	4 510	-39 519	-7 223	9 448	-1 033	0	**-33 817**
Operating expenses*	-9 752	-13 525	-10 189	-18 975	-4 685	11 285	**-45 840**
Depreciation and amortization	-85	-445	-211	-263	-42	0	**-1 047**
Other income/expenses**	20	-793	55	7 556	-3 058	-11 287	**-7 507**
Operating profit	**6 860**	**-11 705**	**10 444**	**103 670**	**-7 233**	**-2**	**102 034**
1–12/2013							
Net interest income	9 108	24 661	15 886	4 594	1 315	0	**55 564**
Net fee and commission income	3 968	17 247	17 901	95 171	-2	0	**134 284**
Net impairment loss on financial assets, guarantee and security losses	-3 220	-20 966	-25 339	-12 585	-1 476	0	**-63 586**
Operating expenses*	-10 189	-14 733	-9 242	-14 553	-5 938	4 557	**-50 098**
Depreciation and amortization	-91	-475	-231	-309	-40	0	**-1 147**
Other income/expenses**	532	1 415	845	1 937	959	-5 607	**82**
Operating profit	**107**	**7 150**	**-182**	**74 256**	**-5 182**	**-1 049**	**75 099**
Finnvera plc							
1–12/2014							
Net interest income	8 197	23 361	11 679	3 460	0		**46 697**
Net fee and commission income	3 970	19 215	16 333	97 939	0		**137 457**
Net impairment loss on financial assets, guarantee and security losses	4 510	-39 519	-7 223	9 448	0		**-32 784**
Operating expenses*	-9 752	-13 525	-10 189	-16 559	0		**-50 024**
Depreciation and amortization	-85	-445	-211	-263	0	0	**-1 005**
Other income/expenses**	20	-793	55	3 255	-9 000		**-6 463**
Operating profit	**6 860**	**-11 705**	**10 444**	**97 279**	**-9 000**		**93 878**
1–12/2013							
Net interest income	9 108	24 661	15 886	2 850	0	0	**52 504**
Net fee and commission income	3 968	17 247	17 901	93 452	0	0	**132 567**
Net impairment loss on financial assets, guarantee and security losses	-3 220	-20 966	-25 339	-12 585	0	0	**-62 110**
Operating expenses*	-10 189	-14 725	-9 242	-13 272	-804	0	**-48 232**
Depreciation and amortization	-91	-475	-231	-309	0	0	**-1 106**
Other income/expenses**	532	1 408	845	1 173	-9 003	0	**-5 045**
Operating profit	**107**	**7 150**	**-181**	**71 309**	**-9 807**	**0**	**68 578**

* * Operating expenses = administrative expenses + other operating expenses - depreciation and amortization
** Gains/losses from financial instruments carried at fair value + net income from investments + other operating income + impairment losses on financial assets

D Notes to the income statement

D1 Interest income and expences

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Interest income				
Loans to customers	106 963	97 356	45 950	43 247
- Domestic financing	106 963	44 274	45 950	43 145
- Export financing	0	53 082	0	102
Subsidies passed on to customers	6 397	8 808	6 397	8 808
- Regional interest subsidy	688	954	688	954
- Interest subsidy to special loans	3 529	4 136	3 529	4 136
- Interest subsidy from the ERDF	1 047	1 774	1 047	1 774
- National interest subsidy (ERDF)	1 133	1 945	1 133	1 945
Other interest income	-335	4 020	-651	3 717
- Interest on export credit guarantee and special guarantee receivables	551	213	551	213
- Interest on guarantee receivables	1 989	1 710	1 989	1 710
- On receivables from credit institutions	-4 441	1 207	-4 606	1 072
- On debt securities, available-for-sale	1 404	717	1 404	695
- On other	163	173	12	27
Total	**113 025**	**110 184**	**51 696**	**55 773**
Interest expenses				
On liabilities to credit institutions	-2	-292	-2	-292
On liabilities to other institutions	-56 229	-51 314	0	24
On debt securities in issue	-4 751	-2 702	-4 751	-2 702
Other interest expenses	-285	-313	-246	-299
Total	**-61 267**	**-54 620**	**-4 999**	**-3 268**
Net interest income	**51 758**	**55 564**	**46 697**	**52 504**
Interest income on financial assets which are not carried at fair value totalled	113 025	110 184	51 696	55 773
Interest expenses on financial liabilities which are not carried at fair value totalled	56 007	51 533	0	426
Interest income include interest accrued on impaired loans	5 165	2 866	5 165	2 866

Interest subsidy from the state and the European Regional Development Fund

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

Interest-subsidised loans and guarantees in total	**274 307**	**436 220**	**274 307**	**436 220**

D2 Fee and commission income and expences

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Fee and commission income				
From export credit guarantees and special guarantees	107 771	103 994	107 771	103 994
From other guarantees	24 876	24 982	24 876	24 982
From credit operations	13 077	9 333	12 599	8 795
From other	572	1 206	17	25
Total	**146 295**	**139 515**	**145 263**	**137 796**

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

Fee and commission expenses				
From reinsurance	-6 996	-4 439	-6 996	-4 439
From borrowing	-761	-755	-761	-755
From payment transactions	-51	-37	-49	-36
From other	0	0	0	0
Total	**-7 808**	**-5 231**	**-7 806**	**-5 229**
Net fee and commission income	**138 487**	**134 284**	**137 457**	**132 567**
Fee and commission income from financial assets not carried at fair value	146 295	139 515	145 263	137 796
Fee and commission expenses from financial assets which are not carried at fair value totalled	-7 047	-4 476	-7 045	-4 475

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

(EUR 1,000)	Finnvera Group			Finnvera plc		
	Gains and losses from sales	Changes in fair value	Total	Gains and losses from sales	Changes in fair value	Total
31 Dec 2014						
From financial instruments carried at fair value through profit or loss						
Derivatives	0	17 399	17 399	0	8 792	8 792
Liabilities carried at fair value	0	-20 932	-20 932	0	-9 752	-9 752
Shares and participations	-717	-6 087	-6 803	0	0	0
Translation differences	33 811	-33 485	327	35 824	-35 419	404
Total, net	**33 095**	**-43 104**	**-10 009**	**35 824**	**-36 380**	**-556**
By categories of financial instruments, IAS 39						
Liabilities carried at fair value	-717	-103 858	-104 575	0	-95 200	-95 200
Translation differences	33 811	60 755	94 566	35 824	58 820	94 644
Total, net	**33 095**	**-43 104**	**-10 009**	**35 824**	**-36 380**	**-556**
31 Dec 2013						
From financial instruments carried at fair value through profit or loss						
Derivatives	0	-100 634	-100 634	0	-85 230	-85 230
Liabilities carried at fair value	0	101 827	101 827	0	87 347	87 347
Shares and participations	2 270	-4 877	-2 607	0	0	0
Translation differences	-3 183	2 920	-264	-4 929	4 632	-297
Total, net	**-913**	**-765**	**-1 678**	**-4 929**	**6 749**	**1 821**
By categories of financial instruments, IAS 39						
Liabilities carried at fair value	2 270	-3 684	-1 414	0	2 117	2 117
Translation differences	-3 183	2 920	-264	-4 929	4 632	-297
Total, net	**-913**	**-765**	**-1 678**	**-4 929**	**6 749**	**1 821**

D4 Net income from investments

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Available-for-sale financial assets				
Shares and participations	-219	-61	-219	-61
- Gains / losses	-219	81	-219	81
- Impairment losses	0	-142	0	-142
Debt securities	188	0	-91	0
- Gains / losses	-91	0	-91	0
- Impairment losses	278	0	0	0
Dividends	978	970	12	24
Total	**947**	**909**	**-298**	**-37**
Share of profit of associates	-2	0	0	0
Total net income from investments	**945**	**909**	**-298**	**-37**

D5 Other operating income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Fee for the management of the old liability	180	194	180	194
Management fee for the handling of ERDF loans	94	154	94	154
Management fees from subsidiaries (internal charging)	0	0	2 359	1 218
Rental income	170	187	341	356
Sales profit/loss	391	-119	391	92
Credit for deficit in ERDF venture capital investments	606	236	0	0
Other	115	198	26	160
Total	**1 556**	**850**	**3 391**	**2 174**

D6 Employee expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Wages and salaries	-22 801	-23 444	-21 642	-22 203
Social security costs	-5 272	-6 436	-5 017	-6 162
Pension costs				
- Defined contribution plans	-3 555	-3 907	-3 345	-3 675
- Defined benefit plans	-496	-1 021	-496	-1 021
Other social security costs	-1 221	-1 508	-1 177	-1 466
Total	**-28 073**	**-29 880**	**-26 659**	**-28 366**

D7 Auditor's fees

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Fees for auditing	-73	-70	-63	-56
Fees for expert services provided by auditors	-157	-159	-157	-159
Total	**-230**	**-229**	**-220**	**-215**

D8 Depreciation and amortisation on tangible and intangible assets

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Depreciation and amortization				
Intangible assets	-691	-718	-648	-679
Property, plant and equipment	-356	-428	-356	-428
- Properties	0	-5	0	-5
- Machinery and equipment	-292	-423	-292	-423
- Other tangible assets	-64	0	-64	0
Total	**-1 047**	**-1 146**	**-1 005**	**-1 106**

D9 Other operating expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Rental expenses	-4 313	-4 325	-4 313	-4 312
Expenses from property in own use	-782	-1 144	-782	-1 144
Return of the surplus in export credit financing to FEC	0	0	-6 185	-1 616
Other expenses	-2	-1 792	0	-879
Total	**-5 097**	**-7 261**	**-11 280**	**-7 951**

D10 Impairment losses on receivables, guarantee losses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Impairment losses on receivables and guarantee losses				
Impairment losses on receivables	-69 431	-64 071	-68 398	-62 595
- Credit losses materialised	-84 843	-55 280	-83 810	-53 804
- Change in impairment of individually assessed loans	12 901	-2 550	12 901	-2 550
- Change in impairment of collectively assessed loans	2 511	-6 241	2 511	-6 241
Guarantee losses	-35 943	-36 798	-35 943	-36 798
- Guarantee losses materialised	-33 596	-27 467	-33 596	-27 467
- Change in individually assessed provisions for losses	-583	-6 554	-583	-6 554
- Change in collectively assessed provisions for losses	-1 764	-2 778	-1 764	-2 778
Total, gross	**-105 374**	**-100 869**	**-104 341**	**-99 394**
The State's and the ERDF's share of the credit and guarantee losses materialised *)	63 708	47 976	63 708	47 976
Total, net	**-41 666**	**-52 893**	**-40 632**	**-51 417**

*) The state and the ERDF compensate Finnvera Plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2014 these loans and guarantees totalled EUR 2,299 (2,525) million. The compensation was 53,43% (56.5%) of the credit and guarantee losses recognized during the period.

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Losses on export credit guarantees and special guarantees				
Guarantee losses	7 848	-10 693	7 848	-10 693
- Claims paid	-2 136	-3 538	-2 136	-3 538
- Accumulated recoveries	2 067	2 702	2 067	2 702
- Change in recovery receivables	-4 414	800	-4 414	800
- Provisions for losses on export credit guarantees and special guarantees	12 332	-10 657	12 332	-10 657
Total	**7 848**	**-10 693**	**7 848**	**-10 693**
Impairment losses on credits and guarantee losses in total	**-33 817**	**-63 586**	**-32 784**	**-62 110**
Impairment losses on other financial assets				
Write-off for the shares of Seed Fund Vera Ltd	0	0	-9 000	-9 003
Total	**0**	**0**	**-9 000**	**-9 003**

D11 Income tax expense

	Finnvera Group	
(EUR 1,000)	31 Dec 2014	31 Dec 2013
Current period	-1 639	-1 002
Adjustment for prior periods	2	0
Deferred taxes	924	436
Total	**-713**	**-566**

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

E Notes to the balance sheet

E1 Loans and receivables from credit institutions

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013	Finnvera plc 31 Dec 2014	Finnvera plc 31 Dec 2013
Payable on demand	634 614	250 271	549 942	215 646
Other	56 304	26 172	20 252	26 172
Total	**690 918**	**276 443**	**570 194**	**241 818**

E2 Loans and receivables from customers

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013	Finnvera plc 31 Dec 2014	Finnvera plc 31 Dec 2013
Loans	4 592 991	3 649 525	1 265 155	1 409 500
- Subordinated loans	0	39 404	26 557	37 026
- Other loans	4 678 704	3 711 272	1 324 311	1 473 626
- Impairment losses	-85 712	-101 152	-85 712	-101 152
Loans to Group companies			927 570	130 516
Guarantee receivables	38 740	46 023	38 740	46 023
Receivables from export credit guarantee and special guarantee operations	11 238	15 305	11 238	15 305
- Fee and commission receivables	498	605	498	605
- Recovery receivables	10 740	14 700	10 740	14 700
Total	**4 642 969**	**3 710 853**	**2 242 703**	**1 601 344**
Impairment losses on loans				
Impairment losses at the beginning of the period	101 152	92 546	101 152	92 546
- Impairment losses on individually assessed loans	59 365	56 815	59 365	56 815
- Impairment losses on collectively assessed loans	41 787	35 731	41 787	35 731
Impairment losses recognised during the period	-1 250	24 891	-1 249	24 891
- Impairment losses on individually assessed loans	6 355	20 399	6 355	20 399
- Impairment losses on collectively assessed loans	-2 538	6 056	-2 538	6 056
- Reversal of impairment losses	-7 734	-4 754	-7 734	-4 754
- Other changes	2 668	3 190	2 668	3 190
Credit losses materialised on loans where impairment losses have been recognise	-14 190	-16 285	-14 190	-16 285
Impairment losses at the end of the period	**85 712**	**101 152**	**85 712**	**101 152**
- Impairment losses on individually assessed loans	46 464	59 365	46 464	59 365
- Impairment losses on collectively assessed loans	39 248	41 787	39 248	41 787

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

E3 Investments

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Debt securities, available-for-sale *)				
Certificates of deposits	0	0	0	0
Commercial papers	128 954	119 549	128 954	119 549
Local authority paper	392 218	181 754	392 218	181 754
Bonds	413 549	24 889	413 549	24 889
Other	0	0	0	0
Total	**934 721**	**326 191**	**934 721**	**326 191**
Investments in Group companies				
Acquisition cost at 31 Dec			172 818	167 818
- Acquisition cost at 1 Jan			167 818	164 784
- Investments			10 000	10 000
- Sales			0	-6 966
- Other deductions			-5 000	0
Accumulated impairment losses at 31 Dec			-13 003	-9 003
- Accumulated impairment losses at 1 Jan			-9 003	0
- Impairment losses during the period			-4 000	-9 003
Total			**159 815**	**158 815**
Associates **)				
Acquisition cost at 31 Dec	67 523	75 157	349	349
- Acquisition cost at 1 Jan	75 157	67 700	349	425
- Investments	9 878	9 488	0	0
- Sales	-17 512	-2 031	0	-76
Equity adjustments at 31 Dec	-3 953	3 037	0	0
Total	**63 570**	**78 195**	**349**	**349**
Other shares ***)				
At fair value through profit or loss	51 581	43 572	0	0
Available-for-sale	15 553	74 447	14 520	15 246
Total	**67 134**	**118 019**	**14 520**	**15 246**
Investment property	0	0	0	0
Investments total	**1 065 425**	**522 405**	**1 109 404**	**500 602**

*) Debt securities not publicly quoted.

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

Name	Year	Carrying amount	Ownership	Assets	Liabilities	Carrying net sales	Profit/ loss
		EUR 1,000		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Kiinteistö Oy Kajaanin	2014	349	36,43 %	1 593	9	110	-5
Kauppakatu 1	2013	349	36,43 %	1 595	7	107	0

***) Other shares that are publicly quoted:

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
- Other shares	1 485	59 727	451	526

E4 Intangible assets

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013	Finnvera plc 31 Dec 2014	Finnvera plc 31 Dec 2013
Acquisition cost at 31 Dec	38 650	37 142	38 487	36 962
- Acquisition cost at 1 Jan	37 142	35 869	36 962	35 712
- Additions	1 552	1 293	1 543	1 271
- Disposals	-44	-20	-19	-20
Accumulated amortization and impairment losses at 31 Dec	-35 222	-34 569	-35 108	-34 472
- Accumulated amortization and impairment losses at 1 Jan	-34 569	-33 889	-34 472	-33 809
- Amortization for the period	-653	-680	-636	-663
Carrying amount at 1 Jan	2 572	1 980	2 490	1 903
Carrying amount at 31 Dec	**3 427**	**2 572**	**3 379**	**2 490**

E5 Property, plant and equipment

(EUR 1,000)	Finnvera Group			Finnvera plc		
	Properties	Other tangible	**Total**	Properties	Other tangible	**Total**
31 Dec 2014						
Acquisition cost at 31 Dec	7 054	10 894	17 948	7 054	10 894	17 948
- Acquisition cost at 1 Jan	7 704	10 803	18 507	7 704	10 803	18 507
- Additions	0	91	91	0	91	91
- Disposals	-650	-1	-651	-650	-1	-651
Accumulated amortization and impairment losses at 31 Dec	-6 883	-9 723	-16 606	-6 883	-9 723	-16 606
- Accumulated amortization and impairment losses at 1 Jan	-6 871	-9 367	-16 237	-6 871	-9 367	-16 237
- Amortization for the period	-12	-356	-369	-12	-356	-369
Carrying amount at 1 Jan	834	1 437	2 270	834	1 437	2 270
Carrying amount at 31 Dec	171	1 171	1 342	171	1 171	1 342
31 Dec 2013						
Acquisition cost at 31 Dec	7 704	10 803	18 507	7 704	10 803	18 507
- Acquisition cost at 1 Jan	7 997	10 298	18 295	7 997	10 298	18 295
- Additions	0	529	529	0	529	529
- Disposals	-293	-24	-317	-293	-24	-317
Accumulated amortization and impairment losses at 31 Dec	-6 871	-9 367	-16 237	-6 871	-9 367	-16 237
- Accumulated amortization and impairment losses at 1 Jan	-6 851	-8 943	-15 794	-6 851	-8 943	-15 794
- Amortization for the period	-20	-423	-443	-20	-423	-443
Carrying amount at 1 Jan	1 146	1 355	2 501	1 146	1 355	2 501
Carrying amount at 31 Dec	834	1 437	2 270	834	1 437	2 270

E6 Other assets

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013	Finnvera plc 31 Dec 2014	Finnvera plc 31 Dec 2013
Credit loss receivables from the state and the ERDF	19 713	6 516	19 713	6 516
Other	4 345	5 030	7 783	5 894
Total	**24 059**	**11 546**	**27 496**	**12 410**

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

E7 Prepayments and accrued income

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013	Finnvera plc 31 Dec 2014	Finnvera plc 31 Dec 2013
Interest and interest subsidy receivables	31 158	15 736	14 713	764
Fee and commission receivables	6 799	6 847	6 583	6 672
Reinsurance premiums paid in advance	27 616	24 903	27 616	24 903
Security given for derivatives	74 220	18 700	74 220	18 700
Prepayments and other accrued income	9 082	2 929	2 775	2 913
Total	**148 875**	**69 115**	**125 907**	**53 952**

E8 Tax assets and liabilities

(EUR 1,000)	Finnvera Group 31 Dec 2014	Finnvera Group 31 Dec 2013
Income tax assets	190	98
Deferred tax assets at 31 Dec	0	0
- Deferred tax assets at 1 Jan	0	0
- Increase/decrease to income statement during the period	0	0
- Increase/decrease to other items in comprehensive income during the period	0	0
Tax assets total	**190**	**98**
Current income tax liabilities	253	688
Deferred tax liabilities at 31 Dec	2 609	3 645
- Deferred tax liabilities at 1 Jan	3 645	4 230
- Increase/decrease to income statement during the period	-924	-436
- Increase/decrease to other items in comprehensive income during the period	-113	-149
Tax liabilities total	**2 862**	**4 333**

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

E9 Liabilities to credit and other institutions

(EUR 1,000)	Finnvera Group			Finnvera plc		
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
31 Dec 2014						
Credit institutions	0	0	0	0	0	0
Other institutions						
- At fair value through profit or loss	34 428	1 341	35 769	0	0	0
- At amortized cost	2 419 517	0	2 419 517	0	0	0
Total	**2 453 945**	**1 341**	**2 455 286**	**0**	**0**	**0**
31 Dec 2013						
Credit institutions	0	0	0	0	0	0
Other institutions						
- At fair value through profit or loss	34 549	1 334	35 883	0	0	0
- At amortized cost	2 107 553	0	2 107 553	0	0	0
Total	**2 142 102**	**1 334**	**2 143 436**	**0**	**0**	**0**

E10 Debt securities in issue

(EUR 1 000)	Finnvera Group			Finnvera plc		
	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
31 Dec 2014						
Bonds						
- At fair value through profit or loss	2 545 897	18 243	2 564 141	2 545 897	18 243	2 564 141
- At amortized cost	0	0	0	0	0	0
Total	**2 545 897**	**18 243**	**2 564 141**	**2 545 897**	**18 243**	**2 564 141**
Average interest rate			0,18 %			0,18 %
31 Dec 2013						
Bonds						
- At fair value through profit or loss	1 055 418	4 452	1 059 870	1 055 418	4 452	1 059 870
- At amortized cost	0	0	0	0	0	0
Total	**1 055 418**	**4 452**	**1 059 870**	**1 055 418**	**4 452**	**1 059 870**
Average interest rate			0,30 %			0,30 %

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

E11 Derivatives

(EUR 1,000)	Finnvera Group			Finnvera plc		
	Fair value		Nominal value	Fair value		Nominal value
	Positive	Negative	Total	Positive	Negative	Total
31 Dec 2014						
Contracts entered in hedging purposes						
- Interest rate swaps and foreign exchange derivatives	51 434	106 232	2 545 897	51 434	103 794	2 545 897
Total	**51 434**	**106 232**	**2 545 897**	**51 434**	**103 794**	**2 545 897**
31 Dec 2013						
Contracts entered in hedging purposes						
- Interest rate swaps and foreign exchange derivatives	8 159	31 272	1 089 967	8 159	29 915	1 055 418
Total	**8 159**	**31 272**	**1 089 967**	**8 159**	**29 915**	**1 055 418**

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

E12 Other liabilities

	Finnvera Group		Finnvera plc	
(EUR 1,000)	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
Grants under repayment obligation	24 466	27 679	24 466	27 679
Grant from the Ministry of Employment and the Economy to Seed Fund Vera Ltd for venture capital investments	5 000	0	5 000	0
Prepayments received for ERDF financing	18 758	18 601	18 758	18 601
Other	2 545	8 457	2 481	3 509
Total	**50 769**	**54 738**	**50 705**	**49 790**

E13 Provisions

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Provision for export credit guarantee losses at 1 Jan	13 536	2 870	13 536	2 870
Provisions made during the period	1 209	12 975	1 209	12 975
Provisions used during the period	0	-2 144	0	-2 144
Other change	-13 536	-165	-13 536	-165
Provision for export credit guarantee losses at 31 Dec	**1 209**	**13 536**	**1 209**	**13 536**
Impairment losses on guarantees at 1 Jan	51 020	41 688	51 020	41 688
- of which individually assessed guarantees	32 564	26 010	32 564	26 010
- of which collectively assessed guarantees	18 456	15 678	18 456	15 678
Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-9 319	-6 226	-9 319	-6 226
Individually assessed impairment losses recognized during the period	11 235	15 089	11 235	15 089
Collectively assessed impairment losses recognized during the period	1 764	2 778	1 764	2 778
Reversal of impairment losses	-1 441	-2 490	-1 441	-2 490
Other change	108	181	108	181
Impairment losses on guarantees at 31 Dec	**53 367**	**51 020**	**53 367**	**51 020**
- of which individually assessed guarantees	33 147	32 564	33 147	32 564
- of which collectively assessed guarantees	20 220	18 456	20 220	18 456
Other provisions	700	1 045	700	1 045
Total	**55 276**	**65 601**	**55 276**	**65 601**

A provision for export credit guarantee losses is recognised when the Group has a constructive and legal obligation to pay a guarantee indemnity, the realisation of the obligation is probable and it can be measured reliably.
A provision for domestic guarantee losses is recognised when objective evidence exists of impairment of guarantees' value. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

E14 Operating leases

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Finnvera as the lessee, premises				
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts				
Within one year	376	532	0	532
Between one and five years	6 162	8 178	0	8 178
Later than five years	5 893	0	0	0
Total	**12 431**	**8 710**	**0**	**8 710**
Finnvera as the lessor, premises				
Non-cancellable minimum lease payments payable for premises eased under operating lease contracts				
Within one year	99	122	0	122
Between one and five years	0	0	0	0
Later than five years	0	0	0	0
Total	**99**	**122**	**0**	**122**

E15 Accruals and deferred income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Interest	16 087	14 065	1 411	512
Advance interest payments received	13 234	807	13 234	807
Guarantee premiums paid in advance *)	284 718	286 443	284 718	286 443
Other accruals and deferred income	37 883	6 302	35 969	6 063
Total	**351 923**	**307 616**	**335 333**	**293 824**

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

E16 Subordinated liabilities, Finnvera plc

Loan	Purpose of use	Interest rate%	Loan period	Finnvera Group Balance (EUR 1,000)	
(EUR 1,000)				31 Dec 2014	31 Dec 2013
Subordinated loan 2009-1	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	13 639	20 529
Subordinated loan 2009-2	Increase in the share capital of Veraventure Ltd *)	0	15 years	7 500	7 500
Subordinated loan 2009-3	Raising Finnvera plc's capital adequacy and improving the financing options **)	0	15 years	50 000	50 000
Subordinated loan 2013	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	10 000	10 000
Subordinated loan 2014	Increase in the share capital of Seed Fund Vera Ltd *)	0	15 years	5 000	

* The loans are to be used as investment raising the share capital of Seed Fund Vera Ltd and Veraventure Ltd. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered. The loan granted in 2009 for raising the share capital of Seed Fund Vera Ltd was cancelled EUR 6,890 million in 2014 because of the loss shown by Seed Fund Vera Ltd for the financial year 2013.

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

E17 Financial instruments classification and fair values

(EUR 1,000)	Finnvera Group					Finnvera plc				
Financial assets	Loans and receivables	Financial instruments carried at fair value	Available for sale	Total	Fair value	Loans and receivables	Financial instruments carried at fair value	Available for sale	Total	Fair value
31 Dec 2014										
Loans and receivables from credit institutions	690 918			690 918	690 902	570 194			570 194	570 194
Loans and receivables from customers	4 642 969			4 642 969	4 737 704	2 242 703			2 242 703	2 241 732
Debt securities			934 721	934 721	934 721			934 721	934 721	934 721
Derivatives		51 434		51 434	51 434		51 434		51 434	51 434
Investments in associates		35 369	28 201	63 570	63 570			349	349	349
Shares and participations		51 581	15 553	67 134	67 134			14 520	14 520	14 520
Other financial assets	131 894			131 894	131 894	104 769			104 769	104 769
Total 31 Dec 2014	**5 465 781**	**138 384**	**978 474**	**6 582 640**	**6 677 359**	**2 917 666**	**51 434**	**949 589**	**3 918 690**	**3 917 718**
31 Dec 2013										
Loans and receivables from credit institutions	276 443			276 443	276 443	241 818			241 818	241 818
Loans and receivables from customers	3 710 853			3 710 853	3 929 693	1 601 344			1 601 344	1 600 284
Debt securities			326 191	326 191	326 191			326 191	326 191	326 191
Derivatives		8 159		8 159	8 159		8 159		8 159	8 159
Investments in associates		78 195		78 195	78 195			349	349	349
Shares and participations		43 572	74 447	118 019	118 019			15 246	15 246	15 246
Other financial assets	47 819			47 819	47 819	32 673			32 673	32 673
Total 31 Dec 2013	**4 035 115**	**129 925**	**400 638**	**4 565 678**	**4 784 519**	**1 875 835**	**8 159**	**341 786**	**2 225 780**	**2 224 720**

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

(EUR 1,000)	Finnvera Group				Finnvera plc			
Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
31 Dec 2014								
Liabilities to other institutions	35 769	2 419 517	2 455 285	2 510 812			0	0
Debt securities in issue	2 564 141		2 564 141	2 564 141	2 564 141		2 564 141	2 564 141
Derivatives	106 232		106 232	106 232	103 794		103 794	103 794
Other financial liabilities		343 004	343 004	343 004		328 302	328 302	328 302
Subordinated liabilities		86 139	86 139	86 139		86 139	86 139	86 139
Total 31 Dec 2014	**2 706 141**	**2 848 659**	**5 554 800**	**5 610 327**	**2 667 935**	**414 441**	**3 082 376**	**3 082 376**
31 Dec 2013								
Liabilities to other institutions	35 883	2 107 553	2 143 436	2 227 067			0	0
Debt securities in issue	1 059 870		1 059 870	1 059 870	1 059 870		1 059 870	1 059 870
Derivatives	31 272		31 272	31 272	29 915		29 915	29 915
Other financial liabilities		304 298	304 298	304 298		290 698	290 698	290 698
Subordinated liabilities		88 029	88 029	88 029		88 029	88 029	88 029
Total 31 Dec 2013	**1 127 025**	**2 499 880**	**3 626 905**	**3 710 536**	**1 089 785**	**378 727**	**1 468 512**	**1 468 512**

Classifications

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

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

Fair value measurement principles

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

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

3. Investments in associates
The fair value of subsidiaries involved in venture capital investment is determined using a valuation technique approved by the Board of Directors that complies with the International Equity and Venture Capital Valuation (IPEV) Guidelines and recommendations for early stage ventures. In this technique, the determination of the investment's fair value is based on the valuation and investments made by outside investors as well as on the portfolio company valuation approved by the fund's Board of Directors. The valuation of companies is done continuously throughout the year, with valuations being updated on a biannually basis, for Group reporting in a separate process, where investments are examined by investment portfolio.

The basis for valuation is the value to be determined based on the previous round of investments. If necessary, this value can be adjusted in accordance with change factors in the portfolio company its performance and its operating environment. In accordance with State aid regulations, all investment rounds include private investors, with whom investments are made under mutually applicable conditions and at a valuation approved by private investors. In determining the value of a holding, attention is also given to the impact that any options and rights of exchange may have on the holding value If fair value cannot be determined reliably, venture capital investments shall be measured at amortised cost using the effective interest method. Initial investments less than a year old are measured at their book value. When fair values decrease, valuation can be based on an estimate made by the administrative company. Fund investments are also made in accordance with IPEV Guidelines.

The valuation of fund portfolio companies is done by private fund administration companies, which report their valuations to the funds' boards of directors and investors.

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

5. Financial liabilities at fair value through profit or loss

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

E18 Hierarchy for carrying financing instruments at fair value

(EUR 1,000)		Finnvera Group			Finnvera plc		
Financial assets	**31 Dec 2014**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Loans and other assets							
- Loans and receivables from credit institutions			690 918			570 194	
- Loans and receivables from customers			4 628 137	14 833		2 227 871	14 833
Financial instruments carried at fair value							
- Derivatives			51 434			51 434	
- Investments in associates				35 369			
- Shares and holdings				51 581			
Available-for-sale							
- Debt securities			934 721			934 721	
- Other shares and participations				28 201			349
- Shares and holdings		1 485		14 068	451		14 068
Total		**1 485**	**6 305 210**	**144 052**	**451**	**3 784 219**	**29 250**
Financial liabilities	**31 Dec 2014**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial instruments carried at fair value							
- Liabilities to other institutions			35 769				
- Debt securities in issue			2 564 141			2 564 141	
- Derivatives			106 232			103 794	
Other financial liabilities							
- Liabilities to other institutions			1 059 870			1 059 870	
- Subordinated liabilities			86 139			86 139	
Total			**3 852 150**			**3 813 944**	

		Finnvera Group			Finnvera plc		
Financial assets	**31 Dec 2013**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Loans and other assets							
- Loans and receivables from credit institutions			276 443			241 818	
- Loans and receivables from customers			3 696 880	13 973		1 587 371	13 973
Financial instruments carried at fair value							
- Derivatives			8 159			8 159	
- Investments in associates				78 195			0
- Shares and holdings				43 572			0
Available-for-sale							
- Debt securities			326 191			326 191	
- Other shares and participations				0			349
- Shares and holdings		59 727		14 720	526		14 720
Total		**59 727**	**4 307 673**	**150 459**	**526**	**2 163 540**	**29 041**
Financial liabilities	**31 Dec 2013**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial instruments carried at fair value							
- Liabilities to other institutions			35 883				
- Debt securities in issue			1 059 870			1 059 870	
- Derivatives			31 272			29 915	
Other financial liabilities							
- Liabilities to other institutions			2 107 553			0	
- Subordinated liabilities			88 029			88 029	
Total			**3 322 607**			**1 177 814**	

Hierarchy levels

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

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

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

Transfers between levels 1 and 2

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

E19 Specification of events at hierarchy

LEVEL 3, Financial assets	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Financial assets carried at fair value				
Balance at 1 Jan	**136 137**	**124 679**	**14 720**	**14 230**
Profits and losses entered in the income statement, in total	-6 973	-2 668	-169	-61
Acquisitions	22 538	19 639	0	624
Sales	-22 753	-5 512	-482	-55
Other	-79	-1	0	-18
Balance at 31 Dec	**128 870**	**136 137**	**14 068**	**14 720**
Finnvera	-6 087	751	0	0

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

	Finnvera Group / Finnvera plc						
(EUR 1,000)	Gross recognised financial assets	Gross recognised financial liabilities set of in the balance sheet	Net carrying amount in the balance sheet	Financial instruments *)	Financial instruments received as collateral *)	Cash received as collateral *)	Net amount *)
Financial assets 31 Dec 2014							
Derivatives	51 434	0	51 434	-51 434	0	-27 000	-27 000
Total	**51 434**	**0**	**51 434**	**-51 434**	**0**	**-27 000**	**-27 000**
Financial liabilities 31 Dec 2014							
Derivatives	103 794	0	103 794	-1 147	0	-74 220	28 428
Total	**103 794**	**0**	**103 794**	**-1 147**	**0**	**-74 220**	**28 428**
Financial assets 31 Dec 2013							
Derivatives	8 159	0	8 159	-7 029	0	0	1 130
Total	**8 159**	**0**	**8 159**	**-7 029**	**0**	**0**	**1 130**
Financial liabilities 31 Dec 2013							
Derivatives	29 915	0	29 915	-7 029	0	-18 700	4 186
Total	**29 915**	**0**	**29 915**	**-7 029**	**0**	**-18 700**	**4 186**

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

E21 Equity

		Finnvera Group				Finnvera plc		
(EUR 1,000)		31 Dec 2014		31 Dec 2013		31 Dec 2014		31 Dec 2013
Parent company's equity		196 605		196 605		196 605		196 605
Reserves								
- Share premium	51 036		51 036		51 036		51 036	
- Fair value reserve	-99	50 937	518	51 554	-236	50 800	-71	50 965
Tied equity		**247 542**		**248 159**		**247 405**		**247 570**
Unrestricted reserves								
- Fund for domestic operations	135 089		137 172		135 089		137 172	
- Fund for export credit guarantee and special guarantee operations	435 628		357 825		435 628		357 825	
- Fund for venture capital investments	16 619	587 335	17 225	512 223	16 619	587 335	17 225	512 223
Retained earnings								
- Profit/loss for previous periods	6 871		527		504		504	
- Profit/loss for the period	108 864	115 736	82 064	82 590	101 227	101 731	75 719	76 223
Unrestricted equity		**703 071**		**594 813**		**689 066**		**588 445**
Total		**956 013**		**848 566**		**936 471**		**836 015**
Equity attributable to the parent company's shareholders		950 613		842 972				
Share of equity held by non-controlling interests		5 399		5 594				

Share capital and ownership:		**31 Dec 2014**			**31 Dec 2013**	
Owner	Share capita (EUR 1,000)	Shares, nb	Ownership	Share capital (EUR 1,000)	Shares, nb	Ownership
- The state	196 605	11 565	100 %	196 605	11 565	100 %

Reserves:

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

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

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

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

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

F Notes on personnel and management

F1 Number of employees

	Finnvera Group		Finnvera plc	
(Number)	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Number of employees				
- Permanent full-time	349	360	336	345
- Permanent part-time	22	16	22	16
- Temporary	23	23	18	21
Total	**394**	**399**	**376**	**382**
Personnel as person-years	378	381	361	365

F2 Key management personnel in the Group

In the Group, key management personnel are members of the parent company Board of Directors, members of the Supervisory Board, CEO Pauli Heikkilä, Executive Vice President Topi Vesteri as well as the Management Group, which is comprised of the CEO and Executive Vice President, along with: Ulla Hagman, Risto Huopaniemi, Katja Keitaanniemi (since 22 Sebtember 2014), Hannu Puhakka, Tarja Svarström and Kari Villikka. Other members in the Management Group in 2014 were John Erickson (until 31 August 2014), Pentti Kinnunen (until 31 August 2014) and Leo Houtsonen (until 31 August 2014).

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

F3 Key personnel benefit expenses

The table below shows the employment benefits received by key management personnel. The employment benefits shown are performance-based. Employee benefits include the bonus corresponding to one month's total remuneration paid to the Chief Executive Officer and the other members of the Management Group in 2013. Post-employment benefits are dealt with as voluntary pension plans, which include both defined contribution and defined benefit pension plans.

	Finnvera Group	
(EUR 1,000)	31 Dec 2014	31 Dec 2013
Salaries and other short-term employee benefits	1 811	1 886
Supplementary pension commitments	185	156
Remuneration of the Board of Directors and Supervisory Board members	219	243
Total	**2 215**	**2 285**

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

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

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

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

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

F4 Salaries, remuneration and pension commitments for the key personnel

	Finnvera Group					
	31 Dec 2014			31 Dec 2013		
	Salaries	**Pension commitments**		**Salaries**	**Pension commitments**	
(EUR 1,000)		Voluntary	Statutory		Voluntary	Statutory
Management salaries (incl. social security costs) as well as applicable pension commitments						
CEO Pauli Heikkilä	339	35	60	331	36	57
Executive Vice President Topi Vesteri	258	66	46	252	76	44
Other members of the Management Group	1214	80	215	1 303	44	226
Members of the Board of Directors:						
Markku Pohjola, chairman	30	No	-	33	No	-
Pekka Timonen, I deputy chairman	22	No	-	14	No	-
Marianna Uotinen, II deputy chairman	22	No	-	14	No	-
Kirsi Komi	22	No	-	12	No	-
Vesa Luhtanen	18	No	-	12	No	-
Pirkko Rantanen-Kervinen	20	No	-	13	No	-
Risto Paaermaa	21	No	-	22	No	-
Marjaana Aarnikka, member until 26 April 2013				8	No	-
Johanna Ala-Nikkola, member until 26 April 2013				7	No	-
Leila Helaakoski, member until 26 April 2013				8	No	-
Timo Kekkonen, member until 26 April 2013				9	No	-
Timo Lindholm, member 26 April 2013				9	No	-
Elise Pekkala, member until 26 April 2013				2	No	-
Kristina Sarjo, II deputy chairman until 26 April 2013				10	No	-
Heikki Solttila, member until 26 April 2013				2	No	-
Petri Vanhala, member until 26 April 2013				8	No	-
Members of the Supervisory Board (total)	64	No	-	59	No	-

F5 Defined benefit pension plans

The Group has several defined benefit group pension insurance plans, which cover personnel who transferred to Finnvera from previous organisations, and supplementary pension insurance plans for Management Group members and Regional Directors appointed before 2 April 2009. At the end of the year, there were 142 people covered by the plans. When a person resigns or retires, the insurance is changed to a defined contribution plan, because paid-up policies and pensions are increased by a credit issued by the insurance provider.

From the beginning of 2013, Management Group supplementary pension insurance changed from defined benefit to defined contribution, with the retirement age remaining at 63 years, with certain transitional conditions. This is presented in accounting as compliance with obligations.

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

The obligation is shown as the pledge made to all insurees and the asset is shown as the share of this obligation assumed by the insurance provider. The amount of assets is calculated using the same discount interest rate as an equivalent obligation. As a result, the risk posed by changes in the discounted interest rate only affects the net liabilities. A hypothetical 0.25% increase in salary would increase the obligation 1.2% (1.3%) and, correspondingly, an equivalent decrease would have the opposite effect.

Balance sheet items arising from the defined benefit:

	Finnvera Group			
(EUR 1,000)	31 Dec 2014		31 Dec 2013	
Pension obligation				
Present value of funded obligations 1 Jan		3 079		9 357
Unrecognised actuarial gains or losses	279		921	
Interest on obligation	92		281	
Effect of fulfilling the plan and reducing the obligation	-139		-2415	
Revaluation of defined benefit pension plans				
- Caused by changes in financial assumptions	773		-1081	
- Caused by changes in demographic assumptions	0		-603	
- Based on experience	-409	596	-3381	-6 278
Present value of funded obligations 31 Dec		3 674		3 079
Fair value of assets				
Fair value of plan assets 1 Jan		3 565		8 037
Interest income on assets	109		249	
Effect of fulfilling the obligation	-139		-2308	
Return on plan assets, excluding items contained in interest expenses or income	823		-2283	
Contributions paid to the plan	-155	638	-130	-4 472
Fair value of plan assets 31 Dec		4 203		3 565
Net liabilities (difference between obligations and assets)		**-528**		**-486**
Consolidated statement of comprehensive income – pension costs				
Unrecognised actuarial gains or losses		279		921
Effect of fulfilling the obligation		0		-107
Net interest expenses		-17		32
Consolidated income statement defined benefit pension costs		**262**		**846**
Items resulting from revaluation		**-459**		**-2782**

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

	Finnvera Group	
(EUR 1,000)	31 Dec 2014	31 Dec 2013
Defined benefit net liabilities		
Pension debt (+) /Pension receivable (-) 1 Jan	-486	1 320
Expenses recognised in the income statement	262	846
Paid pension contributions	155	130
Other items recognised in the consolidated statement of comprehensive income	-459	-2 782
Pension debt (+)/Pension receivable (-) 31 Dec	**-528**	**-486**

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

	Finnvera Group	
Actuarial assumptions	31 Dec 2014	31 Dec 2013
Discount rate	1,70 %	3,00 %
Future salary increases	2,40 %	2,40 %
Future pension increases	1,20 %	0,69 %

Based on the weighted average, the duration of the obligation is 15.6 years. Finnvera expected to pay EUR 174,748 towards defined benefit plans in 2015.

G Shares and holdings

G1 Shares and holdings in Group companies

		Finnvera plc					
		31 Dec 2014			31 Dec 2013		
Name and domicile of the company	**Sector**	**Holding of all shares, %**	**Share of votes, %**	**Book value EUR 1,000**	**Holding of all shares, %**	**Share of votes, %**	**Book value EUR 1,000**
Subsidiaries (holding over 50%)							
Seed Fund Vera Ltd, Kuopio	Development and investment company	93,89 %	93,89 %	91 000 000	93,31 %	93,31 %	90 000 000
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100,00 %	100,00 %	20 181 579	100,00 %	100,00 %	20 181 579
Veraventure Ltd, Kuopio	Development and investment company	100,00 %	100,00 %	48 633 752	100,00 %	100,00 %	48 633 752
Shares and holdings in associates (holding 20-50%)							
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36,43 %	36,43 %	349 000	36,43 %	36,43 %	349 000

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

			Finnvera plc			
Name and domicile of the company	**Sector**	**Year**	**Holding of all shares, %**	**Share of votes, %**	**Equity EUR 1,000**	**Profit for the year EUR 1,000**
Veraventure Ltd						
Clean Future Fund Ky		2014	0	0		
	Venture capital investments	2013	35,30%	35,30%	1615	-550
Gorilla Kiihdytys 2012 Ky		2014				
	Venture capital investments	2013	44,64%	44,64%		
Indekon Oy		2014	0	0		
	Venture capital investments	2013	34,45%	34,45%	4126	-117
Itä-Suomen Rahasto Oy		2014	36,63%	36,63%	11622	-782
	Venture capital investments	2013	36,63%	36,63%	13090	951
JyväsSeed Fund Oy		2014	0	0		
	Venture capital investments	2013	40,00%	40,00%	1081	20
Luoteis-Venäjä Rahasto Oy		2014	69,99%	49,99%	2238	-52
	Venture capital investments	2013	69,99%	49,99%	2291	-51
Länsi-Suomen Pääomarahasto Oy		2014	40,12%	40,12%	9170	-904
	Venture capital investments	2013	40,12%	40,12%	7419	-222
Midinvest Oy		2014	0	0		
	Venture capital investments	2013	29,17%	29,17%	4264	-64
Pikespo Invest Oy Ltd		2014	40,52%	40,52%	7333	266
	Venture capital investments	2013	40,52%	40,52%	7432	368
		2014	0	0		
Royal Majestics Fashion & Desing Fund I Ky	Venture capital investments	2013	36,86%	36,86%		
Spinno-Seed Oy		2014	0	0		
	Venture capital investments	2013	28,30%	28,30%	1294	-271
Teknoventure Oy		2014	0	0		
	Venture capital investments	2013	48,38%	48,38%	14673	-752
Uudenmaan Pääomarahasto Oy		2014	41,13%	41,13%	14837	-468
	Venture capital investments	2013	41,13%	41,13%	15750	897
Virtaa Hämeeseen Oy		2014	21,71%	21,71%	4598	1952
	Venture capital investments	2013	21,71%	21,71%	4596	-52
Wedeco Oy Ab		2014	39,80%	39,80%	17853	1001
	Venture capital investments	2013	39,80%	39,80%	13572	886
Vendep Starup Rahasto I Ky		2014	0	0		
	Venture capital investments	2013	39,20%	39,20%		
Seed Fund Vera Ltd						
Abacus Diagnostica Oy	Manufacture of chemical products, not	2014	30,69%	30,69%	-1517	-709
	classified elsewhere	2013	30,69%	30,69%	-1108	-810
Airmodus Oy		2014	20,13%	20,13	72	-42
	Other scientific research and development	2013	0	0		
APL Systems Oy		2014	21,69%	21,96%	12	115
	Private security services	2013	21,96%	21,96%	27	-35
Autoprod Oy		2014	44,15%	44,15%	886	-1187
	Machine and process design	2013	38,28%	38,28%	-840	-1645
BCB Medical Oy		2014	23,59%	23,59%	852	69
	Design and manufacture of software	2013	20,74%	20,74%	247	-396
Bone Index Finland Oy		2014	31,56%	31,56%	101	-217
	Medical research and development	2013	30,86%	30,86%	143	-106
CadFaster Oy		2014	31,56%	31,56%	-138	-402
	Design and manufacture of software	2013	32,5%	32,5%	15	-388
CWP Coloured Wood Products Oy		2014	30,91%	30,91%	-483	-181
	Sawing, planing and preservative treatment of wood	2013	28,53%	28,53%	-156	-158
Digital Foodie Oy		2014	24,34%	24,34%	173	-169
	Design and manufacture of software	2013	0	0		
Dodreams Oy		2014	27,25%	27,25%	142	-242
	Design and manufacture of software	2013	27,25%	27,25%	47	-174

Name and domicile of the company	Sector	Year	Holding of all shares, %	Share of votes, %	Equity EUR 1,000	Profit for the year EUR 1,000
eGen Oy	Manufacture of electric motors, generators and transformers	2014	0	0		
		2013	23,27%	23,27%	445	-223
Ekogen Oy	Electrotechnical design	2014	0	0		
		2013	31,13%	31,13%	411	-463
Enviprobe Oy	Wholesale trade of machinery and equipment, not classified elsewhere	2014	0	0		
		2013	22,66%	22,66%	-236	-146
Finnester Coatings Oy	Manufacturing of other rubber products	2014	35,78%	35,78%	1090	-213
		2013	34,35%	34,35%	14	-157
Gasera Oy	Manufacture of measurement, testing and navigation instruments and equipment	2014	26,26%	26,26%	591	-310
		2013	20,9%	20,9%	596	-261
GlowWay Oy	Manufacture of electric lighting equipment	2014	21,21%	21,21%	2	-54
		2013	21,21%	21,21%	6	-139
Goodmill Systems Oy	Design and manufacture of software	2014	41,32%	41,32%	-1263	-543
		2013	39,79%	39,79%	103	-351
Hapella Oy	Wholesaling of machines used in industry	2014	21,69%	21,69%		
		2013	0	0		
Helpten Oy	Wireless network management and services	2014	24,99%	24,99%	30	526
		2013	25,28%	25,28%	18	-1143
Hermo Pharma Oy	Medical research and development	2014	0	0		
		2013	21,51%	21,51%	-3	-1446
HLD Healthy Life Devices Oy	Other health care services	2014	21,23%	21,23%	480	-1177
		2013	24,04%	24,04%	1156	-769
Icareus Media Services Oy	Sales, marketing and development of media services and products; consulting, training, advice, support and maintenance services for hardware and software	2014	23,10%	23,10%	7	71
		2013	0	0		
Injeq Oy	Manufacture of radiation equipment and electronic medical and therapy	2014	23,24%	23,24%	529	-95
		2013	23,24%	23,24%	624	-66
Itim International Oy (ent.Feedbackdialog Oy)	Design and manufacture of software	2014	21,71%	21,71%	78	83
		2013	21,71%	21,71%	30	-162
Juno Medical Oy	Manufacture of radiation equipment and electronic medical and therapy	2014	39,54%	39,54%	148	-550
		2013	36,52%	36,52%	48	-446
Liquid Zone Oy	Design and manufacture of software	2014	24,57%	24,57%	3	-51
		2013	24,57%	24,57%	4	-70
Magisso Oy	Production and further development of various inventions, agency operations, marketing of products, wholesale and retail trading, and imports and exports	2014	22,52%	22,52%	516	-62
		2013	0	0		
Medanets Oy	Machine and process design	2014	35,44%	35,44%	-11	-149
		2013	35,21%	35,21%	137	-92
Myontec Oy	Manufacture of measurement, testing and navigation instruments	2014	0	0		
		2013	37,53%	37,53%	140	-325
Nervogrid Oy	Data processing, server rental and related services	2014	0	0		
		2013	30,27%	30,27%	125	-770
Netled Oy	Electrotechnical design	2014	25,00%	25,00%	152	-150
		2013	25,00%	25,00%	149	-254
Norsepower Oy Ltd	Building of ships and floating structures	2014	24,42%	24,42%	1001	-199
		2013	24,42%	24,42%		
Ozics Oy	Manufacture of measuring, testing and navigation instruments and	2014	30,71%	30,71%	-633	-986
		2013	22,62%	22,62%	55	-605
Pharmatest Services Ltd	Other technical testing and analysis	2014	27,17%	27,17%	73	240
		2013	27,17%	27,17%	49	54
PlexPress Oy	Manufacture of measuring, testing and navigation instruments and equipment	2014	0	0		
		2013	23,36%	23,36%	-452	-339
Promist Oy	Other advertising services	2014	20,40%	20,40%	7	71
		2013	0	0		
Proxion Solutions Oy	Manufacture of other electrical equipment	2014	22,40%	22,40%	285	-742
		2013	0	0		
Reliplay Oy	Other advertising service	2014	31,00%	31,00%		
		2013	31,00%	31,00%		
Rocsole Oy	HEPAC planning	2014	23,18%	23,18%	910	-7
		2013	0	0		
Safera Oy	Machine and process design	2014	34,15%	34,15%	-141	7
		2013	28,17%	28,17%	-149	11
Senseg Oy	Technological research and development	2014	25,78%	25,78%	-3408	-2032
		2013	22,71%	22,71%	-1376	-1574
Sensire Oy	Design and manufacture of software	2014	36,05%	36,50%	268	15
		2013	33,15%	33,15%	57	-54
Silvergreen Oy	Manufacture of chemical products not listed elsewhere	2014	27,47%	27,47%	61	-174
		2013	0	0		
Spinfy Oy	Design and manufacture of software	2014	0	0		
		2013	26,9%	26,9%	51	-321
Steam Republic Oy	Recording studios; publishing of sound and music recordings	2014	0	0		
		2013	22%	22,00%	29	-755
Steelbow Oy	Manufacture of pipes, profile pipes and their accessories in steel	2014	29,15%	29,15%	614	-276
		2013	22,71%	22,71%	-9	-263
StreamPlay Oy	Computer equipment and software consulting	2014	33,14%	33,14%	189	27
		2013	33,14%	33,14%	162	-17
Tamturbo Oy	Machine and process design	2014	21,21%	21,21%	1535	-183
		2013	22,25%	22,25%	358	-216
Tassu ESP Oy	Metal treatment and coating	2014	35,64%	35,64%	29	-154
		2013	35,64%	35,64%	183	-103
Techila Technologies Oy	Design and manufacture of software	2014	34,43%	34,43%	-64	-76
		2013	31,91%	31,91%	4	-34
Telespro Finland Oy	Retail trade in health care supplies	2014	27,77%	27,77%	72	70
		2013	27,77%	27,77%	265	161

Name and domicile of the company	Sector	Year	Holding of all shares, %	Share of votes, %	Equity EUR 1,000	Profit for the year EUR 1,000
TimerGPS Europe Oy	Manufacture of measuring, testing and navigation instruments and equipment	2014	24,29%	24,29%	54	-274
		2013	25,03%	25,03%	228	-89
Traplight Oy	Design and manufacture of software	2014	22,46%	24,46%	7	-54
		2013	0	0		
TWID Oy	Design and manufacture of software	2014	23,06%	23,06%	7	-309
		2013	27,21%	27,21%	173	-419
Vactech Oy	Biotechnological research and development	2014	23,99%	23,99%	-1263	-29
		2013	23,99%	23,99%	-115	-4
Wello Oy	Hydro and wind power generation	2014	20,09%	20,09%	3661	-472
		2013	20,44%	20,44%	4133	-280
VividWorks Oy	Other software publishing	2014	23,64%	23,64%	17	101
		2013	0	0		
Woodprime Oy	Manufacture of builders' carpentry and joinery n.e.c.	2014	0	0		
		2013	24,39%	24,39%	1548	-502
Voyantic Oy	Electrotechnical design	2014	27,08%	27,08%	96	-82
		2013	27,08%	27,08%	195	-93

G3 Related party transactions, loans and receivables

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

	Finnvera Group	
(EUR 1,000)	31 Dec 2014	31 Dec 2013
Related party transactions, loans and receivables		
Services purchased	5 095	3 774

(EUR 1,000)	31 Dec 2014	31 Dec 2013
Related party transactions, loans and receivables		
Loans	927 570	130 516
Receivables	8 034	4 664
Long-term liabilities	2 419 517	2 291 089
Short-term liabilities	8 034	4 664
Guarantees	3 337 531	2 307 840

G4 Separate result of activities referred to in the Act on the State Guarantee Fund §4, and its share of the total result of Finnvera plc

(EUR 1,000)	Finnvera plc's profit 31 Dec 2014		Activities referred to in the Fund Act and their share of the profit 31 Dec 2014		Finnvera plc's profit 31 Dec 2013		Activities referred to in the Fund Act and their share of the profit 31 Dec 2013	
Interest income	51 696		519		55 773		2 457	
Interest expenses	-4 999	46 697	2 450	2 969	-3 268	52 504	0	2 457
Fee and commission income	145 263		107 807		137 796		104 043	
Fee and commission expenses	-7 806	137 457	-7 008	100 799	-5 229	132 567	-4 447	99 596
Gains and losses from financial instruments carried at fair value through profit or loss		-556		155		1 821		-366
Net income from investments		-298		0		-37		0
Other operating income		3 391		432		2 174		328
Administrative expenses								
Wages and salaries	-26 659		-6 595		-28 366		-7 533	
Other administrative expenses	-12 085	-38 745	-3 609	-10 204	-11 915	-40 281	-4 166	-11 699
Depreciation and amortization from intangible assets, property, plant and equipment		-1 005		-329		-1 106		-387
Other operating expenses		-11 280		-1 234		-7 951		-1 433
Net impairment loss on financial assets								
Loans and guarantees	-104 341		0		-99 394		0	
Credit loss compensation from the state	63 708		0		47 976		0	
Export credit guarantees and special guarantees	7 848	-32 784	7 848	7 848	-10 693	-62 110	-10 693	-10 693
Impairment losses on other financial assets		-9 000		0		-9 003		0
Operating profit		**93 878**		**100 436**		**68 577**		**77 803**

Signatures

In Helsinki on 26 February 2015

Markku Pohjola

Pekka Timonen

Marianna Uotinen

Kirsi Komi

Vesa Luhtanen

Risto Paaermaa

Pirkko Rantanen-Kervinen

Pauli Heikkilä
CEO

Auditor's report

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

To the Annual General Meeting of Finnvera Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Finnvera Plc for the year ended on 31 December 2014. The financial statements comprise both the consolidated and the parent company's balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion,

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

Other opinions

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

Helsinki, 26 February 2015

KPMG OY AB

Juha-Pekka Mylén
Authorized Public Accountant

Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including the consolidated financial statements, for the period 1 January–31 December 2014, as well as the auditors' report issued on 26 February 2015.

We propose to the Annual General Meeting that the financial statements, in which the consolidated income statement shows a profit of EUR 101 320 808,03 and the parent company's income statement shows a profit of EUR 93 877 875,04, be adopted and that the parent company's profit be used in accordance with the proposal made by the Board of Directors.

Helsinki, 26 February 2015

Johannes Koskinen

Lauri Heikkilä

Paula Aikio-Tallgren

Eeva-Johanna Eloranta

Kaija Erjanti

Helena Hakkarainen

Lasse Hautala

Olli Koski

Leila Kurki

Esko Kurvinen

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FINNVERA