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**Interim Report
1 January–31 march 2015**

The Finnvera Group's Interim Report for January–March 2015

Demand for financing revived despite uncertainty

From the perspective of the economy, the first quarter of 2015 was varied. Despite unstable and negative economic outlook, the weakening of the euro brought a little light to export enterprises. SME financing was sought actively, and Finnvera strove to meet enterprises' expectations through its wider range of financing possibilities. The great majority of enterprises can obtain financing for profitable projects even though banks have introduced more stringent requirements for loans and collateral. Thanks to some major individual projects, the total demand for export credit guarantees, expressed in euros, was many times greater than during the same period a year ago.

Finnvera's risks pertaining to Russia have increased. The company continues to grant export credit guarantees for Finnish exporters' projects in Russia, but the Russian counterparty's credit standing is examined increasingly carefully. The exposure trend and repayment times are monitored.

Business operations and the financial trend

In January–March, the value of offers given by Finnvera for export transactions was over three times greater than the year before. Loans and guarantees granted to SMEs and – by virtue of the authorisation received by Finnvera at the start of 2015 – to enterprises larger than the EU's definition of an SME increased by over 40 per cent on the figure for the previous year.

The Finnvera Group's financial performance in January–March came to EUR 26 million, or EUR 19 million more than during the corresponding period the year before (8 million). The main factors improving the performance were the decrease in impairment losses on receivables and in guarantee losses, as well as profits on items carried at fair value.

The profit of the parent company, Finnvera plc, stood at EUR 26 million (10 million). The subsidiaries and associated companies had an impact of EUR 1 million on the Group's profit (-3 million). Venture capital investments accounted for EUR -0.5 million (-3.3 million) of this impact. Interest equalisation and financing of export credits by Finnish Export Credit Ltd accounted for EUR 1.1 million (0.7 million).

The parent company's export financing and SME financing showed a profit: the separate result for export credit guarantees and special guarantees came to EUR 24 million (5 million) while the profit for credits and guarantees in SME financing was EUR 0.3 million (5 million). The parent company's result included a surplus of EUR 2 million (0.2 million) from export credit financing.

Finnvera Group Financial performance	Q1/2015 MEUR	Q1/2014 MEUR	Change MEUR	Change %	2014 MEUR	2013 MEUR	Change %
Net Interest income	14	13	1	6	52	56	-7
Fee and commission income and expenses (net)	37	37	0	0	138	134	3
Gains/losses from items carried at fair value	1	-3	-5	-135	-10	-2	496
Administrative expenses	-11	-10	1	9	-41	-43	-5
Impairment losses, guarantee losses	-12	-28	-16	-58	-34	-64	-47
Loans and domestic guarantees	-65	-19	-46	-241	-105	-101	4
Credit loss compensation from the State	55	12	44	381	64	48	33
Export credit guarantees and special guarantees	-2	-21	-19	-91	8	-11	-173
Operating profit	27	7	20	295	102	75	36
Profit for the period	26	8	19	245	101	75	36

The Group's key figures on 31 March 2015 (31 December 2014)

• Equity ratio	13.9% (14.4%)
• Capital adequacy, Tier 2	18.1% (18.6%)
• Cost-income ratio	24.1% (25.7%)

CEO Pauli Heikkilä:

“The international market has improved although the prospects for the Finnish economy are unclear. Finnvera’s financing possibilities have been expanded in various ways. For instance, Finnvera can now subscribe bonds, finance domestic investments benefiting exports, and provide financing for larger enterprises than before. An indication of this was that demand for financing during the first quarter clearly exceeded the figure for the year before. A welcome feature was that, after a long time, enterprises also sought financing for some fairly large investments, although most of the demand still focused on working capital needs.

In the challenging financial situation, banks require more self-financing from enterprises, which may make it more difficult for enterprises to obtain financing. It would therefore be important to strengthen the equity of Finnish enterprises.”

The Finnvera Group

Interim Report 1 January–31 March 2014

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Apart from the parent company, Finnvera plc, the Finnvera Group comprises the following subsidiaries: Seed Fund Vera Ltd and Veraventure Ltd, engaged in venture capital investments, and Finnish Export Credit Ltd, which provides export credits and administers interest equalisation.

The Group's financial trend

The Finnvera Group's January–March 2015

The Finnvera Group's financial performance in January–March came to EUR 26 million, or EUR 19 million more than during the corresponding period the year before (8 million). The main factors improving the performance were the decrease in impairment losses on receivables and in guarantee losses, as well as profits on items carried at fair value.

The profit of the parent company, Finnvera plc, stood at EUR 26 million (10 million). The subsidiaries and associated companies had an impact of EUR 1 million on the Group's profit (-3 million). Venture capital investments accounted for EUR -0.5 million (-3.3 million) of this impact. Interest equalisation and financing of export credits by Finnish Export Credit Ltd accounted for EUR 1.1 million (0.7 million).

The parent company's export financing and SME financing showed a profit: the separate result for export credit guarantees and special guarantees came to EUR 24 million (5 million) while the profit for credits and guarantees in SME financing was EUR 0.3 million (5 million). The parent company's result included a surplus of EUR 2 million (0.2 million) from export credit financing.

Analysis of the financial performance for January–March 2015

Interest income and expenses and interest subsidies

In January–March, the Group's net interest income amounted to EUR 14 million, or 6 per cent more than the year before (13 million).

The interest subsidies paid by the State and by the European Regional Development Fund (ERDF) and passed on directly to clients totalled EUR 1 million, or 45 per cent less than the year before (2 million). The reasons behind this fall included the decision to discontinue the granting of interest-subsidised financing as from the start of 2014 and the subsequent decrease in 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 37 million, or the same as during the first quarter of 2014 (37 million).

The gross sum of the fee and commission income totalled EUR 39 million (39 million). Of this, the parent company's fee and commission income from export credit guarantees and special guarantees accounted for 75 per cent, or EUR 30 million (29 million), while SME financing accounted for 24 per cent, or EUR 9 million (9 million). Finnish Export Credit Ltd's fee and commission income from interest equalisation and export credit financing amounted to EUR 0.2 million (0.3 million).

The fee and commission expenses totalled EUR 2 million (2 million). The fee and commission expenses consisted mainly of the costs of reinsurance protection paid by the parent company, Finnvera plc.

Gains/losses from items carried at fair value

The Group's gains from items carried at fair value through profit or loss totalled EUR 1 million (-3 million). Of these gains, the change in the fair value of venture capital investments accounted for EUR 0.3 million (-4 million). The change in the fair value of debts and interest rate and currency swaps, as well as exchange rate differences, accounted for EUR 1 million (1 million).

Other income

Net income from investments and other operating income in the Group totalled EUR -0.1 million (0.4 million) in January–March. 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 liability for export credit guarantees and special guarantees arisen before 1999.

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 67 million (40 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 12 million (28 million).

Impairment, losses and provisions for losses on loans and guarantees totalled EUR 65 million (19 million). The compensation for credit losses paid by the State and the European Regional Development Fund totalled EUR 55 million (12 million), or 70 per cent of the losses material-

ised (57). Some large individual losses that materialised in January–March had an impact on the total compensation for credit losses.

Losses and provisions for losses on export credit guarantees and special guarantees amounted to EUR 2 million (21 million) during the period under review. The provisions for losses are estimates and were reduced during 2014.

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 in SME financing stood at EUR 228 million at the end of March. When the impairment losses recognised are taken into account, doubtful and zero-interest receivables accounted for 9.1 per cent of the total outstanding commitments. When the State's compensation for credit losses – a reducing element in SME financing – is also taken into account, the ratio to the total outstanding commitments was 3.7 per cent.

Finnvera Group	Q1/2015	Q1/2014	Change	Change	2014	2013	Change
Impairment losses on receivables, guarantee losses	MEUR	MEUR	MEUR	%	MEUR	MEUR	%
Impairment losses on receivables, guarantee losses	-12	-28	-16	-58	-34	-64	-47
Loans and domestic guarantees	-65	-19	-46	-241	-105	-101	4
Credit loss compensation from the State	55	12	44	381	64	48	33
Export credit guarantees and special guarantees	-2	-21	-19	-91	8	-11	-173

Operating expenses

The Group's administrative expenses, including personnel expenses and other expenses, were EUR 11 million (10 million). Administrative expenses totalled EUR 1 million more than during the first quarter of 2014. Personnel expenses accounted for 72 per cent (68) of administrative expenses.

Other operating expenses came to EUR 2 million (1 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 March 2015. 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 review-

ing 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 March 2015, Finnvera's total commitments for export credit guarantees and special guarantees amounted to EUR 15.9 billion and the commitments for credits and guarantees in SME financing, as well as guarantee receivables, stood at EUR 2.3 billion. Seen against these commitments, the net profit building a loss buffer on the balance sheet is now about 0.6 per cent at the annual level and the equity is 5 per cent.

Balance sheet 31 March 2015

At the end of March, the consolidated balance sheet total was EUR 7,072 million (6,629 million), while the balance sheet total of the parent company, Finnvera plc, came to EUR 4,419 million (4,132 million). The consolidated balance sheet total increased by 7 per cent, or EUR 443 million, during the first quarter of 2015. Most of the increase stemmed from the financing of export credits carried out by Finnish Export Credit Ltd. At the end of March, the balance sheet total of Finnish Export Credit Ltd was EUR 3,988 million (3,425 million).

At the end of March, the Group's outstanding credits came to EUR 5,083 million (4,593 million), or EUR 490 million more than at the start of the year. The outstanding credits of the parent company, Finnvera plc, came to EUR 2,532 million (2,193 million), of which the receivables from the subsidiaries totalled EUR 1,331 million (928 million).

The parent company's outstanding domestic guarantees increased slightly during early 2015 and totalled EUR 1,001 million on 31 March (988 million).

The outstanding commitments, as defined in the Act on the State's Export Credit Guarantees, totalled EUR 11,799 million at the end of March (10,755 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given, including export guarantees) totalled EUR 15,876 million (12,600 million).

The parent company's long-term liabilities as per 31 March totalled EUR 2,799 million (2,650 million). Of this sum, EUR 2,708 million (2,564 million) consisted of bonds. The liabilities include subordinated loans of EUR 41 million received by Finnvera from the State for investment in the share capitals of Seed Fund Vera Ltd and Veraventure Ltd (36 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 730 million (703 million), of which the reserve for domestic operations accounted for EUR 136 million (135 million), the reserve for export credit guarantees and special guarantees EUR 536 million (436 million), the reserve for venture capital investments EUR 17 million (17 million) and retained profits for EUR 41 million (116 million).

Once the annual financial statements have been completed, the annual profits from SME financing and export financing are transferred to two separate reserves on the parent company's balance sheet. Correspondingly, losses from domestic operations are covered from the reserve for domestic financing, while losses from export credit guarantees and special guarantees are covered from the reserve for export financing.

The reserve for venture capital investments, under unrestricted equity in the balance sheet, is used to monitor the assets allocated by the ERDF to venture capital investments.

Finnvera Group Balance sheet	31 March 2015 MEUR	31 Dec 2014 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	730	703	27	4
Reserve for domestic operations	136	135	1	1
Reserve for export credit guarantees and special guarantees	536	436	100	23
Other	17	17	0	2
Retained earnings	41	116	-75	-65
Equity attributable to the parent company's shareholders	977	951	27	3
Share of equity held by non-controlling interest	5	5	0	-1
Balance sheet total	7,072	6,629	443	7

Acquisition of funds

In January–March, the Group's long-term acquisition of funds totalled EUR 5 million (2,036 million). EUR 87 million in long-term loans was paid back (529 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 March, the Group's capital adequacy ratio Tier 2 stood at 18.1 per cent (18.6) while the

capital adequacy of the parent company, Finnvera plc, was 17.3 per cent (17.8). Capital adequacy has been calculated

Capital adequacy Finnvera Group	31 March 2015 %	31 Dec 2014 %	Change % points
Tier 1	17.4	17.7	-0.3
Tier 2	18.1	18.6	-0.5

The Act on Finnvera (443/1998) stipulates that domestic operations must be kept separate from export credit guarantee and special guarantee operations. In consequence, losses from domestic operations are covered from the reserve for domestic operations, while losses from export credit guarantees and special guarantees are covered from the reserve for export credit guarantee and special guarantee operations. According to the Act on the State Guarantee Fund (444/1998), the State is responsible for export credit guarantees and special guarantees. Should the reserve for export credit guarantee and special guarantee operations 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

in accordance with the principles of the Basel III standard method.

Capital adequacy Finnvera plc	31 March 2015 %	31 Dec 2014 %	Change % points
Tier 1	16.6	16.9	-0.3
Tier 2	17.3	17.8	-0.5

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 2,392 million at the end of March (2,349 million). Of these, loans and guarantees pertaining to business proper amounted to 1,869 million (1,926 million), or 78 per cent of risk-weighted receivables. Most of the remaining receivables were associated with derivatives 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 was 75 per cent. The risk weight of other loans and guarantees was 100 per cent. During each financial period, the profit for the period is not included in the capital for calculating capital adequacy.

Finnvera Group Capital for calculating capital adequacy	31 March 2015 MEUR	31 Dec 2014 MEUR
Equity excl. profit for the year	956	855
Intangible assets	-3	-3
Reserve for export credit guarantees and special guarantees	-536	-436
Profit for the period	0	101
Profit for the period attributable to export credit guarantees	0	-100
Subordinated loan	17	20
Total	434	436

Finnvera Group Risk-weighted items	31 March 2015 MEUR	31 Dec 2014 MEUR
Receivables from credit institutions	50	138
Receivables from clients	1,869	1,926
Investments and derivatives	251	73
Receivables, prepayments, interest and other receivables, other assets	21	27
Binding promises for loans	115	98
Operational risk	87	87
Total	2,392	2,349

Tier 2	18.1%	18.6%
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Personnel

At the end of March, the Group had 395 employees (395 on 31 March 2014), of whom 369 (373) held a permanent post and 26 (22) a fixed-term post.

Changes in the operating environment and in industrial and ownership policies

New authorisations put to use

During the period under review, Finnvera made its first bond subscription and offered export credit guarantees for a domestic investment. These were possible thanks to the new authorisations received last year and early this year.

Finnvera guarantees a buyer credit for AS Tallink Grupp

Meyer Turku Ltd and Tallink have signed a shipbuilding contract for a passenger ferry with a purchase price of about EUR 230 million. Finnvera guarantees 95 per cent of Tallink's post-delivery buyer credit. Finnvera's subsidiary, Finnish Export Credit Ltd, also participates in the arrangement by providing financing for the long-term credit arranged by commercial banks. The loan period is 12 years from the delivery of the vessel, which is to take place in early 2017.

Events after the period under review

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

On 9 April 2015, Finnvera's Annual General Meeting elected new members to the company's Supervisory Board and Board of Directors.

Composition of the Supervisory Board

The new members on the Supervisory Board are Mika Harjunen, Security Manager; Ann-Louise Laaksonen, Vice Chairman; Veli-Matti Mattila, Chief Economist; Hanna Sarkkinen, M.A.; and Tommi Toivola, Senior Adviser, Financing.

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; Eeva-Johanna Eloranta,

Member of Parliament; Lasse Hautala, Member of Parliament; Olli Koski, Chief Economist; Leila Kurki, Senior Adviser; Esko Kurvinen, Member of Parliament; Anna Lavikkala, Labour Market Director; Lea Mäkipää, Member of Parliament; Antti Rantakangas, Member of Parliament; Osmo Soininvaara, Member of Parliament; and Sofia Vikman, Member of Parliament.

Composition of the Board of Directors

The new members on the Board of Directors are Harri Sailas, B.Sc. (Econ.) and Antti Zitting, Chairman of the 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., and Pirkko Rantanen-Kervinen, B.Sc. (Econ.).

Outlook for demand for financing

During the first quarter of 2015, demand for Finnvera's SME financing was livelier than during the same period a year ago. The total sum of applications for financing increased by nearly 50 per cent. The deal flow in financing for growth and internationalisation is likely to remain good, and some signs of recovery are also visible in the subcontracting chains of large enterprises. However, most of the demand for SME financing still focuses on working capital; this would indicate that the investment level will remain low.

Demand for export financing is rising when compared to the previous year. Owing to ownership arrangements in the shipyard industry, demand for ship financing will increase. Another consideration contributing to the higher demand for export credit guarantees is the fact that Finnvera can now provide financing for large enterprises' domestic projects targeted at exports. Demand for guarantees to finance transactions in Russia has been very brisk in early 2015 despite the fact that Finnish exports to Russia have shrunk. Finnvera estimates that the Russian share of the total exposure will not increase.

Comprehensive income statement

(EUR 1,000)	Note	Finnvera Group		Finnvera plc	
		1-3 2015	1-3 2014	1-3 2015	1-3 2014
Interest income					
Loans		29 386	24 805	11 488	10 285
Subsidies passed on to customers		1 054	1 925	1 054	1 925
Other		1 775	646	1 620	898
Total interest income		32 216	27 377	14 163	13 109
Interest expenses		-18 498	-14 431	-2 012	-880
Net interest income		13 718	12 946	12 150	12 229
Net fee and commission income		37 165	37 095	36 930	36 776
Gains and losses from financial instruments carried at fair value	2	1 187	-3 394	314	424
Net income from investments		-171	278	-168	-30
Other operating income		74	135	287	338
Administrative expenses					
Wages and salaries		-8 169	-6 990	-7 877	-6 728
Other administrative expenses		-3 135	-3 355	-2 975	-3 200
Total administrative expenses		-11 304	-10 345	-10 852	-9 927
Other operating expenses		-1 520	-1 477	-1 520	-1 477
Impairment loss on financial assets	3				
Impairment losses on credits and losses on guarantees		-65 380	-19 184	-64 930	-18 984
Credit loss compensation from the State		55 433	11 529	55 433	11 529
Losses on export credit guarantees and special guarantees		-1 905	-20 664	-1 905	-20 664
Net impairment loss on financial assets		-11 852	-28 319	-11 401	-28 119
Operating profit		27 296	6 919	25 740	10 215
Income tax expense		-986	716	0	0
Profit for the period		26 310	7 635	25 740	10 215
Other comprehensive income					
Items that may be reclassified subsequently to the statement of income					
- Change in the fair value of shares		97	-315	94	-332
Total other comprehensive income		97	-315	94	-332
Total comprehensive income for the period		26 407	7 320	25 834	9 884
Distribution of the profit for the period attributable to					
Equity holders of the parent company		26 348	7 660		
Non-controlling interest		-38	-26		
		26 310	7 635		
Distribution of the total comprehensive income for the period attributable to					
Equity holders of the parent company		26 445	7 345		
Non-controlling interest		-38	-26		
		26 407	7 320		

Balance sheet

(EUR 1,000)	Finnvera Group		Finnvera plc		
	Note	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
ASSETS					
Loans and receivables from credit institutions					
Payable on demand		213 047	634 614	115 482	549 942
Other than payable on demand		34 524	56 304	18 928	20 252
		247 571	690 918	134 409	570 194
Loans and receivables from customers					
Loans		5 083 396	4 592 991	2 531 607	2 192 725
Guarantee receivables		32 838	38 740	32 838	38 740
Receivables from export credit and special guarantee operations		10 821	11 238	10 821	11 238
		5 127 056	4 642 969	2 575 266	2 242 703
Investments					
Debt securities		1 165 927	934 721	1 150 927	934 721
Investments in group companies		0	0	174 815	159 815
Associates		65 826	63 570	349	349
Other shares and participations		78 357	67 134	14 590	14 520
		1 310 110	1 065 425	1 340 681	1 109 404
Derivatives	8	132 023	51 434	130 605	51 434
Intangible assets		3 494	3 427	3 444	3 378
Property and equipment					
Properties		169	171	169	171
Equipment		1 242	1 171	1 242	1 171
		1 411	1 342	1 411	1 342
Other assets					
Credit loss receivables from the state		74 560	19 713	74 560	19 713
Other		6 955	4 345	6 955	7 783
		81 515	24 059	81 515	27 496
Prepayments and accrued income		168 123	148 875	152 024	125 907
Tax assets		305	190		
TOTAL ASSETS		7 071 607	6 628 639	4 419 357	4 131 859
LIABILITIES					
Liabilities to credit institutions		0	0	0	0
Liabilities to other institutions					
At fair value through profit or loss	9	40 198	35 769	0	0
Other financial liabilities		2 576 376	2 419 517	0	0
Debt securities in issue					
At fair value through profit or loss	9	2 707 922	2 564 141	2 707 922	2 564 141
Derivatives	8	168 089	106 232	168 089	103 794
Provisions		56 528	55 276	56 528	55 276
Other liabilities		55 304	50 769	49 717	50 705
Accruals and deferred income		389 985	351 923	383 325	335 333
Tax liabilities		3 314	2 862	0	0
Capital loans	9	91 139	86 139	91 139	86 139
		6 088 854	5 672 626	3 456 719	3 195 388
EQUITY					
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		-2	-99	-142	-236
Non-restricted reserves					
Reserve for domestic operations		135 879	135 089	135 879	135 089
Reserve for export credit guarantees and special guarantees		536 064	435 628	536 064	435 628
Other		16 952	16 619	16 952	16 619
Retained earnings		40 856	115 736	26 243	101 731
		729 752	703 071	715 139	689 066
Total equity		977 391	950 613	962 638	936 471
Share of equity held by non-controlling interest		5 362	5 399		
TOTAL LIABILITIES AND EQUITY		7 071 607	6 628 639	4 419 357	4 131 859

Statement of changes in equity

(EUR 1,000)

A B C D E F G H I J

Finnvera Group

Equity attributable to the parent company's shareholders

Balance at 1 Jan 2015	196 605	51 036	-99	135 089	435 628	16 619	115 736	950 613	5 399	956 012
Cancelled amount of subordinated loan received from the owner							0	0		0
Total comprehensive income for the period/change in the fair value of shares			97				26 348	26 445	-37	26 408
Transfer to reserves				791	100 436	333	-101 227	333		333
Adjustments										0
Balance at 31 Mars 2015	196 605	51 036	-2	135 880	536 064	16 952	40 857	977 391	5 362	982 753
Restated 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							0	0		0
Total comprehensive income for the period/change in the fair value of shares			-315				7 660	7 345	-26	7 320
Transfer to reserves				-2 084	77 803	0	-75 719	0		0
Balance at 31 Mars 2014	196 605	51 036	203	135 088	435 628	17 225	14 531	850 316	10 303	855 886

Finnvera plc

Balance at 1 Jan 2015	196 605	51 036	-236	135 089	435 628	16 619	101 731	936 472		
Cancelled amount of subordinated loan received from the owner							0	0		
Total comprehensive income for the period/change in the fair value of shares			94				25 740	25 834		
Transfer to reserves				791	100 436	333	-101 227	333		
Adjustments										0
Balance at 31 Mars 2015	196 605	51 036	-142	135 879	536 064	16 952	26 243	962 638		
Restated 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							0	0		
Total comprehensive income for the period/change in the fair value of shares			-332				10 215	9 883		
Transfer to reserves				-2 084	77 803	0	-75 719	0		
Balance at 31 Mars 2014	196 605	51 036	-403	135 088	435 628	17 225	10 718	845 898		

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	
	1-3 2015	1-3 2014	1-3 2015	1-3 2014
(EUR 1,000)				
Cash flows from operating activities				
Withdrawal of loans granted	-910 054	-264 596	-909 361	-258 614
Repayments of loans granted	714 757	165 489	627 195	93 244
Purchase of investments	-4 161	-3 895	-15 000	0
Proceeds from investments	1 032	2 115	0	0
Interest received	29 616	24 435	9 940	8 885
Interest paid	-22 505	-17 727	-1 349	-332
Interest subsidy received	394	2 858	394	2 858
Payments received from commission income	44 326	27 919	43 529	26 385
Payments received from other operating income	28 468	3 991	25 115	3 938
Payments for operating expenses	-20 299	-16 307	-18 775	-13 614
Claims paid	-5 659	-12 547	-5 659	-12 547
Taxes paid	-650	-752	0	0
Net cash used in (-) / from (+) operating activities (A)	-144 735	-89 017	-243 970	-149 797
Cash flow from investing activities				
Purchase of property and equipment and intangible assets	-357	-167	-357	-167
Proceeds from other investments	0	0	0	0
Dividends received from investments	0	98	0	0
Net cash used in (-) / from (+) investing activities (B)	-357	-69	-357	-167
Cash flows from financing activities				
Proceeds from loans	5 333	5 312	5 000	0
Repayment of loans	-87 482	-69 022	0	0
Payments from derivatives collateral	19 750	9 900	19 750	9 900
Net cash used in (-) / from (+) financing activities (C)	-62 399	-53 810	24 750	9 900
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	-207 491	-142 896	-219 577	-140 064
Cash and cash equivalents at the beginning of the period	1 615 330	661 835	1 504 914	568 009
Cash and cash equivalents at the end of the period	1 407 839	518 939	1 285 337	427 945
Cash and cash equivalents at the end of the period				
Receivables from credit institutions	231 975	85 527	134 409	50 864
Debt securities	1 165 927	377 081	1 150 927	377 081
Investments in short-term interest reserves	9 937	56 330	0	0
	1 407 839	518 938	1 285 337	427 945

Notes to the accounts

Accounting principles

The financial statements of the Finnvera Group and the parent company, Finnvera plc, are drawn up according to the International Financial Reporting Standards (IFRS). The income statement is presented as one statement (statement of comprehensive income) in accordance with the IAS 1 Presentation of Financial Statements.

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 2013.

The new and amended standards introduced by the Finnvera Group and their interpretations are presented in the accounting principles for the 2013 financial statements. They do not have any major impact on the consolidated financial statements.

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, venture capital investments and financing of export credits. The segments and the principles governing the segment accounting are described in more detail in the Annual Report 2013

Income statement and balance sheet by segments

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalisation	Export financing	Other segments	Eliminations	Total
Finnvera Group							
1-3/2015							
Net interest income	2 244	7 618	1 506	2 172	179	0	13 718
Net fee and commission income	1 021	5 174	3 157	27 813	-1	0	37 165
Net impairment loss on financial assets	-840	-9 580	434	-1 415	-450	0	-11 852
Operating expenses*	-2 657	-3 817	-2 615	-3 236	-1 159	882	-12 603
Depreciation and amortization	-18	-95	-46	-62	0	0	-222
Other income, net**	-67	-215	-61	1 363	951	-882	1 090
Operating profit	-317	-914	2 374	26 635	-481	0	27 296
1-3/2014							
Net interest income	2 237	5 830	3 327	1 470	81	0	12 946
Net fee and commission income	1 012	4 083	4 751	27 250	-1	0	37 095
Net impairment loss on financial assets	-1 758	-5 124	-1 324	-19 913	-200	0	-28 319
Operating expenses*	-2 376	-3 419	-2 199	-3 340	-1 067	817	-11 583
Depreciation and amortization	-20	-102	-50	-67	0	0	-238
Other income, net**	109	498	195	250	-3 219	-814	-2 981
Operating profit	-796	1 766	4 700	5 651	-4 405	3	6 919
Finnvera plc							
1-3/2015							
Net interest income	2 244	7 618	1 506	783			12 151
Net fee and commission income	1 021	5 174	3 157	27 577			36 930
Net impairment loss on financial assets	-840	-9 580	434	-1 415			-11 401
Operating expenses*	-2 657	-3 817	-2 615	-3 061			-12 150
Depreciation and amortization	-18	-95	-46	-62			-222
Other income, net**	-67	-215	-61	776			433
Operating profit	-317	-914	2 374	24 598			25 740
1-3/2014							
Net interest income	2 237	5 830	3 327	834			12 229
Net fee and commission income	1 012	4 083	4 751	26 931			36 776
Net impairment loss on financial assets	-1 758	-5 124	-1 324	-19 913			-28 119
Operating expenses*	-2 376	-3 419	-2 199	-3 172			-11 166
Depreciation and amortization	-20	-102	-50	-67			-238
Other income, net**	109	498	195	-69			733
Operating profit	-796	1 766	4 700	4 544			10 215

*) 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 Gains and losses from financial instruments carried at fair value

(EUR 1,000)	Finnvera Group		Finnvera plc	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Derivatives	18 402	2 046	1 525	3 991
Liabilities designated fair value through profit and loss	-18 245	-1 621	-2 054	-3 880
Exchange rate differences	744	311	843	313
Venture capital investments; fair value changes	286	-4 130	0	0
Total	1 187	-3 394	314	424

3 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.

4 Classification of financial instruments

(EUR 1,000)	Finnvera Group				Finnvera plc					
	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
Assets										
31 Mar 2015										
Loans and receivables from credit institutions	247 571			247 571	247 571	134 409			134 409	134 409
Loans and receivables from customers	5 127 056			5 127 056	5 236 982	2 575 266			2 575 266	2 574 306
Debt securities			1 165 927	1 165 927	1 165 927			1 150 927	1 150 927	1 150 927
Derivatives		132 023		132 023	132 023		130 605		130 605	130 605
Investments in associates		37 624		65 826	65 826				349	349
Shares and participations		53 831	24 526	78 357	78 357			14 590	14 590	14 590
Other financial assets	207 119			207 119	207 119	191 137			191 137	191 137
Total 31 Mar 2015	5 581 746	223 478	1 218 655	7 023 879	7 133 805	2 900 813	130 605	1 165 866	4 197 284	4 196 324
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		63 570	63 570				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

Because the fair value of the Finnish Fund for Industrial Cooperation Ltd, included on the figure, cannot be determined reliably, the shares have been valued at original acquisition cost.

(EUR 1,000)	Finnvera Group				Finnvera plc					
	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value		
Liabilities										
31 Mar 2015										
Liabilities to credit institutions			0	0			0	0		
Liabilities to other institutions	40 198	2 576 376	2 616 574	2 722 080			0	0		
Debt securities in issue	2 707 922		2 707 922	2 707 922	2 707 922		2 707 922	2 707 922		
Derivatives	168 089		168 089	168 089	168 089		168 089	168 089		
Other financial liabilities		388 683	388 683	388 683		374 692	374 692	374 692		
Subordinated liabilities		91 139	91 139	91 139		91 139	91 139	91 139		
Total 31 Mar 2015	2 916 209	3 056 198	5 972 406	6 077 912	0	2 876 011	465 831	3 341 842		
31 Dec 2014										
Liabilities to credit institutions			0	0			0	0		
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	0	2 667 935	414 441	3 082 376		

5 Hierarchy for recognition at fair value

(EUR 1,000)		Finnvera Group			Finnvera plc		
Financial assets	31 Mar 2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans and other assets							
- Loans and receivables from credit institutions			247 571			134 409	
- Loans and receivables from customers			5 112 280	14 775		2 560 491	14 775
Financial instruments carried at fair value							
- Derivatives			132 023			130 605	
- Investments in associates				37 624			
- Shares and holdings				53 831			
Available-for-sale							
- Debt securities			1 165 927			1 150 927	
- Other shares and participations				28 201			349
- Shares and holdings		10 458		14 068	522		14 068
Total		10 458	6 657 801	148 500	522	3 976 433	29 192
Financial liabilities	31 Mar 2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial instruments carried at fair value							
- Liabilities to other institutions			40 198				
- Debt securities in issue			2 707 922			2 707 922	
- Derivatives			168 089			168 089	
Other financial liabilities							
- Liabilities to other institutions			2 576 376				
- Subordinated liabilities			91 139			91 139	
Total			5 583 724			2 967 150	
		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			2 419 517				
- Subordinated liabilities			86 139			86 139	
Total			5 211 796			2 754 074	

Level 1: Investments in shares and reserves are valued at market price based on active trading.

Level 2: The values of interest rate and currency swaps are based on estimates of prices for terminating agreements and for concluding new, corresponding agreements. These estimates are given by banks operating actively on the market. The banks base their pricing on market interest rates and exchange rates. The fair values of liabilities are based on the value calculated on the basis of exchange rates and market interest rates on the reference day (current value of liabilities).

Level 3: The determination of the fair value of the venture capital investments of the subsidiaries engaged in venture capital investment activities 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 is in accordance with the valuation principles and recommendations for early-stage enterprises laid out in IPEV (International Equity and Venture Capital Valuation Guidelines).

6 Financial assets and liabilities recognised at fair value

LEVEL 3, Financial assets (EUR 1,000)	Finnvera Group		Finnvera plc	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Financial assets carried at fair value				
Balance at 1 Jan	128 870	136 137	14 068	14 720
Profits and losses entered in the income statement, in total	286	-6 973	0	-169
Acquisitions	4 219	22 538	0	0
Sales	0	-22 753	0	-482
Other	0	-79	0	0
Total at the end of the period	133 375	128 870	14 068	14 068

Profits and losses entered in the income statement for the instruments held by Finnvera.

	267	-6 087	0	0
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7 Financial instruments set off in the balance sheet or subject to netting agreements

(EUR 1,000)	Finnvera Group / Finnvera plc						
	Gross recognised amounts	Gross recognised amounts netted 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 at 31 Mar 2015							
Derivatives	127 418	0	130 605	-64 424	0	-68 200	-2 019
Total	127 418	0	130 605	-64 424	0	-68 200	-2 019
Financial liabilities at 31 Mar 2015							
Derivatives	167 262	0	167 262	-64 424	0	-95 670	7 168
Total	167 262	0	167 262	-64 424	0	-95 670	7 168
Financial assets at 31 Dec 2014							
Derivatives	51 434	0	51 434	-24 819	0	-27 000	-385
Total	51 434	0	51 434	-24 819	0	-27 000	-385
Financial liabilities at 31 Dec 2014							
Derivatives	103 794	0	103 794	-24 819	0	-74 220	4 755
Total	103 794	0	103 794	-24 819	0	-74 220	4 755

*) Amounts not set off but subject to master netting agreements and similar agreements.

8 Derivatives

(EUR 1,000)	Finnvera Group			Finnvera plc			
		Fair value positive	Fair value negative	Total nominal value	Fair value positive	Fair value negative	Total nominal value
Contracts entered in hedging purposes 31 Mar 2015							
Currency derivatives							
- Interest rate swaps and foreign exchange derivatives		132 023	168 089	2 671 517	130 605	168 089	2 671 517
Total derivatives		132 023	168 089	2 671 517	130 605	168 089	2 671 517
Contracts entered in hedging purposes 31 Dec 2014							
Currency derivatives							
- Interest rate swaps and foreign exchange derivatives		51 434	106 232	2 545 897	51 434	103 794	2 545 897
Total derivatives		51 434	106 232	2 545 897	51 434	103 794	2 545 897

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 (fair value option).

9 Changes in liabilities

(EUR 1,000)	Finnvera Group		Finnvera plc	
	2015		2015	
	Nominal value	Carrying value	Nominal value	Carrying value
Liabilities to credit institutions and other institutions				
Carrying amount at 1 Jan	2 453 945	2 455 286	0	0
- New loans	0	0	0	0
- Repayments	-87 482	-87 482	0	0
- Other changes	250 112	248 771	0	0
Carrying amount at 31 Mar 2015	2 616 574	2 616 574	0	0

(EUR 1,000)	Finnvera Group		Finnvera plc	
	2015		2015	
	Nominal value	Carrying value	Nominal value	Carrying value
Debt securities in issue				
Carrying amount at 1 Jan	2 545 897	2 564 141	2 545 897	2 564 141
- Debt securities in issue	0	0	0	0
- Repayments	0	0	0	0
- Other changes	125 619	143 781	125 619	143 781
Carrying amount at 31 Mar 2015	2 671 517	2 707 922	2 671 517	2 707 922

Capital loans

Capital loans at 31 Mar 2015	91 139	91 139
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Borrowings are measured at fair value in the case they are hedged (fair value option).

10 Contingent liabilities and commitments

(EUR 1,000)	Finnvera Group		Finnvera plc	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Off-balance sheet items				
Guarantees				
- Export guarantees and special guarantees	1 000 751	987 561	1 000 751	987 561
- Total guarantees	15 876 408	12 600 433	15 876 408	12 600 433
- Binding financing offers	220 427	3 090 405	220 427	182 497
Total	17 097 586	16 678 398	17 097 586	13 770 490

11 Related parties

(EUR 1,000)	Finnvera Group	
	1 Jan–31 Mar 2015	1 Jan–31 Mar 2014
Business transactions carried out with related parties; receivables from and liabilities to related parties		
Services purchased	882	817
	31 Mar 2015	31 Dec 2014
Loans	1 331 462	927 570
Receivables	10 362	8 034
Long-term liabilities	2 576 376	2 419 517
Short-term liabilities	10 362	8 034
Guarantees	3 890 886	3 337 531

Besides the Group companies, the Group's related parties include the companies where the State holds the majority of shares and where the Ministry of Employment and the Economy exercises ownership steering; as well as the State Treasury. Related parties also include the members of the Supervisory Board and the Board of Directors, the Chief Executive Officer and the Executive Vice President.

12 Key figures and their calculation

(EUR 1,000)		Finnvera Group		Finnvera plc	
		31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Equity ratio		13,9	14,4	21,8	22,7
Capital adequacy ratio	Tier 1	17,4	17,7	16,6	16,9
	Tier 2	18,1	18,6	17,3	17,8
Expense-income ratio		24,1	25,7	24,4	27,3

Calculation of key figures:

Equity ratio, %	$\frac{\text{(equity attributable to equity holders of the parent + non-controlling interest)} * 100}{\text{balance sheet total}}$
Capital adequacy ratio	calculated as per Basel III Standard
Cost-income ratio	$\frac{\text{administration expenses + other operating expenses}}{\text{net interest income + gains and losses from financial instruments carried at fair value + net fee and commission income + net income from investments + other operating income}}$

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