Q1/2011

INTERIM REPORT 1 JANUARY–31 MARCH 2011

FINNVERA

FINNVERA GROUP

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Contents

Business operations

During the first quarter of 2011, demand for Finnvera's domestic financing totalled EUR 497 million, or nearly one fifth more than during the same period the year before. The number of financing applications fell by 5 per cent on the previous year, indicating that projects were on average much larger than during the first quarter of 2010.

Finnvera granted considerably more loans and domestic guarantees than the year before, their total value being EUR 221 million. Counter-cyclical financing accounted for EUR 42 million of this sum. The total value of counter-cyclical financing nearly tripled on the previous year, and it was granted to about 100 enterprises.

Demand for export credit guarantees and special guarantees during the period under review came to EUR 935 million, or over one third less than the year before. The number of applications fell by 21 per cent. The total value of export credit guarantees and export guarantees offered by Finnvera was EUR 598 million (422 million). The traditional export sectors, such as telecommunications, the forest industry and power generation, dominated export projects.

The company's financial trend

Financial performance

The financial statements of the Finnvera Group and the parent company, Finnvera plc, for the period 1 January–31 March 2011 have been drawn up according to the International Financial Reporting Standards (IFRS). The income statement is presented as one statement (statement of comprehensive income) in accordance with the revised IAS 1 Presentation of Financial Statements, which Finnvera adopted on 1 January 2009.

Finnvera plc

The profit of the parent company, Finnvera plc, for January-March totalled EUR 11 million (13 million), or EUR 2 million less than during the corresponding period the year before.

During the first quarter of 2011, the profit for export financing, i.e. the separate result of export credit and special guarantee activities referred to in §4 of the Act on the State Guarantee Fund (444/1998), came to EUR 12 million. In contrast, domestic financing showed a loss of EUR –1 million because, despite the overall improvement of the economy, the number of bankruptcies among Finnvera's client enterprises was greater than during the first quarter of 2010.

The annual profits from domestic financing and export financing are transferred to two separate funds on the Finnvera's balance sheet. Correspondingly, losses from domestic operations are covered from the fund for domestic financing, while losses from export credit guarantees and special guarantees are covered from the fund for export financing. There is no cross-subvention between the funds. At the end of March 2011, the assets of the funds totalled EUR 377 million. The State Guarantee Fund and the State of Finland are responsible for Finnvera's losses only if the losses cannot be covered by assets in these two funds.

Finnvera Group

The Finnvera Group's profit came to EUR 10 million (13 million), or over EUR 2 million less than during the corresponding period in 2010. The Group companies and associated companies had an effect of EUR –0.4 million on the profit (–0.1 million).

Compared to the first quarter of 2010, the main factor improving the result was the increase of EUR 2 million in the net interest income, owing to the general rise in the interest level. Correspondingly, the principal factor reducing the profit from that in 2010 was the increase of EUR 2 million in credit and guarantee losses, calculated after the State's compensation for losses.

Interest income and expenses and interest subsidies

The net interest income for the Group during the first quarter of 2011 totalled EUR 15 million. At the end of the period under review, the mean interest rates for lending and for acquisition of funds were higher than at the same time the year before. The mean interest rate for lending was 3.05 per cent (2.61) and that for acquisition of funds 1.23 per cent (0.94).

The national interest subsidy and the interest subsidy paid by the European Regional Development Fund (ERDF), including the national co-financing, totalled EUR 4 million (4 million), which was passed on to clients. The ERDF assistance and the associated national interest subsidy accounted for 51 per cent of the total sum of interest subsidies.

Fee and commission income and expenses

The Group's fee and commission income totalled EUR 22 million, or about the same as the year before.

The fee and commission income included EUR 15 million received for the parent company's export credit guarantees and special guarantees, and EUR 6 million received for domestic credits and guarantees.

Fee and commission expenses came to EUR 0.5 million.

Gains and losses from items carried at fair value

The Group's gains from items carried at fair value through profit or loss totalled EUR 0.1 million. They include exchange rate differences and changes in the fair value of interest rate and currency swaps and venture capital investments.

Other income

Other operating income in the Group totalled EUR 0.2 million. The item includes the management fee paid by the State Guarantee Fund to Finnvera for managing the liability for export credit guarantee and special guarantee products arisen before 1999, a remuneration associated with the management of ERDF financing, and rental income.

Impairment losses on receivables, guarantee losses

The parent company's losses, impairment losses, and provisions for credits and guarantees totalled EUR 23 million (17 million). The losses consisted of credit and guarantee losses materialised, EUR 24 million; cancellations of losses recorded earlier, EUR -1 million; and increases in impairment losses on receivables and in provisions, EUR 0.5 million.

Compensation by the State and the ERDF for the losses materialised totalled EUR 9 million (5 million) or 38 per cent. By the Government's decision, the compensation for credit and guarantee losses will be cut by EUR 10 million in 2011; this has an effect of EUR 2.5 million on the compensation for losses during the first quarter. After the compensation for losses, Finnvera's share of credit and guarantee losses, impairment losses and provisions came to EUR 14 million (12 million).

Losses on export credit guarantees and special guarantees amounted to EUR 0.1 million (1 million) during the first quarter.

In the consolidated income statement, credit and guarantee losses, impairment losses on receivables, and provisions totalled EUR 14 million (13 million).

Other expenses

The Group's administrative expenses totalled EUR 11 million (10 million), of which personnel expenses accounted for 70 per cent. The parent company's administrative expenses totalled EUR 10 million (10 million), of which personnel expenses accounted for the same percentage as in the Group. Other operating expenses included depreciation and costs associated with real property.

Balance sheet

On 31 March, the consolidated balance sheet total was EUR 2,591 million, while the parent company's balance sheet total came to EUR 2,238 million. Among the subsidiaries, Finnish Export Credit Ltd, with a balance sheet total of EUR 369 million, and Seed Fund Vera Ltd, with a balance sheet total of EUR 84 million, had the greatest impact on the consolidated balance sheet.

At the end of March, Finnvera plc's outstanding credits stood at EUR 1,717 million; the figure has decreased by EUR 14 million during the current year. The Group's outstanding credits came to EUR 2,047 million. Since the end of 2010, Finnvera plc's outstanding domestic guarantees have increased by EUR 16 million, totalling EUR 1,081 million on 31 March. The book value of the outstanding commitments, as referred to in the Act on the State's Export Credit Guarantees, amounted to EUR 7,638 million (7,446 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given) totalled EUR 8,816 million (8,930 million).

The parent company's non-current liabilities as per 31 March totalled EUR 1,322 million. Of this sum, EUR 984 million consisted of bonds. The liabilities include subordinated loans of EUR 40 million received by Finnvera from the State for investment in the share capitals of Seed Fund Vera Ltd and Veraventure Ltd, and a subordinated loan of EUR 50 million granted for strengthening the capital adequacy of Finnvera plc. In addition, the balance sheet includes EUR 40 million in derivative liabilities. These arise from interest rate and currency swaps and pertain to non-current liabilities. Liabilities have decreased by EUR 81 million during 2011. The Group's non-current liabilities totalled EUR 1,659 million.

Other liabilities include a debt of EUR 28 million owed to the State. This debt pertains to the subsidies that were received for the acquisition of shares in subsidiaries and that must be repaid as per contract terms.

The fair value reserve shows the difference between the fair value and acquisition value of publicly quoted shares and investment funds, in total EUR –36,000 for the Group.

Finnvera's balance sheet has two separate funds: one is used for covering future losses incurred in domestic operations and the other for covering future losses incurred in operations involving export credit guarantees and special guarantees. Losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the fund for export credit guarantee and special guarantee operations on the company's balance sheet does not have sufficient assets. The State Guarantee Fund serves as a buffer between Finnvera and the State's budget funding in the event that operations involving export credit guarantees and special guarantees give rise to a deficit that the company's own fund can no longer cover.

At the end of March, the fund for domestic operations had EUR 136 million and the fund for export credit guarantee and special guarantee operations had EUR 241 million.

Capital adequacy and acquisition of funds

At the end of March, the Finnvera Group's capital adequacy ratio was 14.6 per cent (14.6). According to the target set, the capital adequacy ratio should be at least 12 per cent. Finnvera plc's capital adequacy was 14.3 per cent (14.5). Capital adequacy is calculated using the Basel II standard method.

The parent company had no new long-term acquisition of funds during the first three months of the year. EUR 65 million in non-current loans was paid back. The Group's acquisition of funds amounted to EUR 0.1 million.

Group structure and its changes

On 31 March 2011, apart from the parent company, the Finnvera Group comprised three companies owned 100 per cent by Finnvera: Finnish Export Credit Ltd, Veraventure Ltd and Spikera Oy. In addition, the Group included Seed Fund Vera Ltd, in which Finnvera's holding is 92.6 per cent, and Matkailunkehitys Nordia Oy, in which Finnvera holds 63.5 per cent.

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

Personnel and corporate governance

On 31 March 2011, the Finnvera Group had 416 employees (439), of whom 401 (402) had permanent contracts and 15 (37) had fixed-term contracts.

Supervisory Board, Board of Directors and auditor

New members on Finnvera's Supervisory Board and Board of Directors

On 8 April 2011, Finnvera's Annual General Meeting elected new members to the company's Supervisory Board and Board of Directors.

The new members on the Supervisory Board are Maria Bäck, First Vice Chair (Finnish Association of Business School Graduates); Jari Myllykoski, Member of Parliament (Left Alliance); Timo Leppänen, Managing Director (Kajaanin Tilitaito Oy); and Olli Rantanen, Legal Counsel, Documentation (Finnvera).

Johannes Koskinen, Member of Parliament, was re-elected Chairman of the Supervisory Board. Kyösti Karjula, M.Sc. (Agriculture) was re-elected First Vice Chairman and Reijo Paajanen, Entrepreneur, Second Vice Chairman. The following members continue on the Supervisory Board: Kaija Erjanti, Head of Financial Markets; Lasse Hautala, Member of Parliament; Anna-Maja Henriksson, Member of Parliament; Sinikka Hurskainen, Artist; Leila Kurki, Senior Adviser; Tapio Mäkeläinen, Director, Labour Market; Ville Niinistö, Member of Parliament; Petri Pihlajaniemi, Entrepreneur; Hannele Pohjola, Director, Innovation and Growth Policy; Tuomo Puumala, Member of Parliament; and Timo Vallittu, Chairman.

The new regular member elected for the Board of Directors is Marjaana Aarnikka, Programme Director (Ministry of Employment and the Economy).

Kalle J. Korhonen, Under-Secretary of State, continues to chair the Board of Directors. The First Vice Chairman is Heikki Solttila, Director, and the Second Vice Chairman is Esko Hamilo, Under-Secretary of State.

The following Board members were re-elected: Pirkko-Liisa Hyttinen, Business Director; Timo Kekkonen, Director; Timo Lindholm, Director; and Janne Metsämäki, Head of Unit, Economic and Industrial Policy.

Elise Pekkala, Deputy Director General, and Kristina Sarjo, Director, continue as deputy members.

KPMG Oy Ab was elected Finnvera's regular auditor with Raija-Leena Hankonen, Authorised Public Accountant, as the principal auditor.

New Senior Vice President, Communications and Marketing

On 7 April 2011, the Board of Directors of Finnvera plc appointed Tarja Svartström (39), M.Sc. (Agriculture and Forestry), to serve as Senior Vice President, Communications and Marketing, at Finnvera as of 9 May 2011. She will also be a member of Finnvera's Management Group. Before taking up employment at Finnvera, she held the post of Director in Nordea's Corporate Merchant Banking, where she was responsible for communications and sales support. Before that, she worked at Nordea as a Private Economist (2000–2008) and as the Manager of the Espoo-Juvanmalmi Branch Office (1999–2000).

Changes in the operating environment and in industrial and ownership policies

Report submitted by the Export Financing 2011 working group

The Export Financing 2011 working group submitted its report to Minister Mauri Pekkarinen on 11 March 2011. The working group proposes that a permanent system based on public credits be established for long-term export financing in Finland. The system would be grounded in Finnvera's acquisition of funds. Moreover, in accordance with the system of national interests, risk-taking should be increased in activities involving export credit guarantees.

The proposals made in the report require further preparation and specification in all respects. The Ministry of Employment and the Economy has continued to investigate these issues.

Finnvera's counter-cyclical financing: ideal for investments

Finnvera can still grant counter-cyclical financing to companies until the end of 2011. The terms of counter-cyclical financing were revised during the period under review to make them more flexible and better suited to financing investments.

The loan and guarantee periods of Finnvera's Counter-cyclical Guarantees and Loans were extended from six to ten years. The shortest loan and guarantee period is two years.

Finnvera's venture capital investments under one brand

Finnvera makes venture capital investments in starting, innovative enterprises and in regional funds. The investments are carried out through subsidiary companies.

Different names have been used for Finnvera's venture capital investments; this has posed a challenge for communications. For reasons of clarity, Finnvera has now stopped using the subsidiaries' names in communications and will use only one name and brand – 'Finnvera's venture capital investments' – for all activities in this sector.

In all other respects, Finnvera's subsidiaries Veraventure Ltd and Seed Fund Vera Ltd, which are responsible for the company's venture capital investments, will continue as before.

The website for venture capital investments has been incorporated into the finnvera.fi pages (www.finnvera.fi/eng/Venture-Capital-Investments).

Foreseeable risks and future prospects

Compared against the situation the year before, demand for financing among SMEs has gained momentum in early 2011. The growth is expected to continue as investments increase during the current year.

The number of bankruptcies among enterprises in difficulties has risen this year, and Finnvera may also sustain more credit losses as the year progresses.

Export credit guarantees are in demand not only for exports to the traditional countries with political risks but also, for instance, for large individual projects in industrialised countries. There is also continued demand for long-term financing for the exports of capital goods. Demand also depends on the development of risks. The market for short-term private credit insurance still has shortcomings, especially in export projects carried out by SMEs. The European Commission's special permission to grant short-term credit insurance for exports to Western industrialised countries will end on 31 December 2011.

The temporary model of providing funding for export credits, based on the acquisition of funds by the State, will cease at the end of June this year. In its programme, the next Government will probably take a stand as to whether a permanent model of providing funding for export credits, based on Finnvera's acqusition of funds, should be created in Finland. In this model, banks could arrange export credits and transfer them to the balance sheet of Finnvera's subsidiary, Finnish Export Credit Ltd.

According to the current estimate, Finnvera's profit for 2011 is likely to be less than in 2010. However, if more risks materialise than has been anticipated, the situation may weaken considerably from what is projected.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 March 2011			1 Jan - 31 March 2010		
INTEREST INCOME							
Loans		18 105			16 368		
Subsidies passed on to customers		3 687			4 151		
Export credit and special guarantee receivables		40			25		
Guarantee receivables		373			112		
Other		137	+	22 342	128	+	20 784
INTEREST EXPENSES			-	7 619		-	7 828
OTHER INTEREST SUBSIDIES			+	0		+	68
NET INTEREST INCOME			+	**14 722**		+	**13 025**
NET FEE AND COMMISSION INCOME			+	21 990		+	22 188
GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE	8)		+	138		+	12
NET INCOME FROM INVESTMENTS							
Debt securities		0			0		
Shares and participations		19			338		
Investment property		-25			4		
Associates		1	+	-5	6	+	349
OTHER OPERATING INCOME			+	208		+	430
ADMINISTRATIVE EXPENSES							
Employee benefit expenses							
Wages and salaries		5 874			5 804		
Social security costs		1 620			1 504		
Other administrative expenses		3 196	-	10 690	3 052	-	10 359
OTHER OPERATING EXPENSES			-	1 627		-	1 680
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS							
Loans and guarantees	2)	22 948			16 611		
Credit loss compensation from state		-8 583			-4 750		
Export credit guarantees and special guarantees		62	-	14 427	911	-	12 772
OPERATING PROFIT			+	**10 309**		+	**11 191**
INCOME TAX EXPENSE							
Current tax expense		30			-1 459		
Deferred tax expenses		88	+	118	14	-	-1 445
PROFIT FOR THE PERIOD				**10 427**			**12 636**
COMPONENTS OF OTHER COMPREHENSIVE INCOME							
Change in the fair value of shares			+	17		+	904
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			+	**10 444**		+	**13 540**
Distribution of the profit for the period							
Attributable to							
Equity holders of the parent company			+	10 465		+	12 659
Minority interest			-	39		-	23
			+	**10 427**		+	**12 636**
Distribution of the total comprehensive income for the period							
Attributable to							
Equity holders of the parent company			+	10 482		+	13 563
Minority interest			-	39		-	23
			+	**10 444**			**13 540**

CONSOLIDATED BALANCE SHEET

(EUR 1,000)

		31 March 2011		31 Dec 2010
ASSETS				
Loans and receivables from credit institutions		119 213		160 813
Loans and receivables from customers				
Loans	2 046 714		2 071 135	
Guarantee receivables	27 086		26 926	
Receivables from export credit and special guarantee operations	9 310	2 083 109	5 154	2 103 216
Investments	150 085		169 445	
Debt securities	52 846		50 088	
Associates	87 701		87 576	
Other shares and participations	551	291 184	1 213	308 321
Investment property				
Derivatives		41 464		56 054
Intangible assets		2 082		2 328
Property and equipment				
Properties	1 380		1 481	
Equipment	1 778	3 158	1 774	3 255
Other assets				
Credit loss receivables from the state	17 211		8 252	
Other	5 018	22 229	5 358	13 609
Prepayments and accrued income		28 800		16 521
Tax assets		193		17
TOTAL ASSETS		**2 591 432**		**2 664 135**

CONSOLIDATED BALANCE SHEET

(EUR 1,000)

			31 March 2011				**31 Dec 2010**
LIABILITIES	**Note**						
Liabilities to credit institutions	**4)**	205 000				270 000	
Liabilities to other institutions	**4)**	379 694				394 326	
Debt securities in issue	**4)**	984 103				997 163	
Derivatives	**3)**	2 496				877	
Provisions		39 533				37 819	
Other liabilities		54 371				55 363	
Accruals and deferred income		191 149				183 925	
Tax liabilities		1 382				1 366	
Capital loans	**4)**	89 841	1 947 569			89 841	2 030 680
EQUITY							
Equity attributable to the parent company's shareholders							
Share capital		196 605				196 605	
Share premium		51 036				51 036	
Fair value reserve		-36				-54	
Unrestricted funds							
Fund for domestic operations	135 753				125 249		
Fund for export credit guarantees and special guarantees	241 378				186 368		
Other	0				0		
Retained earnings	7 892	385 023			62 941	374 558	
Minority interest		11 236	643 863			11 310	633 455
TOTAL LIABILITIES AND EQUITY			**2 591 432**				**2 664 135**

CONSOLIDATED STATEMENT OF CASH FLOW

(EUR 1,000)

	1-3/2011	1-3/2010
Cash flows from operating activities		
Withdrawal of loans granted	-90 442	-113 799
Repayments of loans granted	79 497	64 229
Purchase of investments	-2 690	-4 104
Proceeds from investments	0	76
Interest received	12 079	9 768
Interest paid	-2 692	-2 476
Interest subsidy received	2 003	2 237
Payments received from commission income	21 012	32 093
Payments received from other operating income	-80	4 531
Payments for operating expenses	-17 624	-16 177
Claims paid	-8 159	-9 449
Taxes paid	-84	1 480
Net cash used in (-) / from (+) operating activities (A)	**-7 180**	**-31 592**
Cash flow from investing activities		
Purchase of property and equipment and intangible assets	-83	-195
Purchase of other investments	0	0
Proceeds from other investments	601	0
Dividends received from investments	73	513
Net cash used in (-) / from (+) investing activities (B)	**591**	**318**
Cash flows from financing activities		
Rights issue	0	0
Proceeds from loans	11 322	0
Repayment of loans	-65 591	-76 697
Payments of derivatives	0	0
Dividends paid	-60	0
Net cash used in (-) / from (+) financing activities (C)	**-54 329**	**-76 697**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease(-)	**-60 918**	**-107 971**
Cash and cash equivalents at the beginning of the period	**380 309**	**385 137**
Cash and cash equivalents at the end of the period	**319 391**	**277 166**
Cash and cash equivalents at the end of the period		
Receivables from credit institutions	119 213	113 861
Debt securities	150 085	120 847
Investments in short-term interest funds	50 093	42 460
	319 391	**277 167**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Equity attributable to the parent company's shareholders									
	Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantees and special guarantee	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 Jan 2010	**196 605**	**51 036**	**-1 000**	**133 931**	**153 289**	**59**	**23 086**	**557 006**	**11 998**	**569 004**
Total comprehensive income for the period			904				12 659	13 563	-23	13 540
Adjustments							1 215	1 215	0	1 215
Transfer to funds				-8 682	33 079		-24 397	0	0	0
Balance at 31 March 2010	**196 605**	**51 036**	**-96**	**125 249**	**186 368**	**59**	**12 563**	**571 784**	**11 975**	**583 759**
Balance at 1 Jan 2011	**196 605**	**51 036**	**-54**	**125 249**	**186 368**	**0**	**62 941**	**622 145**	**11 310**	**633 455**
Total comprehensive income for the period			17				10 465	10 482	-39	10 444
Adjustments									-35	-35
Transfer to funds				10 504	55 010		-65 514			
Balance at 31 March 2011	**196 605**	**51 036**	**-37**	**135 753**	**241 378**	**0**	**7 892**	**632 626**	**11 236**	**643 863**

NOTES TO THE ACCOUNTS

ACCOUNTING PRINCIPLES

Finnvera's Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting,* as adopted by the EU. The principles for drawing up the financial statements are described in Finnvera's Financial Statements for 2009.

The Interim Report also presents data for the parent company Finnvera plc because the rules of the Oslo Stock Exchange require their presentation when bonds have been issued in Norway.

1. SEGMENT INFORMATION

Segment reporting in the Finnvera Group is based on internal business areas and organisational structure.

Client enterprises have been divided into business areas by size, need for financing and development stage. A service concept has been devised for each business area. Finnvera’s segments are micro-financing, regional financing, financing for growth and internationalisation, export financing, and venture capital investments.

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

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

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

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

Three of Finnvera’s subsidiaries – Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy – make venture capital investments in enterprises. Another subsidiary, Finnish Export Credit Ltd, 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 the relevant 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 applied for the consolidated financial statements.

The Finnvera Group has operations only in Finland and its clientele encompasses a wide spectrum of enterprises in various sectors.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2011 - 31 MARCH 2011
(EUR 1,000)

	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Eliminations	Total
Net interest income	2 905	7 856	2 420	1 229	313	0	14 722
Net fee and commission income	1 039	4 877	2 985	13 089	0	0	21 989
Net impairment loss on financial assets	-3 925	-10 451	-933	871	12	0	-14 427
Operating expenses *	-3 094	-3 685	-1 874	-2 644	-1 157	570	-11 883
Depreciation and amortization	-71	-108	-90	-165	0	0	-434
Other income, net**	237	742	256	-530	266	-630	340
Operating profit	**-2 908**	**-769**	**2 764**	**11 849**	**-567**	**-61**	**10 309**
Total assets	**263 770**	**970 670**	**369 853**	**804 232**	**185 282**	**-2 373**	**2 591 433**
Loans and receivables from customers	297 890	1 090 222	358 390	317 728	19 619	-739	2 083 109
Total liabilities	**215 508**	**771 307**	**329 290**	**512 958**	**119 581**	**-1 075**	**1 947 569**

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2010 - 31 MARCH 2010
(EUR 1,000)

	Micro financing	Regional financing	Financing for growth and internalisation	Export financing	Capital investments	Eliminations	Total
Net interest income	2 947	6 840	2 228	847	162	0	13 024
Net fee and commission income	1 109	4 188	2 504	14 387	0	0	22 188
Net impairment loss on financial assets	-1 544	-9 991	-868	-369	0	0	-12 772
Operating expenses *	-3 053	-3 509	-1 764	-2 550	-1 057	572	-11 360
Depreciation and amortization	-112	-171	-141	-256	0	0	-680
Other income, net**	-144	-392	-232	1 478	646	-565	791
Operating profit	**-797**	**-3 035**	**1 727**	**13 537**	**-249**	**7**	**11 191**
Total assets	**293 477**	**966 663**	**378 290**	**726 180**	**182 908**	**-4 143**	**2 543 374**
Loans and receivables from customers	318 101	1 050 940	371 446	336 156	18 910	-1 310	2 094 243
Total liabilities	**241 216**	**775 814**	**337 041**	**488 481**	**118 742**	**-1 679**	**1 959 615**

*) Operating expenses = Administration expenses + Other operating expenses - Depreciation and amortisation
**) Other income, net = Gains and losses from financial instruments carried at fair value + Net income from investments + other operating income

2. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Loans and receivables are considered impaired when there is objective evidence of impairment.
Objective evidence on a customer's capability to fulfil obligations is based on risk classification of the customers, past experience and estimates made by the management about the effect of delayed payments on the accruing of receivables. The principles applied in determination of impairment were specified in 2007, and the recognised losses on loans, advances and guarantees amounted EUR 14,427 thousand in the first three months (1 Jan–31 March 2010 EUR 12,772 thousand).

3. DERIVATIVES

(EUR 1,000)	3/2011			12/2010		
	Fair value positive	**Fair value negative**	**Total nominal value**	**Fair value positive**	**Fair value negative**	**Total nominal value**
Interest rate derivatives	1 573	0	50 000	573	0	50 000
Currency derivatives	32 982	2 811	793 584	55 481	-877	925 372
Total derivatives	**34 555**	**2 811**	**843 584**	**56 054**	**-877**	**975 372**

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

4. CHANGES IN LIABILITIES

(EUR 1,000)

Liabilities to credit institutions and other institutions	**Nominal value**	**Carrying amount**
Carrying amount at 1 Jan 2011	664 064	664 326
New loans	11 322	11 322
Repayments	-65 000	-65 000
Changes in fair value	-25 398	-25 954
Carrying amount at 31 March 2011	**584 988**	**584 694**

Debt securities in issue (EUR 1,000)	**Nominal value**	**Carrying amount**
Carrying amount at 1 Jan 2011	983 333	997 163
Debt securities in issue	0	0
Repayments	0	0
Changes in fair value	-3 510	-13 059
Carrying amount at 31 March 2011	**979 823**	**984 104**

Borrowings are measured at fair value in the case they are hedged (fair value option).

Capital loans (EUR 1,000)	**89 841**

5. CONTINGENT LIABILITIES AND COMMITMENTS

(EUR 1,000)	**31 March 2011**	**31 Dec 2010**
Off-balance sheet items		
Guarantees	1 080 921	1 065 252
Export guarantees and special guarantees	8 815 511	8 933 320
Total guarantees	**9 896 432**	**9 998 572**
Binding financing offers	**763 250**	**849 837**

6. RELATED PARTIES

(EUR 1,000) **Transactions with the state-owned companies** (State-owned companies and associates in which the state ownership is at minimum 20 %)	**Financial income 1 Jan - 31 March 2011**	**Purchases of services 1 Jan - 31 March 2011**	**Balance of receivables 31 March 2011**	**Balance of guarantees 31 March 2011**	**Balance of liabilities 31 March 2011**
	31	**300**	**15 485**	**526**	**293 304**

7. KEY FIGURES AND THEIR CALCULATION

	31 March 2011	31 Dec 2010
Equity ratio	24,8	23,8
Capital adequacy ratio	14,6	14,6
Expense-income ratio	0,3	0,3

Calculation of key figures:

Equity ratio %	equity attributable to equity holders of the parent + minority interest *100 / balance sheet total
Capital adequacy ratio	calculated as per Basel II Standard
Expense-income ratio	administration expenses + other operating expenses / net interest income + gains and losses from financial instruments carried at fair value + net fee and commission income + net income from investments + other operating income

8. GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

(EUR 1,000)	31 March 2011	31 March 2010
Derivatives	-15 991	30 874
Liabilities designated fair value through profit and loss	17 121	-32 275
Exchange rate differences	-656	1 378
Venture capital investments; fair value changes	-337	36
	138	**12**

FINNVERA

FINNVERA PLC

COMPREHENSIVE INCOME STATEMENT

(EUR 1,000)	Note	1 Jan - 31 March 2011			1 Jan - 31 March 2010		
INTEREST INCOME							
Loans		13 441			11 317		
Subsidies passed on to customers		3 687			4 151		
Export credit and special guarantee receivables		40			25		
Guarantee receivables		373			112		
Other		811	+	18 352	558	+	16 163
INTEREST EXPENSES			-	4 010		-	3 468
OTHER INTEREST SUBSIDIES			+	0		+	68
NET INTEREST INCOME			+	**14 343**		+	**12 763**
NET FEE AND COMMISSION INCOME			+	21 724		+	21 874
GAINS AND LOSSES FROM FINANCIAL INTRUMENTS CARRIED AT FAIR VALUE	8)		+	458		-	6
NET INCOME FROM INVESTMENTS							
Shares and participations		4			247		
Debt securities		0			0		
Investment property		0	+	4	0	+	247
OTHER OPERATING INCOME			+	237		+	451
ADMINISTRATIVE EXPENSES							
Employee benefit expenses							
Wages and salaries		5 513			5 483		
Social security costs		1 520			1 459		
Other administrative expenses		2 891	-	9 924	2 773	-	9 714
OTHER OPERATING EXPENSES			-	1 589		-	1 650
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS							
Loans and receivables	2)	22 972			16 611		
Credit loss compensation from state		-8 583			-4 750		
Export credit and special guarantee		62	-	14 451	911	-	12 772
OPERATING PROFIT			+	**10 802**		+	**11 192**
INCOME TAX EXPENSE							
Taxes on previous years			+	0		+	1 578
PROFIT/LOSS FOR THE PERIOD			+	**10 802**		+	**12 771**
OTHER COMPREHENSIVE INCOME							
Change in the fair value of shares			-	36		+	70
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			+	**10 766**		+	**12 841**

FINNVERA PLC

BALANCE SHEET

(EUR 1,000)

ASSETS

		31 March 2011		31 Dec 2010
Loans and receivables from credit institutions				
Payable on demand	42 195		80 629	
Other than payable on demand	28 363	70 558	28 363	108 992
Loans and receivables from customers				
Loans	1 716 720		1 731 111	
Guarantee receivables	27 086		26 926	
Receivables from export credit and special guarantee operations	9 310	1 753 116	5 154	1 763 192
Investments				
Debt securities	144 585		163 945	
Investments in group companies	164 784		164 784	
Associates	602		602	
Other shares and participations	15 719		15 778	
Investment property	457	326 148	494	345 602
Derivatives		39 906		53 784
Intangible assets		2 047		2 298
Property and equipment				
Properties	1 461		1 481	
Equipment	1 689	3 150	1 766	3 246
Other assets				
Credit loss receivables from the state	17 211		8 252	
Other	5 322	22 533	5 698	13 950
Prepayments and accrued income		20 987		12 172
TOTAL ASSETS		**2 238 445**		**2 303 235**

FINNVERA PLC

BALANCE SHEET

(EUR 1,000)

LIABILITIES	Note		31 March 2011			31 Dec 2010	
Liabilities to credit institutions	4)		205 000			270 000	
Liabilities to other institutions							
At fair value through profit or loss	4)		42 713			46 282	
Debt securities in issue							
At fair value through profit or loss	4)		984 103			997 163	
Derivatives	3)		2 496			877	
Provisions			39 533			37 819	
Other liabilities			54 171			55 174	
Accruals and deferred income			184 359			180 616	
Capital loans	4)		89 841	1 602 216		89 841	1 677 772
EQUITY							
Share capital			196 605			196 605	
Share premium			51 036			51 036	
Fair value reserve			-185			-149	
Unrestricted funds							
Fund for domestic operations		135 753			125 249		
Fund for export credit guarantees and special guarantees		241 378			186 368		
Retained earnings		11 643	388 774	636 229	66 354	377 972	625 464
TOTAL LIABILITIES AND EQUITY				**2 238 445**			**2 303 235**

FINNVERA PLC'S STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)

	Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantees and special guarantee	Retained earnings	Total
Balance at 1 Jan 2010	**196 605**	**51 036**	**-231**	**133 931**	**153 289**	**25 238**	**559 868**
Total comprehensive income for the period			70			12 771	12 841
Transfer between funds				-8 682	33 079	-24 397	0
Balance at 31 March 2010	**196 605**	**51 036**	**-161**	**125 249**	**186 368**	**13 612**	**572 709**
Balance at 1 Jan 2011	**196 605**	**51 036**	**-149**	**125 249**	**186 368**	**66 354**	**625 463**
Total comprehensive income for the period			-36			10 802	10 766
Transfer between funds				10 504	55 010	-65 514	0
Balance at 31 March 2011	**196 605**	**51 036**	**-185**	**135 753**	**241 378**	**11 642**	**636 229**

FINNVERA PLC'S STATEMENT OF CASH FLOW

(EUR 1,000)

	1 Jan - 31 March 2011	1 Jan - 31 March 2010
Cash flows from operating activities		
Withdrawal of loans granted	-78 617	-114 041
Repayments of loans granted	77 048	65 687
Interest received	11 673	9 200
Interest paid	-2 018	-2 448
Interest subsidy received	2 003	2 237
Payments received from commission income	20 127	31 316
Payments received from other operating income	1 751	2 168
Payments for operating expenses	-16 578	-14 644
Claims paid	-8 159	-9 449
Taxes paid	0	1 578
Net cash used in (-) / from (+) operating activities (A)	**7 230**	**-28 396**
Cash flow from investing activities		
Purchase of property and equipment and intangible assets	-87	-191
Purchase of other investments	0	0
Proceeds from other investment	1	504
Dividends received from investments	62	0
Net cash used in (-) / from (+) investing activities (B)	**-24**	**313**
Cash flows from financing activities		
Rights issue	0	0
Proceeds from loans	0	0
Repayment of loans	-65 000	-75 000
Net cash used in (-) / from (+) financing activities (C)	**-65 000**	**-75 000**
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease(-)	**-57 794**	**-103 083**
Cash and cash equivalents at the beginning of the period	**272 937**	**264 488**
Cash and cash equivalents at the end of the period	**215 143**	**161 405**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	70 558	112 949
Debt securities	144 585	48 456
	215 143	**161 405**

FINNVERA PLC

1. SEGMENT INFORMATION

Segment reporting in the Finnvera Group is based on internal business areas and organisational structure.

Client enterprises have been divided into business areas by size, need for financing and development stage. A service concept has been devised for each business area. Finnvera's segments are micro-financing, regional financing, financing for growth and internationalisation, export financing, and venture capital investments.

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 fi nancing 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 offi cial Export Credit Agency (ECA) status. Export financing offers competitive export credit guarantee services to meet client needs.

Three of Finnvera's subsidiaries – Veraventure Ltd, Seed Fund Vera Ltd and Matkailunkehitys Nordia Oy – make venture capital investments in enterprises. Another subsidiary, Finnish Export Credit Ltd, 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 the relevant 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 applied for the consolidated financial statements.

The Finnvera Group has operations only in Finland and its clientele encompasses a wide spectrum of enterprises in various sectors.

FINNVERA PLC:S INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2011 - 31 MARCH 2011
(EUR 1,000)

	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Capital investments	Finnvera plc total
Net interest income	2 905	7 858	2 420	1 159	0	14 343
Net fee and commission income	1 039	4 877	2 985	12 823	0	21 724
Net impairment loss on financial assets	-3 925	-10 464	-933	871		-14 451
Operating expenses *	-3 094	-3 648	-1 874	-2 465	0	-11 080
Depreciation and amortization	-71	-108	-90	-165	0	-433
Other income, net**	237	767	256	-562	0	699
Operating profit	**-2 908**	**-716**	**2 764**	**11 663**	**0**	**10 802**
Total assets	**263 959**	**970 539**	**371 066**	**453 427**	**179 454**	**2 238 445**
Loans and receivables from customers	297 890	1 089 886	358 390	6 951	0	1 753 116
Total liabilities	**215 508**	**770 191**	**329 290**	**169 358**	**117 868**	**1 602 216**

FINNVERA PLC:S INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2010 - 31 MARCH 2010
(EUR 1,000)

	Micro financing	Regional financing	Financing for growth and internalisation	Export financing	Capital investments	Finnvera plc total
Net interest income	2 947	6 845	2 228	743	0	12 763
Net fee and commission income	1 109	4 188	2 504	14 073	0	21 874
Net impairment loss on financial assets	-1 544	-9 991	-868	-369	0	-12 772
Operating expenses *	-3 053	-3 469	-1 764	-2 400	0	-10 686
Depreciation and amortization	-112	-171	-141	-255	0	-679
Other income, net**	-144	-409	-231	1 476	0	692
Operating profit	**-797**	**-3 007**	**1 728**	**13 268**	**0**	**11 192**
Total assets	**293 477**	**963 527**	**378 290**	**363 167**	**173 145**	**2 171 606**
Loans and receivables from customers	318 101	1 050 595	371 446	2 769	0	1 742 911
Total liabilities	**241 351**	**774 557**	**337 198**	**129 581**	**116 210**	**1 598 897**

*) Operating expenses = Administration expenses + Other operating expenses - Depreciation and amortisation
**) Other income, net = Gains and losses from financial instruments carried at fair value + Net income from investments + other operating income

Inter-segment revenue is not significant.

2. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

Objective evidence on a customer's capability to fulfil obligations is based on risk classification of the customers, past experience and estimates made by the management about the effect of delayed payments on the accruing of receivables. The principles applied in determination of impairment were specified in 2007, and the recognised losses on loans, advances and guarantees amounted EUR 14, 451 thousand in the first three months (1 Jan–31 March 2010 EUR 12, 772 thousand).

3. DERIVATIVES

(EUR 1,000)	31 March 2011			31 Dec 2010		
	Fair value positive	**Fair value negative**	**Nominal value**	**Fair value positive**	**Fair value negative**	**Nominal value**
Interest rate derivatives	1 573	0	50 000	573	0	50 000
Currency derivatives	31 232	2 811	751 071	53 211	877	879 353
Total derivatives	**32 805**	**2 811**	**801 071**	**53 784**	**877**	**929 353**

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

4. CHANGES IN LIABILITIES

(EUR 1,000)

Liabilities to other institutions	**Nominal value**	**Carrying amount**
Carrying amount at 1 Jan 2011	316 019	316 282
New loans	0	0
Repayments	-65 000	-65 000
Changes in fair value	-3 506	-3 569
Carrying amount at 31 March 2011	**247 513**	**247 713**

Debt securities in issue (EUR 1,000)	**Nominal value**	**Carrying amount**
Carrying amount at 1 Jan 2011	983 333	997 163
Debt securities in issue	0	0
Repayments	0	0
Changes in fair value	-3 510	-13 059
Carrying amount at 31 March 2011	**979 823**	**984 104**

Borrowings are measured at fair value in the case they are hedged (fair value option).

Capital loans (EUR 1,000)	**89 841**

5. CONTINGENT LIABILITIES AND COMMITMENTS

(EUR 1,000)	**31 March 2011**	**31 Dec 2010**
Off-balance sheet items		
Guarantees	1 080 921	1 065 252
Export guarantees and special guarantees	8 815 511	8 933 320
Total guarantees	**9 896 432**	**9 998 572**
Binding financing offers	**261 791**	**196 565**

6. RELATED PARTIES

(EUR 1,000)

Transactions with the state-owned companies (State-owned companies and associates in which the state ownership is at minimum 20 %)	**Financial income 1 Jan - 31 March 2011**	**Purchases of services 1 Jan - 31 March 2011**	**Balance of receivables 31 March 2011**	**Balance of guarantees 31 March 2011**
	2	**299**	**0**	**526**

7. KEY FIGURES AND THEIR CALCULATION

	31 March 2011	31 March 2010
Equity ratio	28,4	27,2
Capital adequacy ratio	14,3	14,5
Expense-income ratio	0,3	0,3

Calculation of key figures:

Equity ratio %	equity * 100 / balance sheet total
Capital adequacy ratio	calculated as per Basel II Standard
Expense-income ratio	administration expenses + other operating expenses / net interest income + gains and losses from financial instruments carried at fair value + net fee and commission income + net income from investments + other operating income

8. GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

(EUR 1,000)

	31 March 2011	31 March 2010
Derivatives	-15 497	31 184
Liabilities designated fair value through profit and loss	16 628	-32 586
Exchange rate differences	-659	1 396
	472	**-6**

Osavuosikatsauksen allekirjoitukset
Underskrifter för delårsrapporten
Signatures of the Board of Directors on the Interim Report

Helsinki 19.5.2011

Heikki Solttila varapuheenjohtaja I vice ordförande First Vice Chairman	Timo Kekkonen
Esko Hamilo II varapuheenjohtaja II vice ordförande Second Vice Chairman	Timo Lindholm
Marjaana Aarnikka	Janne Metsämäki
Pirkko-Liisa Hyttinen	

Pauli Heikkilä
Toimitusjohtaja
Verkställande direktör
Managing Director

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