

Finnvera plc

Financial Statements, 1 Jan - 30 June 2007

CONSOLIDATED CASH FLOW STATEMENT

Teur

	Note	1-6/2006	1-6/2005
Cash flows from operating activities			
Withdrawal of loans granted		-217 526	-174 138
Repayments of loans granted		182 313	180 803
Purchase of investments		-2 715	-5 589
Proceeds from investments		830	230
Interest received		39 547	27 012
Interest paid		-21 123	-14 588
Interest subsidy received		7 822	10 025
Payments received from comission income		33 388	44 009
Payments received from other operating income		8 330	13 904
Payments for operating expenses		-20 822	-23 931
Claims paid		-8 313	-8 252
Taxes paid		-2 612	-7 111
Net cash used in (-) / from (+) operating activities (A)		-881	42 374
Cash flow from investing activities			
Purchase of property and equipment and intangible assets		-2 874	-2 727
Purchase of other investments		-124	-11 505
Proceeds from other investment		754	52
Dividends received from investments		554	386
Net cash used in (-) / from (+) investing activities (B)		-1 690	-13 794
Cash flows from financing activities			
Proceeds from loans		159 916	90 514
Repayment of loans		-195 319	-71 390
Payments of derivatives		0	-1 361
Net cash used in (-) / from (+) financing activities (C)		-35 403	17 763
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease(-)		-37 974	46 343
Cash and cash equivalents at the beginning of the period		229 220	181 252
Cash and cash equivalents at the end of the period		191 246	227 595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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. A separate press release about the transition has been published on xx.xx.xxxx. The press release is available at Finnvera's website.

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 207 - 30 JUNE 2007

Teur

	Micro financing	Regional financing	Financing for growth and internalisation	Export financing	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	-3 465	-3 804	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	4 295	3 659	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

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENTS FOR THE PERIOD 1 JAN 2006 - 30 JUNE 2006

Teur

	Micro-financing	Regional financing	Financing for growth and internalisation	Export financing	Venture capital investments	Eliminations	Total
Net interest income	9 690	10 814	2 726	1 620	451	0	25 301
Net fee and commission income	3 855	6 223	2 274	17 483	0	0	29 835
Net impairment loss on financial assets	-2 266	-2 489	0	-2 350	0	0	-7 105
Operating expenses *	-6 820	-7 507	-3 093	-4 833	-885	-279	-23 417
Depreciation and amortization	-754	-836	-330	-527	0	0	-2 447
Other income, net**	128	3 747	98	-460	298	1 491	5 302
Profit/loss before income tax	3 833	9 952	1 675	10 933	-136	1 770	28 027
Loans and receivables from customers	512 975	707 142	173 049	37 916	2 939	-6 377	1 427 644
Total assets	549 129	814 463	235 569	197 892	63 862	-83 690	1 777 225
Total liabilities	380 817	566 137	163 365	197 892	151	-7 060	1 301 302

*) 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 11 112 thousand in the first six months.

3. DERIVATIVES

	Contract/ notional value	6/2007		Contract/ notional value	12/2006	
		Fair value Receivables	Liabilities		Fair value Receivables	Liabilities
Interest rate derivatives	50 000	0	1 463	50 000	0	364
Currency derivatives	481 751	0	26 868	373 155	0	25 339
Total derivatives	531 751	0	28 331	423 155	0	25 703

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

Liabilities to other institutions	Notional value	Carrying amount	Nominal interest rate	Effective interest rate	Maturity
Carrying amount at 1 Jan 2007	760 380	760 380			
New loans	60 000	60 000			
Repayments	-195 419	-195 419			
Changes in fair value		-4 337			
Carrying amount at 30 June 2007	624 961	620 624			
Debt securities in issue	Notional value	Carrying amount	Nominal interest rate	Effective interest rate	Maturity
Carrying amount at 1 Jan 2007	363 579	351 572			
Debt securities in issue	50 172	49 700	4,9	4,9	2.9.2011
Repayments	50 172	49 700	4,9	4,9	2.9.2013
Changes in fair value	0	0			
Carrying amount at 30 June 2007	463 923	451 548			

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

Capital loans 11 500

5. CONTINGENT LIABILITIES AND COMMITMENTS

	6/2007	12/2006
Off-balance sheet items		
Guarantees	814 859	804 333
Export guarantees		
Special guarantees	5 212 894	5 072 294
Total guarantees	6 027 753	5 876 627
Binding financing offers	262 778	209 281

6. RELATED PARTIES

Transactions with the state-owned companies (State-owned companies and associates in which the state ownership is at minimum 20 %)	Financial income 1.1. - 30.6.	Purchases of services 1.1. - 30.6.	Balance of receivables 6/2007	Balance of guarantees 6/2007
	91	606	2 954	936

7. KEY FIGURES AND THEIR CALCULATION

	6/2007	12/2006
Equity ratio	29,1	26,8
Capital adequacy ratio	17,7	17,4
Expense-income ratio	0,4	0,4

Calculation of key figures:

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

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

	6/2007	12/2006
Derivatives		
Liabilities designated fair value through profit and loss	-10 308	-12 890
Exchange rate differences	10 748	12 880
Venture capital investments; fair value changes	-413	-1 659
	<u>1 538</u>	<u>0</u>
	1 565	-1 669

9. FEE AND COMMISSION INCOME

Accruals and deferred income includes a prepaid guarantee fee of EUR 9,400 thousand, for which Finnvera is not responsible at 30 June 2007 due to the early repayment of the related loan.

CONSOLIDATED INCOME STATEMENT

Teur	Note	1-06/2007	1-06/2006
Interest income		51 183	40 265
Loans		38 888	28 013
Subsidies passed on to customers		8 254	9 092
Export credit and special guarantee receivables		127	139
Guarantee receivables		34	817
Other		3 879	2 205
Interest expenses		-23 581	-15 479
Other interest subsidies		353	515
NET INTEREST INCOME		27 955	25 301
Net fee and comission income		32 243	29 835
Gains and losses from financial instruments carried at fair value		1 565	-1 244
Net income from investments		3 616	2 310
Shares and participations		2 020	370
Investment property		90	88
Associates		1 507	1 853
Other operating income		1 869	4 235
Administrative expenses		-21 845	-21 045
Employee benefit expenses		-14 126	-14 428
Wages and salaries		-11 202	-11 261
Social security costs		-2 925	-3 167
Other administrative expenses		-7 719	-6 618
Other operating expenses		-4 505	-4 261
Net impairment loss on financial assets		-5 778	-7 105
Loans and receivables		-11 112	-9 278
Credit loss compensation from state		3 843	4 523
Export credit and special guarantee		1 491	-2 350
PROFIT BEFORE INCOME TAX		35 120	28 027
Income tax expense		-8 388	-6 871
Current tax expense		-6 644	-6 975
Deferred tax expenses		-1 744	104
PROFIT FOR THE PERIOD		26 732	21 155
Attributable to			
Equity holders of the parent company		26 634	21 260
Minority interest		98	-104

CONSOLIDATED BALANCE SHEET

Teur	Note	06/2007	12/2006
ASSETS			
Cash and cash equivalents		0	0
Loans and receivables from credit institutions		25 564	55 196
Loans and receivables from customers		1 453 965	1 410 787
Loans		1 437 833	1 389 979
Guarantee receivables		15 050	12 645
Receivables from export credit and special guarantee operations		1 082	8 163
Investments		239 082	244 525
Debt securities		100 501	106 227
Associates		56 108	55 984
Other shares and participations		78 751	77 969
Investment property		3 722	4 345
Intangible assets		11 606	11 430
Property and equipment		10 290	10 234
Properties		7 448	7 525
Equipment		2 843	2 709
Other assets		13 120	14 441
Credit loss receivables from the state		4 943	6 593
Other		8 177	7 849
Prepayments and accrued income		17 536	11 834
Tax assets		675	5 451
TOTAL ASSETS		1 771 838	1 763 898
LIABILITIES			
Liabilities to credit institutions		565 605	701 024
Liabilities to other institutions		55 019	59 355
Debt securities in issue		451 548	351 572
Derivatives		28 332	25 703
Provisions		11 941	3 381
Other liabilities		33 522	28 439
Accruals and deferred income		97 495	94 682
Tax liabilities		1 009	404
Capital loans		11 500	11 500
TOTAL LIABILITIES		1 255 970	1 276 061
EQUITY			
Equity attributable to the parent company's shareholders		507 175	479 263
Share capital		196 605	196 605
Share premium		51 036	51 036
Fair value reserve		2 414	1 052
Unrestricted funds		257 121	230 570
Fund for domestic operations		145 541	129 852
Fund for export credit guarantees and special guarantees		97 271	80 223
Other		59	59
Retained earnings		14 250	20 436
Minority interest		8 692	8 574
TOTAL EQUITY		515 868	487 837
TOTAL LIABILITIES AND EQUITY		1 771 838	1 763 898

RECONCILIATIONS OF EQUITY AND PROFIT

Teur

Reconciliation of equity 31.12.2006

Equity 31.12.2006 FAS	504 466
IFRS adjustments	
IAS 39 Financial Instruments: Recognition and Measurement	-4 931
IAS 38 Intangible Assets	749
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	-12 698
IAS 19 Employee Benefits	-1 131
IAS 12 Income Taxes	1 382
Equity 31.12.2006 IFRS	487 837

Reconciliation of profit 1.1 - 30.6.2006

Profit 1.1. - 30.6.2006 FAS	21 555
IFRS adjustments	
IAS 39 Financial Instruments: Recognition and Measurement	-156
IAS 38 Intangible Assets	-139
Profit 1.1. - 30.6.2006 IFRS	21 260

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Teur	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 2006	196 605	51 036	177 334	500	0	0	59	21 992	447 526	6 679	454 205
Available for sale financial assets - change in fair value				528					528		528
Other changes								85			85
Profit for the period								21 260	21 260	-105	21 155
Total recognised income and expense for the period	196 605	51 036	177 334	1 028	0	0	59	43 337	469 314	6 574	475 973
Transfers into legal reserve			32 741					-32 741			
Transfers between funds											
Dividends								0	0	-48	-48
Balance at 30 June 2006	196 605	51 036	210 075	1 028	0	0	59	10 596	469 314	6 526	475 925
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											
Other changes								-83	-83	20	-63
Profit for the period								26 634	26 634	98	26 732
Total recognised income and expense for the period	196 605	51 036	0	2 414	129 852	80 223	59	46 987	507 176	8 692	515 868
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	14 250	507 176	8 692	515 868

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Capital loans 11 500

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7. KEY FIGURES AND THEIR CALCULATION

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Capital adequacy ratio	17,7	17,4
Expense-income ratio	0,4	0,4

Calculation of key figures:

Equity ratio %	<u>equity attributable to equity holders of the parent + minority interest + balance sheet total</u>
Capital adequacy ratio	calculated as per Finnish Financial Supervision Regulation no. 106.7
Expense-income ratio	<u>administration expenses + other operating expenses</u> 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

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Exchange rate differences	-413	-1 659
Venture capital investments; fair value changes	1 538	0
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9. FEE AND COMMISSION INCOME

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