

Finnvera plc

Financial Statements 1 January–30 June 2008

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	1-06/2008	1-06/2007
Interest income		55 450	51 183
Loans		42 302	38 888
Subsidies passed on to customers		8 566	8 254
Export credit and special guarantee receivables		63	127
Guarantee receivables		1 139	34
Other		3 380	3 879
Interest expenses		-24 843	-23 581
Other interest subsidies		247	353
NET INTEREST INCOME		30 854	27 955
Net fee and comission income		27 634	32 243
Gains and losses from financial instruments carried at fair value	8)	3 536	1 565
Net income from investments		4 354	3 616
Shares and participations		2 454	2 020
Investment property		87	90
Associates		1 812	1 507
Other operating income		1 127	1 335
Administrative expenses		-20 271	-21 311
Employee benefit expenses		-13 506	-14 126
Wages and salaries		-10 491	-11 202
Social security costs		-3 015	-2 925
Other administrative expenses		-6 765	-7 185
Other operating expenses		-4 577	-4 505
Net impairment loss on financial assets		-11 878	-5 778
Loans and receivables	2)	-20 605	-11 112
Credit loss compensation from state		9 146	3 843
Export credit and special guarantee		-419	1 491
PROFIT BEFORE INCOME TAX		30 779	35 120
Income tax expense		-1 128	-2 622
Current tax expense		-42	-196
Deferred tax expenses		-1 085	-2 426
PROFIT FOR THE PERIOD		29 652	32 498
Attributable to			
Equity holders of the parent company		28 789	32 400
Minority interest		863	98

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	06/2008	12/2007
ASSETS			
Cash and cash equivalents			0
Loans and receivables from credit institutions		53 451	30 487
Loans and receivables from customers		1 421 227	1 418 457
Loans		1 401 111	1 393 677
Guarantee receivables		17 667	17 200
Receivables from export credit and special guarantee operations		2 448	7 580
Investments		251 748	255 698
Debt securities		92 838	98 425
Associates		66 231	64 141
Other shares and participations		88 849	89 139
Investment property		3 830	3 993
Intangible assets		9 346	10 533
Property and equipment		10 466	10 782
Properties		7 296	7 371
Equipment		3 170	3 411
Other assets		21 877	12 307
Credit loss receivables from the state		14 751	4 842
Other		7 126	7 464
Prepayments and accrued income		19 319	16 504
Tax assets		0	11 770
TOTAL ASSETS		1 787 433	1 766 536
LIABILITIES			
Liabilities to credit institutions	4)	431 961	532 911
Liabilities to other institutions	4)	56 639	57 631
Debt securities in issue	4)	538 881	468 988
Derivatives	3)	37 770	16 012
Provisions		16 669	15 208
Other liabilities		31 802	30 038
Accruals and deferred income		77 680	83 015
Tax liabilities		3 425	2 263
Capital loans		15 963	15 963
TOTAL LIABILITIES		1 210 791	1 222 029

EQUITY		
Equity attributable to the parent company's shareholders	563 647	535 229
Share capital	196 605	196 605
Share premium	51 036	51 036
Fair value reserve	2 443	2 604
Unrestricted funds	313 563	284 984
Fund for domestic operations	155 641	144 906
Fund for export credit guarantees and special guarantees	130 608	95 379
Other	59	59
Retained earnings	27 256	44 640
Minority interest	12 996	9 278
TOTAL EQUITY	576 643	544 507
TOTAL LIABILITIES AND EQUITY	1 787 433	1 766 536

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)

	Equity attributable to the parent company's shareholders					Fund for export credit guarantees and special guarantee	Other reserves	Retained earnings	Total	Minority interest	Total equity
	Share capital	Share premium	Legal Reserve	Fair value reserve	Fund for domestic operations						
Balance at 1 Jan 2007	196 605	51 036	0	1 052	129 852	80 223	59	20 436	479 263	8 574	487 837
Available for sale financial assets											
- change in fair value				1 362					1 362		1 362
- transferred to profit or loss											0
Other changes								-83	-83	20	-63
Profit for the period								32 400	32 400	98	32 498
Total recognised income and expense for the period	196 605	51 036	0	2 414	129 852	80 223	59	52 753	512 942	8 692	521 634
Transfer between funds					15 689	17 048		-32 737	0	0	0
Dividends											
Balance at 30 June 2007	196 605	51 036	0	2 414	145 541	97 271	59	20 016	512 942	8 692	521 634
Balance at 1 Jan 2008	196 605	51 036	0	2 604	144 906	95 379	59	44 640	535 229	9 278	544 507
Available for sale financial assets											
- change in fair value				-161					-161		-161
- transferred to profit or loss											0
Other changes								-210	-210	2 855	2 645
Profit for the period								28 789	28 789	863	29 652
Total recognised income and expense for the period	196 605	51 036	0	2 443	144 906	95 379	59	73 219	563 647	12 996	576 643
Transfers into legal reserve					10 735	35 229		-45 964	0	0	0
Dividends											
Balance at 30 June 2008	196 605	51 036	0	2 443	155 641	130 608	59	27 255	563 647	12 996	576 643

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)

	Note	1-6/2008	1-6/2007
Cash flows from operating activities			
Withdrawal of loans granted		-192 258	-217 526
Repayments of loans granted		173 859	182 313
Purchase of investments		-2 992	-2 715
Proceeds from investments		3 818	830
Interest received		44 451	39 547
Interest paid		-25 099	-21 123
Interest subsidy received		7 238	7 822
Payments received from comission income		24 476	33 388
Payments received from other operating income		10 486	8 330
Payments for operating expenses		-24 979	-20 822
Claims paid		-11 427	-8 313
Taxes paid		11 752	-2 612
Net cash used in (-) / from (+) operating activities (A)		19 325	-881
Cash flow from investing activities			
Purchase of property and equipment and intangible assets		-1 362	-2 874
Purchase of other investments		0	-124
Proceeds from other investment		117	754
Dividends received from investments		894	554
Net cash used in (-) / from (+) investing activities (B)		-351	-1 690
Cash flows from financing activities			
Rights issue		3 000	0
Proceeds from loans		138 161	159 916
Repayment of loans		-150 992	-195 319
Payments of derivatives		4 056	0
Net cash used in (-) / from (+) financing activities (C)		-5 775	-35 403
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease(-)		13 199	-37 974
Cash and cash equivalents at the beginning of the period		205 229	229 220
Cash and cash equivalents at the end of the period		218 428	191 246

ACCOUNTING PRINCIPLES

Finnvera's Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. As an issuer of debt securities Finnvera's date of transition was 1 January 2007.

1. SEGMENT INFORMATION

Segment reporting in Finnvera Group is based on internal business areas and organisational structure. In the consolidated financial statements inter-segment transactions, receivables and liabilities are eliminated.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2008 - 30 JUNE 2008 (EUR 1,000)

	Micro financing	Regional financing	Financing for growth and internalisation	Export financing	Capital investments	Eliminations	Total
Net interest income	8 452	13 501	3 699	4 171	1 031	0	30 854
Net fee and commission income	3 071	6 341	3 686	14 572	-13	-23	27 634
Net impairment loss on financial assets	-1 134	-7 207	-3 468	-69	0	0	-11 878
Operating expenses *	-5 919	-6 634	-3 855	-4 923	-1 672	838	-22 165
Depreciation and amortization	-622	-827	-512	-722	0	0	-2 683
Other income, net**	354	535	-7	277	6 989	869	9 017
Profit/loss before income tax	4 202	5 709	-457	13 306	6 335	1 684	30 779
Loans and receivables from customers	379 895	750 210	265 267	14 716	13 300	-2 161	1 421 227
Total assets	384 568	739 174	249 894	294 256	249 834	-130 293	1 787 433
Total liabilities	281 496	556 563	203 127	97 078	74 730	-2 203	1 210 791

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2008 - 30 JUNE 2007 (EUR 1,000)

	Micro- financing	Regional financing	Financing for growth and internalisation	Export financing	Venture capital investments	Eliminations	Total
Net interest income	10 080	10 503	5 101	1 638	633	0	27 955
Net fee and commission income	4 188	6 269	2 967	18 844	-4	-21	32 243
Net impairment loss on financial assets	-2 240	-5 029	0	1 491	0	0	-5 778
Operating expenses *	-6 806	-7 629	-3 293	-4 774	-1 270	57	-23 715
Depreciation and amortization	-820	-911	-360	-543	0	0	-2 634
Other income, net**	1 118	-769	1 398	1 084	2 747	1 471	7 049
Profit/loss before income tax	5 520	2 434	5 813	17 740	2 106	1 507	35 120
Loans and receivables from customers	505 720	692 644	228 366	20 649	8 830	-2 244	1 453 965
Total assets	478 415	711 504	236 569	277 028	167 853	-99 531	1 771 838
Total liabilities	393 582	540 960	176 071	120 092	26 445	-1 180	1 255 970

*) 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 fulfill obligations is based on risk classification of the customers, past experience and estimate made by management about the effect of delayed payments on accruing of receivables.

The principles applied in determination of impairment have been specified during the year 2007 and recognised losses on loans, advances and guarantees amounted EUR 20, 605 thousand in the first six months (2007 EUR 11, 112 thousand).

3. DERIVATIVES

(EUR 1,000)

	6/2008			12/2007		
	Fail value receivables	Fail value liabilities	Notional value	Fail value receivables	Fail value liabilities	Notional value
Interest rate derivatives	0	1 766	50 000	0	1 013	50 000
Currency derivatives	0	36 004	621 905	0	14 999	491 235
Total derivatives	0	37 770	671 905	0	16 012	541 235

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	Notional value	Carrying amount	Nominal interest rate	Effective interest rate	Maturity
Carrying amount at 1 Jan 2008	593 268	590 542			
New loans	50 000	50 000			
Repayments	-150 950	-150 950			
Changes in fair value	0	-992			
Carrying amount at 30 June 2008	492 318	488 600			
Debt securities in issue (EUR 1,000)	Notional value	Carrying amount	Nominal interest rate	Effective interest rate	Maturity
Carrying amount at 1 Jan 2008	477 243	468 988			
Debt securities in issue	88 161	88 161	5	5	16.5.2013
Repayments	0	0			
Changes in fair value	0	-18 268			
Carrying amount at 30 June 2008	565 404	538 881			

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

Capital loans 15 963

5. CONTINGENT LIABILITIES AND COMMITMENTS

(EUR 1,000)

	6/2008	12/2007
Off-balance sheet items		
Guarantees	878 701	827 404
Export guarantees and special guarantees	6 763 323	4 980 166
Total guarantees	7 642 024	5 807 570
Binding financing offers	436 703	268 941

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	Purchases of services	Balance of receivables	Balance of guarantees
1.1. - 30.6.2008	1.1. - 30.6.2008	6/2008	6/2008
272	609	10 113	936

7. KEY FIGURES AND THEIR CALCULATION

	6/2008	6/2007
Equity ratio	32,3	29,1
Capital adequacy ratio	16,8	17,7
Expense-income ratio	0,4	0,4

Calculation of key figures:

Equity ratio %	$\frac{\text{equity attributable to equity holders of the parent} + \text{minority interest} +}{\text{balance sheet total}}$
Capital adequacy ratio	calculated as per Finnish Financial Supervision Regulation no. 106.7
Expense-income ratio	$\frac{\text{administration expenses} + \text{other operating expenses}}{\text{net interest income} + \text{gains and losses from financial instruments carried at fair value} + \text{net fee and commission income} + \text{net income from investments} + \text{other operating income}}$

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

(EUR 1,000)

	6/2008	6/2007
Derivatives	-19 462	-10 308
Liabilities designated fair value through profit and loss	18 985	10 748
Exchange rate differences	-148	-413
Venture capital investments; fair value changes	4 161	1 538
	3 536	1 565