FINNVERA

Finnvera Group's Report of the Board of Directors and Financial Statements

H2/2021 and 1 Jan–31 Dec 2021

Finnvera Group, Stock Exchange Release, 16 February 2022

Report of the Board of Directors and Financial Statements 2021

Domestic financing remained at a high level while export financing grew - Finnvera Group made a profit of EUR 153 million

Finnvera Group, summary

- Result 153 MEUR (-748) – no new significant loss provisions had to be made, and no material final losses were realised – however, there were no grounds for decreasing the credit loss provisions made in 2020.
- Profit by segment: profit of the parent company Finnvera plc's SME and midcap business stood at 34 MEUR (87) and that of Large Corporates business at 73 MEUR (-848); the subsidiaries' impact on the Group's result was 45 MEUR (13).
- Separate result for export credit guarantee and special guarantee operations: 79 MEUR (-829).
- Balance sheet total: EUR 12.2 bn (12.7) – the -4% change was mainly due to the change in fair value of interest rate and currency swaps.
- Contingent liabilities stood at EUR 15.9 bn (15.4) – the most significant factor in this increase of 3% was increased exposure of domestic as well as export credit and special guarantees.
- Parent company Finnvera plc's total exposure increased by 2% to EUR 25.6 bn (25.0).
- As a result of the profitable result and recapitalisation, the non-restricted equity and the State Guarantee Fund (buffer reserves) increased to EUR 1.4 bn (0.8).
- Expected credit losses based on the balance sheet items remained at EUR 1.4 bn, or the same level as at year end 2020 (1.4).
- Equity ratio went up by 1.3 pp to 7.1% (5.7).
- The expense-income ratio improved by 2.8 pp to 23.5% (26.4).
- The NPS index (net promoter score) measuring customer satisfaction was 67 (56); the index was increased by improvement in Locally operating small companies and Large Corporates segments.

CEO Pauli Heikkilä:

"The global economy and Finland's national economy returned to a growth track in 2021. Domestic financing remained at a high level, and Finnvera granted domestic loans and guarantees amounting to EUR 1.5 billion (1.4). The financing was targeted at those priority areas we consider the key to companies' renewal and investments: start-up business, growth, internationalisation and transfers of ownership. In addition, Finnvera exceptionally financed large corporates in Finland, which was made possible by the European Investment Bank's EGF facility.

We granted EUR 4.6 billion (3.2) in export credit guarantees and special guarantees and EUR 0.7 billion (1.1) in export credits. While no large individual projects went ahead, including ship orders, there was a high number of export financing projects in many other sectors.

The Finnvera Group made a profitable result of EUR 153 million (-748) in 2021. Once the preliminary result became clear, we issued a positive profit warning on 19 January 2022. While no new significant credit loss provisions had to be made for export credit guarantee operations and no major final losses were realised, neither were there grounds for reversing the extensive loss provisions made in 2020. Cumulative self-sustainability has been achieved, despite the loss-making year in 2020, taking into account the assets in the State Guarantee Fund that were accumulated from the operations of Finnvera's predecessor organisations. By turning a profit in 2021, Finnvera accumulated reserves for potential future losses.

To ensure that Finnvera's export financing will remain stable and internationally competitive, the Government decided in December to recapitalise Finnvera's export guarantee and special guarantee operations by EUR 400 million. A provision for this had been made in June in the third supplementary budget for the year.

The pandemic has not impacted all sectors in the same way. Of key export financing sectors, telecommunications and the pulp and paper sector were able to operate steadily and make new investments, whereas in domestic financing, especially tourism and the event industry continued to suffer greatly. The outlook for cruise shipping plays a key role for Finnvera.

Finnvera Group, year 2021 (vs. 2020)

Result for the period **153 MEUR** (–748)	Balance sheet total **EUR 12.2 bn** (12.7), change –4%
Total exposure,the parent company's domestic, export credit guarantee and special guarantee operations **EUR 25.6 bn** (25.0), change 2%	Non-restricted equity and The State Guarantee Fund after result for the period **EUR 1.4 bn** (0.8), change 68%
Expense-income ratio **23.5%** (26.4), change –2.8 pp	Equity ratio **7.1%** (5.7), change 1.3 pp
NPS index (net promoter score) **67** (56), change 11 points	Expected credit losses based on the balance sheet items **EUR 1.4 bn** (1.4), change 0%

Our new strategy deliberately looks beyond the pandemic. In addition to assuring the competitiveness of export financing, we will diversify our financing solutions, especially to facilitate business growth. Corporate responsibility and climate change mitigation are important elements of the strategy. The uncertainty caused by the coronavirus pandemic has unfortunately not been eliminated. Our mission is to compensate for uncertainties related to financing by diversifying the financing solutions available for companies together with other providers of financing and our partners."

Finnvera Group, Stock Exchange Release, 16 February 2022

Finnvera Group, financing granted and exposure 2021 (vs. 2020)

- Domestic loans and guarantees granted: 1,452 MEUR (1,425), change 2%
- Export credit guarantees and special guarantees granted, incl. SME and midcap export credit guarantees: 4,612 MEUR (3,214), change 43%
- Export credits granted: 658 MEUR (1,089), change -40%
  - The credit risk for Finnish Export Credit Ltd.'s export credits is covered by the parent company Finnvera plc.'s export credit guarantee.
  - The fluctuation in the amount of export credit guarantees and export credits is influenced by the timing of individual major export transactions.

31 Dec 2021 (vs. 31 Dec 2020)

- Exposure, drawn domestic loans and guarantees: 2,649 MEUR (2,430), change 9%
- Exposure, export credit guarantees and special guarantees, incl. SME and midcap export credit guarantees: 22,637 MEUR (22,408), change 1%
  - Drawn exposure: 12,136 MEUR (11,762), change 3%, of which Large Corporates' cruise shipping exposure in total 5,387 MEUR (4,427)
  - Undrawn exposure 7,365 MEUR (7,749) and binding offers 3,137 MEUR (2,896), in total 10,502 MEUR (10,646), change -1%, of which Large Corporates' cruise shipping exposure in total 6,372 MEUR (7,089).
- Exposure, export credits drawn: 7,942 MEUR (7,561), change 5%.

Finnvera Group Financial performance	H2/2021 MEUR	H1/2021 MEUR	Change %	H2/2020 MEUR	2021 MEUR	2020 MEUR	Change %
Net interest income	29	27	7%	27	55	51	9%
Net fee and commission income	89	78	15%	75	167	143	17%
Gains and losses from financial instruments carried at fair value through P&L and foreign exchange gains and losses	4	-2	-	4	2	2	-6%
Other operating income	4	0	-	349	4	349	-99%
Operational expenses	-23	-22	4%	-22	-46	-44	4%
Other operating expenses and depreciations	-3	-5	-32%	-4	-8	-8	6%
Realised credit losses and change in expected credit losses, net	-5	-6	-15%	-752	-11	-1,233	-99%
Operating profit/loss	95	69	36%	-322	164	-740	-
Profit/loss for the period	88	65	36%	-325	153	-748	-

Financial performance

The Finnvera Group turned a profitable result of EUR 153 million (-748) in 2021. The amount of loss provisions, which were clearly less substantial than in 2020, contributed to the positive result. No significant new loss provisions had to be made for export credit guarantees in 2021, and no essential final losses were realised. Neither were there grounds for reserving the substantial loss provisions made in 2020, however. Although the world economy and the Finnish economy turned into growth in 2021, no significant recovery took place in the business operations of the major risk subjects during the year. Neither did the credit risk of guarantee commitments decrease substantially.

Compared to 2020 and also the pre-pandemic years, the result for 2021 was additionally improved by increases in the net interest income and net fee and commission income. The Group's net interest income was 9 per cent higher than in 2020, and the net interest income from asset management was improved especially by the gains made by the interest and investment positions. The net fee and commission income grew by 17 per cent year on year. The fee and commission income increased by 12 per cent, which was influenced by an increase in the outstanding guarantees in domestic financing particularly due to working capital financing granted to large corporates and an increase in outstanding export credit guarantees and special guarantees.

After the profit made in 2021 and the recapitalisation of the export guarantee and special guarantee operations from the Government, the parent company Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,224 million (693). The reserves consisted of non-restricted equity for domestic financing of EUR 399 million (351), non-restricted equity for export credit and special guarantee financing as well as assets in the State Guarantee Fund, EUR 825 million (342) in total, for covering a loss-making result.

Outlook for financing

Steady demand for Finnvera's domestic financing is expected to continue in 2022, and in addition to working capital financing required for growth, the company expects financing for SMEs' investments to be in high demand. Banks have access to a higher number of guarantee programmes granted by the European Investment Bank group than before, which may reduce the demand for Finnvera's financing, especially in the first six months of the year.

Finnvera can grant working capital financing to large corporates within the framework of the European Investment Bank's EGF facility, which was extended until the end of June 2022.

Working closely together with private financing providers, Finnvera will continue to meet the shortfall in the financial market. We will diversify our financing solutions to enable Finnish companies to launch their business and to seek growth and internationalisation. Finnvera is preparing to provide direct lending for export transactions of less than EUR 20 million, direct domestic lending in certain situations, and financing solutions for projects related to climate change mitigation.

The prolonged coronavirus pandemic affects the demand for export credit and special guarantees. The pandemic reduces the demand for new export credit guarantees for cruise shipping companies, in particular. In other industries, including telecommunications and the pulp and paper sector, the year is expected to be normal in terms of demand. As in previous years, the realisation and timing of individual major projects will influence the overall demand. Other factors that affect the demand for Finnvera's export financing include good access to financing from other sources internationally and fiscal stimuli in other countries.

The coronavirus pandemic will continue to cause significant uncertainty regarding financial performance in 2022. If the economy and the business of Finnvera's large risk subjects develop positively, thus limiting or reducing significant loss provisions and loss entries, Finnvera Group may turn a profit in 2022.

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Finnvera Group's Report of the Board of Directors and Financial Statements 1 January–31 December 2021 (PDF)

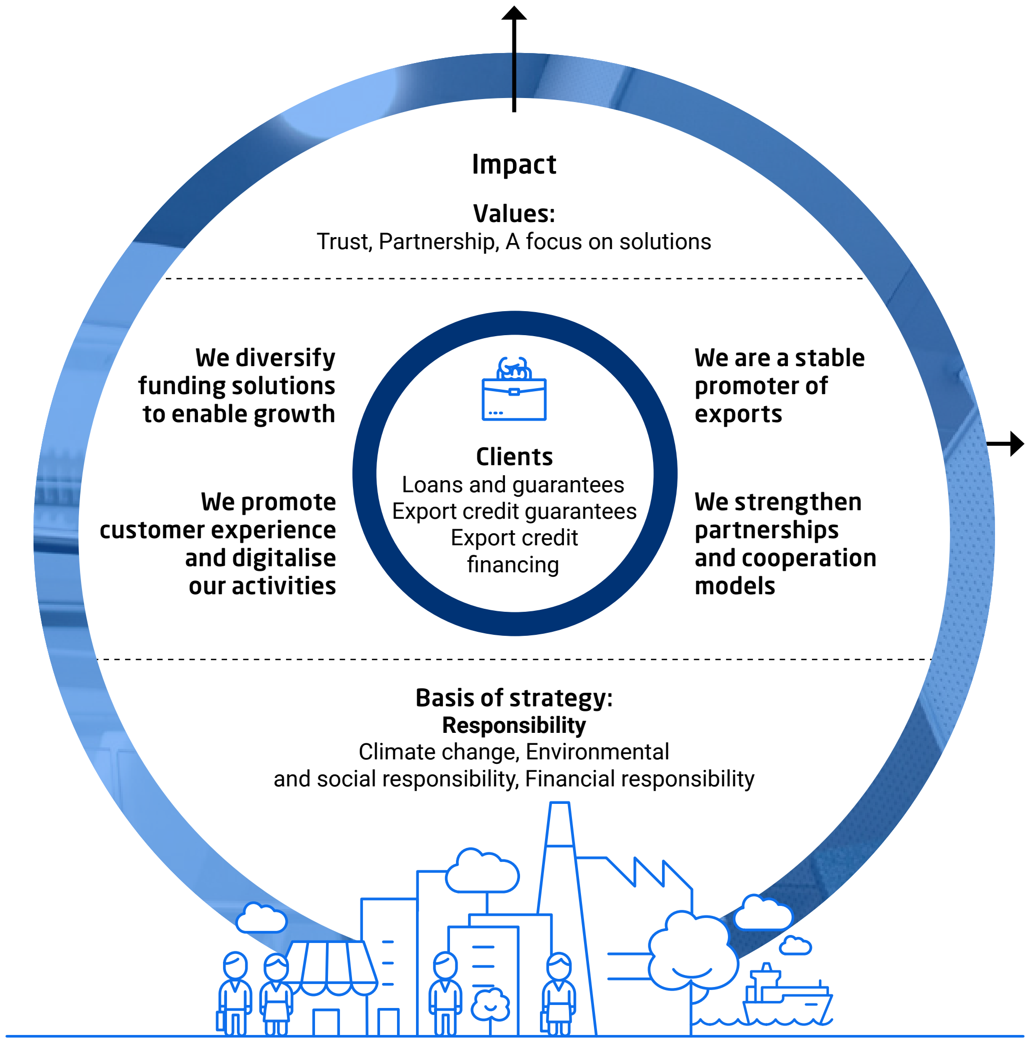
Distribution:
NASDAQ Helsinki Ltd, London Stock Exchange, the principal media, www.finnvera.fi

The Annual Report is available in Finnish and English at www.finnvera.fi/financial_reports.

From the beginning of 2022, Finnvera will release interim reports quarterly.

How Finnvera creates value

Our vision is:
Our clients' success strengthens the Finnish economy



Number of clients 31 Dec 2021: 25,800
- Micro-enterprises: 87%
- SMEs and midcap enterprises: 13%
- Large corporates: 0.4%

Products and services 1-12/2021
Loans and guarantees granted
EUR 1.5 billion in total
Export credit guarantees and special guarantees granted
EUR 4.6 billion in total
Export credits granted
EUR 0.7 billion in total

Authorisations and exposures 31 Dec 2021
Exposures include credit commitments as well as guarantee receivables
Loans and guarantees
- authorisation EUR 12.0 billion
- exposure EUR 3.0 billion

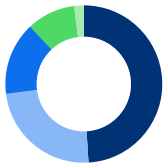
Export credit guarantees
- authorisation EUR 38.0 billion
- exposure EUR 22.2 billlion

Export credits
- authorisation EUR 33.0 billion
- exposure EUR 13.1 billion of which drawn EUR 7.9 billion

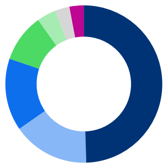
Special guarantees
(shipping and environmental guarantees and raw material guarantees)
- authorisation EUR 3.15 billion
- exposure EUR 0.5 billion

The exposure defined in the Act on the State's Export Credit Guarantees include commitments and half of offers given at the closing date's exchange rate. The exposure according to the Act on the State's Export Credit Guarantees was EUR 19.2 billion on 31 December 2021. Of the authorisation for domestic loans and guarantees the amount used in 31 December 2021 was EUR 2.7 billion and of the export credit authorisation the amount used was EUR 12.4 billion.

Exposure by sector 2021, %, Loans, guarantees and export guarantees, in total 2,896 MEUR

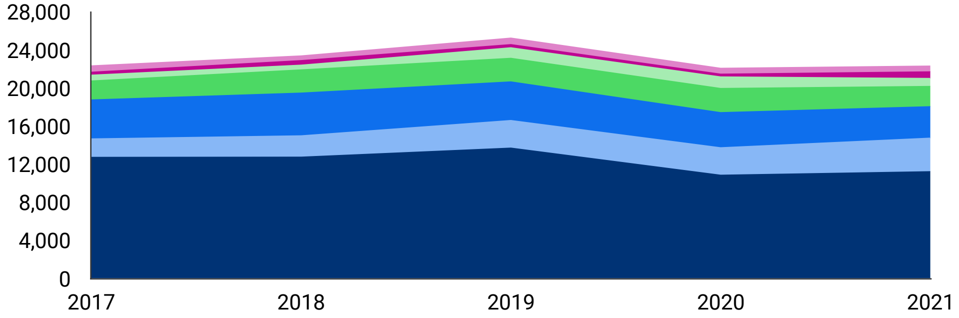


Exposure by sector 31 Dec 2021, % Export credit guarantees and special guarantees, in total 22,405 MEUR



* Including other risks such as state and bank risks.

Export credit guarantees and special guarantees, 5-year-trend of exposure by sector, MEUR



Exposure on 31 Dec	2017	2018	2019	2020	2021
Cruise shipping	12,814	12,835	13,786	10,938	11,308
Pulp and paper	1,940	2,243	2,901	2,886	3,526
Telecommunications	4,092	4,487	4,055	3,688	3,303
Others*	1,993	2,440	2,478	2,539	2,129
Other industries	611	497	1,108	1,215	840
Mining and metals	310	478	332	290	693
Energy	667	492	684	616	606
Total	**22,427**	**23,472**	**25,344**	**22,172**	**22,405**

* Including other risks such as state and bank risks.

Finnvera finances various stages of business with loans, guarantees and export credit guarantees. Finnvera is a specialised financing company owned by the State of Finland. Finnvera has official Export Credit Agency (ECA) status.

Finnvera Group's Report of the Board of Directors and Financial Statements

When creating the PDF documents of Finnvera's Annual Report, the accessibility requirements for online services have been taken into account, and the publications can be read using a screen reader.

The Finnvera Group's parent company is Finnvera plc and its subsidiaries are Finnish Export Credit Ltd and Veraventure Ltd.

Report of the Board of Directors

Finnvera Group

Result for the period

153 MEUR

(2020: -748 MEUR)

Expense-income ratio

23.5%

(2020: 26.4%)

Equity ratio

7.1%

(31 Dec 2020: 5.7%)

The result showed a profit of EUR 153 million

In 2021, no new significant credit loss provisions had to be made for export credit guarantee operations and no major final losses were realised, neither were there grounds for reversing the extensive loss provisions made in 2020.

Balance sheet total

EUR 12.2 bn

(31 Dec 2020: 12.7)

Non-restricted equity and The State Guarantee Fund after result for the period

EUR 1.4 bn

(31 Dec 2020: 0.8)

Total exposure, the parent company's domestic, export credit and special guarantee operations

EUR 25.6 bn

(31 Dec 2020: 25.0)

Finnvera's goal is, by means of financing, to promote the operations and growth of enterprises as well as the internationalisation and export.

Capital adequacy, Tier 1

Domestic operations

23.9%

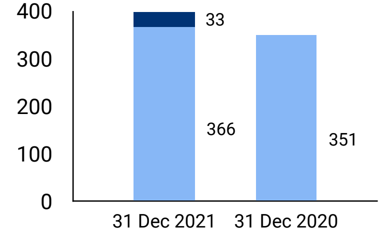
(31 Dec 2020: 25.1%)

Export credit guarantee and special guarantee operations

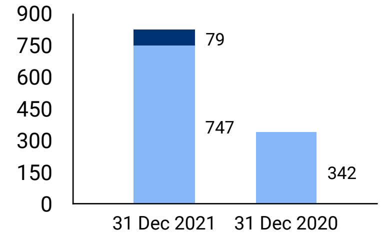
3.4%

(31 Dec 2020: 1.3%)

Reserves for domestic financing after result for 2021 and 2020, MEUR



Reserves for export financing after result for 2021 and 2020, MEUR



Clients willing to recommend Finnvera

Net promoter score index

67

(2020: 56)

Report of the Board of Directors

The global economy and Finland's national economy returned to a growth track in 2021 after the highly exceptionally pandemic year of 2020. In line with its strategy, Finnvera focused on not only managing the crisis and safeguarding companies' operating conditions but increasingly also on enabling start-up business as well as growth, internationalisation, investments and exports. In line with the owner and our strategy, corporate responsibility and climate measures in particular assumed a larger role. During the second pandemic year, Finnvera's domestic financing remained at a high level, and a higher number of export credit guarantees was granted than in 2020. The uncertainty created by the prolonged pandemic continued, however, and the coronavirus situation took a turn for the worse again in late 2021.

The pandemic contributed to increase in exposures
Finnvera's exposures grew in 2021. Both domestic and export financing increased as Finnvera granted working capital financing to large corporates in the exceptional situation caused by the coronavirus pandemic. The business in some sectors also started picking up, and Finnvera financed investments. Total exposure at year end, including binding financing offers and agreements, was EUR 25.6 billion, whereas at the end of the previous year, the exposure amounted to EUR 25.0 billion.

Domestic loan and guarantee liabilities increased by nine per cent to EUR 2.6 billion, and export credit guarantee and special guarantee liabilities by one per cent to EUR 22.6 billion in 2021. At the end of 2021, binding financing offers or agreements related to future deliveries by export companies accounted for almost one half of the export credit guarantee and special guarantee exposure.

The Group turned a profit and achieved cumulative self-sustainability
Finnvera Group turned a profit of EUR 153 million in 2021, and we issued a profit warning on 19 January 2022 on the basis of the preliminary result. The international cruise shipping sector's plight in 2020 considerably weakened Finnvera's result due to the significant credit loss provisions. Cruise shipping accounted for approx. 90 per cent of the increase in loss provisions. While no new significant credit loss provisions had to be made for export credit guarantee operations and no major final losses were realised in 2021, neither were there grounds for reversing the loss provisions made in 2020.

The goal of cumulative self-sustainability set for Finnvera's operations has been achieved, despite the loss-making year in 2020, taking into account the assets in the State Guarantee Fund that were accumulated from the operations of Finnvera's predecessor organisations. However, the large loss provisions have reduced the reserves for covering potential future losses. By turning a profit in 2021, we built up our reserves once again, as we did in the pre-pandemic years.

International competitiveness of export finance and recapitalisation of export credit guarantee and special guarantee operations
The coronavirus pandemic has had an unprecedented impact on the global economy, and the uncertainty caused by the prolonged pandemic continues. To ensure stable and internationally competitive export financing, the Government decided in December to recapitalise Finnvera's export credit guarantee and special guarantee operations by EUR 400 million.

Provision for the recapitalisation had been made in June in the State's third supplementary budget for 2021, and it was implemented by transferring the funds to the State Guarantee Fund. The State Guarantee Fund assets were accrued from the operations of Finnvera's predecessor organisations, and the task of the Fund is to cover Finnvera's losses from export credit guarantee and special guarantee operations if the reserve on the company's balance sheet is not sufficient.

The purpose of the recapitalisation was to prepare for a situation in which the assets held in the State Guarantee Fund before the recapitalisation would not be adequate to cover Finnvera's potential losses from export credit guarantee and special guarantee operations.

Finnvera was also released from the obligation to repay the fund payment received from the State Guarantee Fund due to the loss-making result of export credit guarantee and special guarantee operations in 2020 from potential profits made in 2021 and the subsequent years. Finnvera will be released from this obligation until the reserve for export credit guarantee and special guarantee operations reaches its pre-pandemic level. The final decision on releasing Finnvera from the obligation regarding the year 2021 was made by Finnvera's Extraordinary Annual General Meeting in 4 February 2022.

Domestic financing targeted new growth and investments
Finnvera's mission is to supplement the financial market and to accelerate business growth, ensuring that Finnish enterprises can grasp the opportunities as the world economy recovers. The volume of domestic financing was high in 2021, and the total amount of financing granted by Finnvera exceeded even the previous year's record-breaking figure. In companies' financing needs, coping with the crisis was replaced by financing new growth and internationalisation.

In 2021, Finnvera's domestic financing consisted of loans and guarantees totalling EUR 1.5 billion, which was 2 per cent more than in 2020. Of this figure, SME and midcap financing remained at a higher level than in the pre-pandemic period, and loans and guarantees granted to large corporates as domestic financing additionally totalled EUR 0.5 billion.

Domestic financing totalled EUR 1.7 billion, including loans and guarantees as well as export guarantees and export credit guarantees granted for the SMEs and midcaps. The amount of financing was 2 per cent higher than in 2020 and as much as 74 per cent higher than in the pre-pandemic year 2019.

Finnish companies have mainly coped well with the exceptional conditions, and the distribution of Finnvera's domestic financing credit portfolio has met the targets during the year. The exceptional situation has not had a notable impact on companies' credit performance, and a significantly smaller amount of restructurings of financing for enterprises were made in 2021 than in 2020. At the same time some sectors, particularly tourism and hospitality as well as the event industry, continued to suffer greatly from the pandemic situation and restrictions.

Of SME financing, 90 per cent was allocated to our strategic priorities, or start-ups, business growth and renewal as well as internationalisation. Investments got off the ground in 2021, and Finnvera co-financed investments amounting to over EUR 1 billion in Finland. Financing for transfers of ownership increased to its highest level in ten years, as did export credit guarantees for SMEs. Under a special authorisation from the European Commission, Finnvera could continue granting credit insurance also for projects in Western industrialised countries and, for example, EU Member States. One of Finnvera's long-term strategic goals is to increase the number of enterprises using the export financing services.

The Finnish financing system has remained effective throughout the coronavirus crisis. The agile forms of cooperation created by Finnvera and the banks in early 2020 were continued in 2021, and the modifications made to the company's products in the pandemic situation remained in place.

Year-on-year increase in export financing, recovery in cruise shipping sector critical

Finnvera's export financing grew in 2021 when measured in euros. Measured as the number of agreements, the demand returned to the pre-pandemic levels as the demand for credit insurance levelled out. The export credit guarantees and special guarantees granted in 2021 totalled EUR 4.6 billion, which was 43 per cent more than in 2020. Of this, the amount of export credit guarantees granted for SME and midcap financing broke the record at EUR 0.3 billion as in 2020. While no large individual projects went ahead, including ship orders, there was a high number of export financing projects in many other sectors. Granted export credit amounted to EUR 0.7 billion, which is significantly less than in the first pandemic year 2020 and also in pre-pandemic years. The decrease in volume reflects the impact of the exceptional conditions and increased availability of commercial financing.

As a whole, the lack of large individual new projects was evident in the demand for export financing. In addition, the volume of both export credit guarantees and export credits granted by Finnvera was partly associated with restructuring of existing financing.

Many export sectors performed well in 2021, however, despite the coronavirus pandemic. Of sectors that play a key role in Finnvera's export financing, telecommunications as well as pulp and paper were able to operate steadily and make new investments. The telecommunications sector and packaging industry have been winners during the pandemic period. An export credit guarantee for a loan amounting to EUR 500 million granted to Metsä Fibre's bioproduct mill in Kemi was one of the highest individual financing amounts. Finnvera is the largest individual provider of debt financing in this project.

The recovery of cruise shipping sector will be the most critical issue for Finnvera. The situation looked promising in late 2021 and the sector was relaunching its operations. Over one half of the world's cruise capacity, particularly in the United States, was already in use during the year. The ups and downs of the pandemic situation influence shipping companies' outlook directly, however, and cruise shipping has a key impact on Finnvera's result as the exposures related to this sector account for more than one half of the export credit guarantee and special guarantee liabilities.

Regardless of the pandemic, new ships have been handed over to buyers from Meyer Turku Shipyard and Helsinki Shipyard in Finland. Finnvera's export guarantee decision regarding the Costa Toscana handed over from Turku in December 2021 was made as early as 2017, reflecting the length of the processes involved in large-scale export goods. Finnvera's export credit guarantees exposure is focused according to Finnish exports of capital goods.

The annual volume of export financing is always influenced by the timing of individual major export transactions, which is why annual variations are large also in normal circumstances. As the pandemic situation continued in 2021, Finnvera was able to finance export companies' projects and investments in Finland, and among other things, Finnvera granted construction-period financing to shipyards in Finland.

In situations resulting from the pandemic, Finnvera has also been able to finance large corporates' working capital needs by up to EUR 100 million with an 80 per cent guarantee, however without becoming the main provider of financing. From April 2021, Finnvera was additionally able to grant loans totalling EUR 650 million to large corporates within the framework of the European Investment Bank's (EIB) Pan-European Guarantee Fund (EGF). The largest amounts of financing granted under this facility went to the steel and battery industry, or Outokumpu and Valmet Automotive. The EGF facility will remain in place until the end of June 2022.

Reinsurance secured risk protection

Protection against the risks carried by Finnvera has been developed actively for several years, and the maximum indemnity amount of Finnvera's reinsurance arrangements at the end of 2021 was EUR 1.2 billion, or 10 per cent of the drawn exposure.

New reinsurance policies in 2021 exceeded EUR 300 million, but some of the planned reinsurance arrangements did not go ahead due to the coronavirus pandemic.

Number of clients 25,800, NPS index on high level
At the end of 2021, Finnvera had approx. 25,800 clients, or 6 per cent more than in the pre-pandemic period. The customers were highly willing to recommend Finnvera's services, and the average net promoter score (NPS) was 67.

EU instruments complemented financing Growth Loan and Entrepreneur Loan a part of product selection
The banks had access to an 80% Finnvera guarantee and a record number of EU instruments in 2021. Finnvera also tapped EU funding as planned. Finnvera and the European Investment Fund agreed to extend the COSME LGF counter-guarantee agreement for SMEs, which will enable Finnish SMEs to benefit from Finnvera's SME Guarantee, until the end of 2023.

Efforts were made to further increase the uptake of Growth Loans intended for growth and internationalisation projects and business reorganisation. The Growth Loan is a so-called junior loan which, in the context of lending, is to a great extent comparable to an enterprise's equity and improves its possibilities of acquiring external financing. More advantageous terms and pricing for these loans were introduced as the pandemic began in 2020. Efforts to promote the uptake of Growth Loans as well as Finnvera's Entrepreneur Loans will continue in 2022.

Need for funding remained lower than usual
Similarly to the year before, the coronavirus pandemic had an impact on Finnvera's funding also in 2021. The amount of export credits granted was clearly lower than in the pre-pandemic years, and Finnvera issued one USD 1 billion bond maturing in 2026 during the year.

Finnvera's funding activities mainly take place within the framework of the state-guaranteed EMTN programme and, from the beginning of 2022, also more extensively within the state-guaranteed ECP loan programme. At the end of 2021, the outstanding bonds amounted to approximately EUR 10.0 billion under the EMTN programme.

The estimated amount of long-term funding needed for 2022 is EUR 1.0 billion. Before the coronavirus pandemic, Finnvera's funding has typically amounted to approximately EUR 2.0 billion a year.

Corporate responsibility and climate measures assumed a larger role in strategy
As the coronavirus pandemic started, Finnvera introduced a strategy for the exceptional circumstances, which remained valid in 2020 and 2021. Finnvera's new strategy updated in 2021 strives to meet companies' financing needs, among other things by diversifying financing solutions to back growth. In addition to diversifying our financing, other goals of the strategy include promoting exports steadily, improving the client experience, digitalisation of operations and strengthening partnerships. The strategy consciously looks to the future.

In line with the strategy, we will continue to meet the shortfall in the financial market, working closely together with private financing providers. We are developing our preparedness to provide direct lending in certain situations also in Finland. The aim of the pending reform of legislation on direct lending is to improve the competitiveness of Finnish SMEs' exports and give them access to an equally wide range of financing solutions for export transactions as what companies in competing countries have.

Corporate responsibility, and especially climate change mitigation measures, play a larger role in the updated strategy, and in the years to come, Finnvera will start creating measures and targets for mitigating climate change through our financing, risk management and asset management. Measuring the impacts of our own operations on combating climate change will also increase in importance.

The first step in climate change mitigation measures was calculating the CO_2 emissions from our ship financing in accordance with the Poseidon Principles. Finnvera joined the international Poseidon Principles in spring 2021. We calculated the relative CO_2 emissions from our ship financing for the first time in 2021 and found that they were seven per cent lower than the international target level. The Poseidon Principles are in line with the target set by the International Maritime Organization (IMO) of halving the annual greenhouse gas emissions from shipping by 2050 from 2008 levels.

In December 2021, Finnvera additionally signed an Implementing Partner agreement with the European Commission under the CEF AFIF facility. The purpose of this facility is to support the deployment of alternative fuels and to contribute to reducing CO_2 emissions from transport.

In late 2021, Finland joined the Export Finance for Future coalition (E3F), which is a declaration signed by states on discontinuing financing for coal and other fossil fuels, developing international rules on export financing, and reporting on climate impacts. Once the states have signed their declarations, the implementation phase begins: how will the E3F goals be achieved in each country's export financing system? While Finnvera has already introduced some of these practices, including the Poseidon Principles, the development and implementation of others is under way.

In 2022, Finnvera aims to create additional financing solutions for projects related to climate change and, as a provider of financing for growth, internationalisation and exports, to help our customers grasp the opportunities offered by climate change mitigation measures.

Financial performance

Summary of Finnvera Group's operations in 2021
While the global economy and Finland's national economy returned to a growth track, the coronavirus pandemic had significant impacts on economic development also in 2021. The economy and exports recovered, but the uncertainty related to the prolonged pandemic continued.

According to a forecast published by the International Monetary Fund IMF in January 2022, the GDP was estimated to grow by 5.9 per cent globally and by 5.0 per cent in developed countries in 2021. In its Economic Survey published in December 2021, the Ministry of Finance expected the GDP in Finland to grow by 3.4 per cent, and in its forecast released in autumn 2020, Etla predicted a GDP growth of 3.5 per cent. However, the rapidly spreading Omicron virus variant increased the risks in terms of economic growth and increase in output.

The Finnvera Group turned a profit of EUR 153 million (EUR -748 million) in 2021. The amount of loss provisions, which was clearly less substantial than in 2020, contributed to this result. No significant new loss provisions had to be made for export credit guarantees in 2021, and no essential final losses were realised. Neither were there grounds for reversing the substantial loss provisions made in 2020, however. Finnvera had to make large credit loss provisions for the export credit guarantee and special guarantee operations in 2020, totalling EUR 1,222 million. Of this amount, the cruise shipping sector accounted for approximately 90 per cent.

Compared to 2020 and also the pre-pandemic years, the result for 2021 was additionally improved by increases in the net interest income and net fee and commission income. The Group's net interest income was 9 per cent higher than in 2020, and the increase was mainly due to the asset management's increased net interest income influenced by the gains made by the interest and investment positions. The net fee and commission income grew by 17 per cent year on year. The fee and commission income increased by 12 per cent, which was influenced by an increase in the outstanding guarantees in domestic financing to EUR 2.1 billion (EUR 1.8 billion), particularly due to working capital financing granted to large corporates and an increase in outstanding export credit guarantees and special guarantees to EUR 22.6 billion (EUR 22.4 billion). In addition, agreement modifications made in the credit portfolio of Finnvera's subsidiary, Finnish Export Credit Ltd., in the last quarter of the year meant that the fee and commission income recorded as revenue from this portfolio increased by 42 per cent, or EUR 6 million, year on year in 2021. Fee and commission expenses, on the other hand, decreased by 24 per cent during the year and mainly consisted of reinsurance expenses.

EUR 88 million of the Group's profit was generated in July–December and EUR 65 million in January–June. The net interest income in July-December was 7 per cent and EUR 2 million higher than in the first half of the year, and the net fee and commission income was 15 per cent, or EUR 11 million, higher than in the first half of the year. In particular, this amount was increased by agreement modifications in the export credit portfolio made in the last quarter of the year.

Changes in the value of items recognised at fair value through profit or loss was EUR 4 million in the second half of the year, whereas this figure in the first half of the year was -EUR 2 million. The positive change in value in the last six months of the year was influenced particularly by a profit of EUR 2 million recorded for the third quarter for the sale of a subsidiary engaged in venture capital financing, as the company pulled out of this financing form. It was also affected by a positive change in the fair value of liabilities, debt securities and interest rate and currency swaps in July–December.

In September 2021, Finnvera sold its entire remaining venture capital financing portfolio to Finnish Industry Investment Ltd. The transaction included the entire share capital of ERDF Seed Fund Ltd. and a 19.71% shareholding in Innovestor Kasvurahasto I Ky. At the time of the transfer, the ERDF Seed Fund had investments in 23 companies. The transfer finalised Finnvera's gradual withdrawal from the venture capital operations in line with the State's operating policies.

In this connection, Finnvera repaid to the State a subordinated loan of EUR 16 million related to venture capital financing.

With the profit made in 2021 and the recapitalisation of the export guarantee and special guarantee operations from the Government, the parent company Finnvera's domestic and export financing reserves for covering potential future losses amounted to EUR 1,224 million in total (EUR 693 million). The reserves consisted of non-restricted equity in domestic financing, EUR 399 million (EUR 351 million), and non-restricted equity in export credit and special guarantee financing as well as the assets for covering any losses in the State Guarantee Fund, which totalled EUR 825 million (EUR 342 million).

Financial performance of Finnvera plc and the Group companies

The parent company Finnvera plc turned a profit of EUR 111 million (EUR -761 million) in 2021. Of this, the result of the Large Corporates business accounted for EUR 73 million (EUR -848 million) and SME and Midcap business for EUR 34 million (EUR 87 million). The sale of Finnvera's venture capital investment portfolio and pulling out of venture capital financing had a result impact of EUR 4 million to the parent company in 2021.

The net interest income of the Large Corporates business remained below EUR 2 million (EUR 3 million) and its net fee and commission income was EUR 95 million (EUR 77 million). The net fee and commission income grew by 23 per cent year on year due to the increased exposure. The realised credit losses and change in expected losses of the Large Corporates business totalled EUR 8 million (EUR 1,236 million).

The net interest income of the SME and Midcap business was EUR 25 million (EUR 29 million) and the net fee and commission income was EUR 52 million (EUR 52 million). The amount of realised and expected losses in the outstanding credits and guarantees and the guarantee portfolio of the SME and midcap business was EUR 45 million (EUR 48 million). Loss provisions increased by EUR 1 million, whereas they decreased by EUR 26 million in the previous year. The loss provisions of the realised credit losses totalled EUR 35 million (EUR 36 million) in the financial period. As a result of the coronavirus pandemic, the State's credit loss compensation was increased at the beginning of 2021 from 50 per cent to 80 per cent, at which figure it remains.

The impact of the subsidiaries on the Group's result in 2021 was EUR 45 million (EUR 13 million). Interest equalisation and the financing of export credits by Finnish Export Credit Ltd. accounted for EUR 43 million

(EUR 13 million) of the result impact. The result impact of the Group's subsidiaries Veraventure Ltd. and ERDF-Seed Fund Ltd., which engage in venture capital financing, totalled EUR 2 million (EUR 0).

Separate result for export credit guarantee and special guarantee operations

The separate result for export credit guarantee and special guarantee operations, as referred to in the Act on the State Guarantee Fund, showed a profit of EUR 79 million in 2021, whereas in 2020, they made a loss of EUR 1,178. After a fund payment of EUR 349 million from the State Guarantee Fund, the impact of operations related to the Act on the State Guarantee Fund on Finnvera's result for 2020 was EUR -829 million.

Analysis of financial performance in January-December 2021

Interest income and expenses

In 2021, Finnvera changed the way interest income and expenses are presented by transferring negative interest income related to financial instruments to the interest expenses item and negative interest expenses to the interest income item. This correction has no impact on net interest income. The change also concerns the reference year.

The Finnvera Group's net interest income in January–December came to EUR 55 million (EUR 51 million), of which the net interest income from export credit business amounted to EUR 30 million (EUR 20 million) and the net interest income from SME and midcap business to EUR 25 million (EUR 29 million), while the net interest income from Large Corporates business was slightly negative (EUR 2 million). The Group's net interest income was 9 per cent higher than in 2020, and the increase was mainly due to the asset management's increased net interest income influenced by the gains made by the interest and investment positions.

Due to lower market interest rates, the interest income decreased by 16 per cent year on year, totalling EUR 222 million (EUR 265 million). The interest income was most notably decreased by interest from loans passed on to clients, which decreased by 50 per cent from the previous year. At the end of December, outstanding export credits granted by the subsidiary Finnish Export Credit Ltd. were 5 per cent higher than in December 2020, but interest from loans passed on to clients was 65 per cent lower, in particular as the reference rate for US dollar-denominated loans dropped. On the other hand, outstanding loans in domestic financing provided by the parent company decreased by 12 per cent year on year, and interest income decreased by 15 per cent from the previous year.

Interest expenses additionally decreased significantly year on year, resulting also from the lower market interest rates. The interest expenses were EUR 167 million (EUR 214 million), which was 22 per cent less than in 2020. In 2021, the amount of funds acquired from the market by Finnvera was USD 1,000 million (EUR 1,000 million). The amount of debt securities in issue at the end of December was EUR 10,285 million (EUR 10,379 million).

Net fee and commission income and expenses

Net fee and commission income and expenses increased by 17 per cent year on year and was EUR 167 million (EUR 143 million).

The fee and commission income was EUR 181 million (EUR 162 million), showing a year-on-year increase of 12 per cent. Fee and commission income from export credit guarantee and special guarantee operations grew by 6 per cent, which was due to the increased exposure related to these guarantee types. Correspondingly, the fee and commission income from guarantees in domestic financing grew by 15 per cent as a result of increased demand for guarantees and the working capital financing granted to large corporates due to the coronavirus pandemic. In addition, agreement modifications made in the credit portfolio of Finnvera's subsidiary, Finnish Export Credit Ltd., in the last quarter of the year meant that EUR 7 million more fee and commission income was recorded as revenue in 2021 than in 2020. Export credit commitment fees, for their part, decreased by 8 per cent or EUR 1 million as the level of credit commitments was lower than in 2020.

The share of the parent company's export credit guarantee and special guarantee operations in fee and commission income was 62 per cent (65 per cent). Domestic loans and guarantees accounted for 27 per cent (26 per cent) and export credits for 11 per cent (9 per cent) of the fee and commission income.

Fee and commission expenses amounted to EUR 15 million (EUR 19 million) and were 24 per cent lower than in the previous year. The fee and commission expenses primarily consisted of the expenses of the reinsurance taken by the parent company, which were 25 per cent lower than in 2020 as the maximum indemnity amount of reinsurance arrangements decreased to EUR 1,209 million (EUR 1,284 million).

Gains and losses from financial instruments carry at fair value through profit and loss and foreign exchange gains and losses

The Group's positive changes in the value of items recognised at fair value through profit or loss and net income from foreign currency operations for the financial period were EUR 2 million (EUR 2 million), of which the change in the fair value of liabilities, interest rate and currency swaps as well as debt securities accounted for less than EUR 1 million (EUR 0 million). The change in the fair value of venture capital financing and gains and losses from sales from venture capital financing and SME bonds amounted to EUR 2 million (EUR 0 million). Net income from foreign currency operations was EUR -1 million (EUR 2 million).

Finnvera applies hedge accounting in the valuation of liabilities when hedge accounting is applicable. At the end of the financial year, the carrying amount of these liabilities was EUR 7,897 million (EUR 7,194 million). The liabilities are hedged from changes caused by market interest rates. Credit risk changes are not part of the hedging relationship.

The fair value option is applied to the valuation of liabilities that fall outside hedge accounting when they are hedged with derivative contracts. The valuation of the liabilities is based on market quotes. The credit risk portion of the fair value change of liabilities is presented in the item Other comprehensive income. At the end of the financial year, the carrying amount of these liabilities was EUR 2,388 million (EUR 3,185 million).

In addition to derivatives that are used in hedging liabilities, Finnvera has taken out individual long-term cross currency swaps to cover foreign currency commitments.

Finnvera additionally applies fair value hedge accounting to some of the debt securities that are covered with interest rate swaps.

Other operating income

Other operating income amounted to EUR 4 million. In 2020, other operating income included a fund payment of EUR 349 million from the State Guarantee Fund to cover the export credit guarantee and special guarantee operations result, which showed a loss.

Operating expenses, depreciation and amortisation and other operating expenses

The Group's operating expenses were EUR 46 million (EUR 44 million), of which personnel expenses accounted for EUR 30 million (EUR 29 million) and other operating expenses for EUR 16 million (EUR 15 million). Depreciation and amortisation amounted to EUR 8 million (EUR 7 million) and other operating expenses to less than EUR 1 million (EUR 0 million).

In total, the operating expenses, other operating expenses and depreciation and amortisation were 4 per cent higher than in 2020. In particular, a 4 per cent increase in personnel expenses compared to 2020 contributed to this change. More personnel were recruited to process the increased number of financing applications. Personnel expenses accounted for 65 per cent of the operating expenses (65 per cent).

In addition, the increase in the total amount of operating expenses, depreciation and amortisation and other operating expenses was influenced by an increase in IT expenses and recognition of the expenses related to a suspended financing system project. EUR 2 million of the increase in IT expenses was due to a change in the accounting practices regarding the principles of recording IT expenses. As a result of this change, a SaaS service procurement is recognised as an expense unless the procurement results in control over its object or other activated assets. Only expenses incurred after a procurement decision has been made are activated for an IT procurement, and the concept of maintenance costs recognised as expenses has been expanded regarding software in production use.

Realised credit losses and change in expected credit losses

The coronavirus pandemic has treated different export sectors in very different ways. While many export sectors have been successful despite the pandemic, cruise shipping has been extremely hard hit. Based on the current information, it is very difficult to estimate the speed of recovery in this sector. A significant risk persists, and if there are further negative impacts on risk subjects' business, Finnvera may have to increase the reserve for export credit guarantee and special guarantee operations or recognise final losses.

The calculation of expected losses is, in particular, influenced by macroeconomic forecasts and a significant increase in credit risk between the reporting date and the initial granting date. Among others, factors relevant to significantly increased credit risk include the client's financial situation, impairment of risk classification, payment behaviour or the financial instrument used by the client. The amount of expected losses in domestic financing is also affected by changes in the State's credit and guarantee loss compensation. Increasing the loss compensation rate from 50% to 80% reduced the expected losses in domestic financing for 2020. The increased 80% loss compensation remained valid in 2021.

In its October 2021 forecast, the International Monetary Fund IMF expects a GDP growth of 5.9 per cent globally and 5.2 per cent in developed countries. In January 2022, the forecast for developed countries was reduced to 5.0%. In 2021, Finland's GDP growth is estimated to be approximately 3.5 per cent according to Etla's forecast from autumn 2021 and 3.4 per cent according to the Ministry of Finance's December forecast. The tables of macroeconomic indicators used in Finnvera's financial statements have been updated to correspond with the economic forecasts.

The Group's realised credit losses and change in expected credit losses totalled EUR 46 million in 2021 (EUR 1,269 million). The credit loss provisions increased by less than EUR 1 million in total (EUR 1,137 million). The realised losses were EUR 45 million (EUR 132 million). The losses covered by the State's loss compensation amounted to EUR 35 million (EUR 36 million). This figure was influenced by an increase in the State's credit loss compensation for domestic loans and guarantees to 80 per cent because of the coronavirus pandemic. After the State's credit loss compensation, the Group's liability for the losses was EUR 11 million (EUR 1,233 million).

When reviewed by business area, expected losses in domestic financing, including export guarantees granted to SMEs and Midcaps, increased by a total of EUR 8 million in 2021. Loss provisions stood at EUR 57 million at the end of December, while the corresponding amount was EUR 49 million at the end of 2020.

Although the world economy and the Finnish economy turned into growth in 2021, no significant recovery took place in the business operations of the major risk subjects in Finnvera's export credit guarantee and special guarantee operations during the year. Neither did the credit risk of guarantee commitments decrease substantially, which would have given grounds for reversing loss provisions. The company actively monitors any changes in risk subjects.

As a consequence of the macroeconomic forecasts and impaired risk ratings of individual risk subjects, significant credit loss provisions of EUR 1,222 million had to be made for export credit guarantee and special guarantee operations in 2020. Cruise shipping accounted for approx. 90 per cent of the loss provisions. No new significant loss provisions had to be made in export credit guarantee and special guarantee operations in 2021, and no material final losses were realised. Neither were there grounds for reversing the substantial loss provisions made in 2020, however. Loss provisions in export credit guarantee and special guarantee operations have not been changed in the financial statements compared to the previous year. Loss provisions on the balance sheet stood at EUR 1,295 million (EUR 1,295 million) on 31 December.

Non-performing exposure

Calculated according to the method harmonised at the EU level, the amount of non-performing exposure in domestic financing stood at EUR 112 million at the end of December (EUR 89 million). When the impairment losses recognised are considered, non-performing exposure accounted for 3.9 per cent of total exposure. This was 0.5 percentage points higher than the amount of non-performing exposure at the end of 2020 (3.4 per cent). The ratio of non-performing exposure to total exposure was 0.8 per cent (0.7 per cent) when the credit loss compensation received by the company for domestic financing from the State is taken into account.

The amount of non-performing exposure in export financing stood at EUR 7 million at the end of December (EUR 51 million). Non-performing exposure accounted for 0.03 per cent of total exposure. This was 0.17 percentage points lower than the amount of non-performing exposure at the end of the previous year (0.2 per cent).

Long-term economic self-sustainability has been attained

Finnvera is expected to attain economic self-sustainability in its operations. This means that the income received from the company's operations must, over the long term, cover the company's operating expenses, taking the State Guarantee Fund assets into consideration. The period for reviewing self-sustainability is 10 years for domestic financing and 20 years for export financing.

Self-sustainability in domestic financing has been attained over a 10-year period when the cumulative result is calculated up to the end of 2021.

As a result of the coronavirus pandemic, significant loss provisions were made for the export credit guarantee and special guarantee operations for the 2020 financial period in accordance with the IFRS 9 standard. Due to them, the result of export financing showed a considerable loss. However, self-sustainability in export credit guarantee and special guarantee operations was attained regardless of the significant loss made in 2020 when the result is calculated cumulatively up till the end of 2021. This calculation factors in the assets in the State Guarantee Fund that were accumulated from the operations of Finnvera's predecessor organisations.

The company's risk-based pricing and the extent and risk level of Finnvera's total exposure will have a significant impact on the company's financial performance and long-term economic self-sustainability in the years to come. In addition, the realisation of self-sustainability is affected by the course of the coronavirus pandemic and the resolution of the uncertainty caused by it.

Balance sheet and contingent liabilities 31 Dec 2021

At the end of December, the consolidated balance sheet total was EUR 12,220 million (12,673 million), while the balance sheet total of the parent company, Finnvera plc, came to EUR 13,242 million (13,669 million). The Group's balance sheet total decreased by 4 per cent during the year. At the end of December, the balance sheet total of Finnish Export Credit Ltd was EUR 8,146 million (EUR 7,722 million).

The Group's outstanding credits came to EUR 7,306 million (EUR 7,032 million) at the end of December. The outstanding credits increased by 4 per cent during the year. The outstanding credits of the parent company, Finnvera plc., came to EUR 8,401 million (8,145 million), of which the receivables from the subsidiaries totalled EUR 7,867 million (EUR 7,502 million). Approximately 43 per cent of Finnish Export Credit's outstanding credits were denominated in US dollars, which is why foreign exchange differences affect the EUR value of the loans. The value of the US dollar increased by more than 8% in 2021, resulting in an increase in the EUR value of dollar denominated loans.

The parent company's outstanding guarantees in domestic financing increased by 17 per cent during 2021 as the coronavirus pandemic increased the demand for guarantees and exposure. The outstanding guarantees totalled EUR 2,056 million at the end of December (EUR 1,759 million).

The liability for export credit guarantees calculated pursuant to the Act on the State's Export Credit Guarantees (the commitments and one half of the offers given at the exchange rate of the closing date) was EUR 19,195 million (EUR 19,497 million) at the end of December. The total exposure arising from export credit guarantees and special guarantees (commitments and offers given, including export guarantees) totalled EUR 22,637 million (EUR 22,408 million), of which drawn guarantees amounted to EUR 12,136 million (EUR 11,762 million). The maximum indemnity amount of reinsurance arrangements valid at the end of the year was approximately EUR 1,209 million, or 10 per cent of drawn guarantees.

In September 2021, Finnvera sold its entire remaining venture capital financing portfolio in line with the State's operating policies. The transaction included the entire share capital of ERDF Seed Fund Ltd. owned by the parent company Finnvera and a 19.71% shareholding in Innovestor Kasvurahasto I Ky. At the time of the transfer, the ERDF Seed Fund had investments in 23 companies. In this connection, Finnvera repaid to the State a subordinated loan of EUR 16 million related to venture capital financing.

The Group's long-term liabilities on 31 December totalled EUR 10,360 million (EUR 10,469 million). Of this sum, EUR 10,285 million (EUR 10,379 million) consisted of bonds.

At the end of December, the Group's non-restricted equity amounted to EUR 626 million (EUR 473 million), of which the reserve for domestic operations accounted for EUR 366 million (EUR 282 million), and the reserve for export credit guarantee and special guarantee operations for EUR 0 (EUR 829 million). Following the sale of ERDF-Seed Fund Ltd., the EUR 15 million reserve for venture capital financing was transferred to the reserve for domestic operations. Retained earnings were EUR 260 million (EUR -653 million) on 31 December.

Taking into account the accumulated loss reserves for export credit guarantee and special guarantee operations, the reserves amounted to EUR 825 million (EUR 342 million) at year-end. This figure consists of EUR 79 million (EUR -829 million) in the reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet, which includes the separate result for 2021 and the assets in the State Guarantee Fund of EUR 747 million (EUR 342 million). The recapitalisation of EUR 400 million by the Government is included in the assets of the State Guarantee Fund. To cover the loss-making separate result for its export credit guarantee and special guarantee operations in 2020, Finnvera received a fund payment of EUR 349 million from the State Guarantee Fund. The fund payment is in the financial statements as a receivable from the State Guarantee Fund. The payment schedule of the receivable depends on the potential realisation of loss provisions as compensation.

Finnvera has been released from the obligation to repay the fund payment of EUR 349 based on potential profit made in 2021 and the subsequent years until the reserve for export credit guarantee and special guarantee operations has reached its pre-pandemic level, EUR 829 million. The final decision on releasing Finnvera from the obligation regarding the year 2021 was made by Finnvera's Extraordinary Annual General Meeting in 4 February 2022.

Finnvera Group Balance sheet	31 Dec 2021 MEUR	31 Dec 2020 MEUR	Change MEUR	Change %
Share capital	197	197	0	0%
Share premium and fair value reserve	41	57	-16	-28%
Non-restricted equity, in total	626	473	153	32%
Reserve for domestic operations	366	282	84	30%
Reserve for export credit guarantees and special guarantees	0	829	-829	-100%
Reserve for venture capital financing	0	15	-15	-100%
Retained earnings	260	-653	913	-
Equity attributable to the parent company's shareholders	863	727	136	19%
Balance sheet total	12,220	12,673	-453	-4%

Funding

In 2021, the Group's long-term funding totalled EUR 861 million (EUR 1,000 million). EUR 750 million in long-term loans was repaid (EUR 857 million).

Capital adequacy

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. Pursuant 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 lack 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 prescribed by law and the State's responsibility for export credit guarantees explain why Finnvera assesses its capital adequacy, i.e. the ratio between its exposure and assets, only for domestic operations and export credit guarantee and special guarantee operations.

According to the goal set by the State as the owner of the Finnvera Group, the Group's capital adequacy ratio for domestic operations should be at least 15.0 per cent. Finnvera's capital adequacy is calculated following the principles of the Basel III standard method. At the end of December, the Group's capital adequacy ratio for domestic operations, Tier 1, stood at 23.9 per cent (25.1 per cent) and the leverage ratio was 21.0 per cent (21.9 per cent). The risk-weighted receivables in the Finnvera Group's domestic operations totalled EUR 2,727 million at the end of December (EUR 2,436 million) and the capital for calculating capital adequacy was EUR 651 million (EUR 612 million).

Finnvera Group Domestic operations Capital for calculating capital adequacy	31 Dec 2021 MEUR	31 Dec 2020 MEUR	Change MEUR	Change %
Equity for domestic operations	658	629	29	5%
Intangible assets	-7	-18	11	60%
Total	**651**	**612**	**39**	**6%**

Finnvera Group Domestic operations Risk-weighted items	31 Dec 2021 MEUR	31 Dec 2020 MEUR	Change MEUR	Change %
Receivables from credit institutions	4	5	0	-10%
Receivables from clients	2,318	2,079	239	11%
Investments and derivatives	23	68	-45	-67%
Interest receivables, other receivables, prepayments, other assets	14	16	-3	-16%
Binding promises for loans	162	91	72	79%
Operational risk	206	177	29	16%
Total	**2,727**	**2,436**	**291**	**12%**

No specific requirement has been set for the capital adequacy of Finnvera's export financing because, ultimately, the State is responsible for any major export credit guarantee losses that the equities accumulated from operations and the assets of the State Guarantee Fund cannot cover. Consequently, calculating capital adequacy in a manner similar to that applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports. However, if taking into account the assets in the reserve for export credit guarantee and special guarantee operations and the State Guarantee Fund, the estimated capital adequacy of export financing in accordance with Tier 1 would be 3.4 per cent (1.3 per cent).

Risk position

At the end of 2021, the exposure related to domestic financing, or loans and guarantees, was EUR 2,649 million (EUR 2,430 million), or EUR 219 million more than at the end of 2020. The increase in exposure was mainly due to a few relatively large projects and the fact that business started picking up, which meant that financing was required for investments and working capital needs. EUR 248 million of this exposure (EUR 2 million) went to large corporates.

The distribution of the domestic financing credit portfolio met the targets during the year. The coronavirus situation, which began in 2020, has not had a notable impact on companies' credit performance, and a significantly smaller number of restructuring arrangements of financing was made in 2021 than in 2020. Risks pertaining to individual clients and the amounts of non-performing credits and arrears have remained at a reasonable level. Expected loss (EL) for exposure increased slightly during the first six months of the year and accounted for 3.46 per cent (3.21 per cent) of total exposure at the end of the period. The distribution of exposure by risk category remained virtually unchanged.

Altogether 83 per cent of Finnvera's exposure fell into the credit rating category B or better. In 2021, Finnvera introduced an insolvency definition consistent with the EBA definition, which contributed to the increase in the number of D (default) classified exposures. Credit and guarantee losses in domestic operations amounted to EUR 44 million (EUR 6 million). A significant decrease in IFRS impairment due to an increase in the State's loss compensation rate contributed to the low level of losses in reference year 2020.

At the end of 2021, the total exposure arising from export credit guarantees and special guarantees was EUR 22,637 million (EUR 22,408 million), which is EUR 230 million more than in the previous year. Approximately 76 per cent of the outstanding guarantees totalling EUR 19,500 million (EUR 19,511 million) and binding offers totalling EUR 3,137 million (EUR 2,896 million) were associated with transactions in EU Member States and OECD countries. The main sectors were cruise shipping, telecommunications and pulp and paper, which accounted for a total of 81 per cent of the total exposure. Altogether, 30 per cent of the exposure was in risk category BBB-, which reflects investment grade, or in better risk categories.

While significant final export credit guarantee losses were not realised in 2021, the calculated expected loss (ECL) remains significantly high, as it did at the end of 2020. This increase in loss provisions was mainly due to the strong deterioration of the economic outlook caused by the coronavirus pandemic and the impairment of shipping companies' risk ratings.

Among the subsidiaries, the exposure related to Finnish Export Credit Ltd.'s export credit financing totalled EUR 13,141 million at year end (EUR 13,335 million), which was a year-on-year reduction of EUR 194 million. The exposure includes outstanding credits and binding credit commitments. The amount of offers was EUR 0 million. The credit risk for export credits is covered by the parent company Finnvera plc's export credit guarantees. These export credit guarantees are included in the above-mentioned total exposure for export financing.

The asset management liquidity portfolio consisting of deposits in banks and investments in liquid assets stood at EUR 3,836 million (EUR 4,013 million) on 31 December. All investments were at least in risk category BBB (Finnvera's risk category), which reflects investment grade, or in better risk categories, and all long-term (exceeding 12 months) investments are made in assets with a minimum credit rating of A- (S&P and Fitch) or A3 (Moody's). A total of 95 per cent of assets were in investments or account banks with a minimum rating of A- (Finnvera's risk category). Expected loss (EL) for deposits and investments was EUR 1.7 million, or 0.04 per cent.

The company hedges interest rate and currency risks using derivatives, the nominal value of which was EUR 13,771 million (EUR 12,212 million) on 31 December. The minimum credit rating for all derivative contract counterparties was A3 (Moody's) or A- (S&P and Fitch). The derivative-related counterparty risk is mitigated with collateral agreements, the collateral positions of which are agreed on a daily basis. At the end of June, the market risks associated with asset management were within the risk limits of the asset management policy. Of the most significant risks, the funding-related cost risk due to funding gap was EUR 34 million and the market value risk of the investment portfolio was EUR 79 million. The balance sheet's interest rate sensitivity was EUR -26 million for a 200-basis-point change, and the open foreign exchange position was EUR 2 million.

Corporate governance

Personnel

At the end of the financial period, the Group had 369 employees (362), of whom 346 (337) held a permanent post and 23 (25) a fixed-term post. The Group's average number of employees during the period under review was 366 (360), and the personnel expenses totalled EUR 30 million (EUR 29 million).

Supervisory Board, Board of Directors and auditor

On 12 March 2021, Finnvera's Annual General Meeting appointed Petri Ekman, M. Sc. (Eng.) as the new Chairman of Finnvera's Board of Directors. Hannu Jaatinen, M.Sc. (Econ.), was selected to the Board as a new member.

Antti Neimala, Director General, continued as First Vice Chairman of the Board of Directors and Terhi Järvikare, Director General, continued as

Second Vice Chairman. The members who continued on the Board of Directors were Ritva Laukkanen, M.Sc. (Econ.); Pirkko Rantanen-Kervinen, B.Sc. (Econ.); and Antti Zitting, Enterprise Counsellor, Chairman of the Board.

Three committees assist the Board in managing its tasks: the Audit Committee, the Risk Committee and the Remuneration Committee.

As new members to the Supervisory Board were selected Anni Marttinen, Economist in the Central Organisation of Finnish Trade Unions SAK; Martin Paasi, Chairman of the Finnish Business School Graduates; and Arja Parkkinen, Development Manager at Finnvera.

Sofia Vikman, Member of Parliament, continued as Chairman of the Supervisory Board and Johannes Koskinen, Member of Parliament, continued as Vice Chairman.

The members who continued on the Supervisory Board were Members of Parliament Eeva-Johanna Eloranta, Mari Holopainen, Anne Kalmari, Juho Kautto, Juha Pylväs, Lulu Ranne, Wille Rydman and Joakim Strand; as well as Leila Kurki, Senior Adviser (Finnish Confederation of Professionals STTK); Kari Luoto, Managing Director (Finnish Grocery Trade Association); Veli-Matti Mattila, Director, Chief Economist (Finance Finland FFI); Anne Niemi, Vice President (Federation of Finnish Enterprises); and Tommi Toivola, Director (Confederation of Finnish Industries).

Finnvera's regular auditor is KPMG Oy Ab, with Marcus Tötterman, Authorised Public Accountant, as the principal auditor.

Other events during the period under review

Finnvera's venture capital financing was transferred to Tesi
At the end of September 2021, Finnvera sold its entire remaining venture capital financing portfolio to Tesi (Finnish Industry Investment Ltd.). The transaction included the entire share capital of ERDF Seed Fund Ltd. and a 19.71% shareholding in Innovestor Kasvurahasto I Ky. At the time of the transfer, the ERDF Seed Fund had investments in 23 companies. The arrangement simplified the State's venture capital financing and put the finishing touches on Finnvera's gradual withdrawal from venture capital financing in line with the Ministry of Economic Affairs and Employment's policies.

Finnvera updated sectoral financing policies
In keeping with its new sectoral policies, Finnvera will not participate in financing coal-fired power plants or infrastructure related to them. The backdrop to this decision is the OECD countries' decision to no longer provide export credits for new coal-fired power plants. Finnvera's policies will additionally exclude infrastructure, short-term export guarantees and domestic financing related to coal-fired power plants. Finnvera may co-finance deliveries related to existing coal-fired power plants if their purpose is to reduce pollution and if the investment will not increase the plant's capacity or life cycle. Finnvera will no longer fund peat power plant projects abroad.

Finnvera's financing is compatible with most sectors. However, in compliance with the legislation governing Finnvera's operations and the company's policies, certain sectors will not be eligible for financing. In line with the company's credit policy, the ineligible sectors include financing, investments and insurance.

Irrespective of the sector, significant negative environmental and social impacts are grounds for denying credit. Finnvera's financing decision is always based on a careful assessment of the company's solvency.

A more detailed tax haven and tax avoidance prevention policy
Finnvera's corporate responsibility policies, including the Code of Conduct, the Anti-bribery policy and the Environmental and social risk management policy for Finnvera's financing operations were reviewed and updated in 2021. Additionally, detail was added to the Tax haven and tax avoidance prevention policy to ensure its compliance with the requirements of identifying and preventing tax avoidance, which must be met in order to access EU financing.

Finnvera continued to grant export guarantees with a short risk period to transactions with EU Member States and western industrial countries
Finnvera can continue to grant export credit guarantees with a risk period of less than two years to transactions with the EU Member States and certain Western industrial countries until 31 March 2022.

In response to the coronavirus pandemic, the European Commission introduced an extensive package of measures enabling the official export credit agencies of the EU Member States to contribute to the mitigation of the impacts of the coronavirus crisis in the credit insurance sector on a temporary basis. Private credit insurance companies are still the primary source of credit insurance in these countries, and Finnvera's role is to complement the market. Finnvera's guarantee cover in credit insurance is 90 per cent.

Financial statements to be published also in ESEF format, Finnvera will introduce quarterly reporting
Finnvera Group will publish its Finnish financial statements also in compliance with the European Single Electronic Format (ESEF) reporting requirements and introduce quarterly financial reviews from the beginning of 2022. Half-Year Report 1 January–30 June 2022 will be released on 18 August 2022. Interim management reports will be published on 12 May 2022 (Q1/2022) and on 10 November 2022 (Q3/2022).

Finnvera launched regional reviews
Finnvera started publishing Regional Directors' reviews dealing with, in particular, development in SMEs' prospects and Finnvera's financing in their regions. Finnvera's organisation consists of five regions: Southern Finland, Western Finland, Central Finland, Eastern Finland and Northern Finland. Some of the reviews analyse the regional situation by individual county.

The purpose of the reviews is to increase the openness of Finnvera's operations and to highlight the regional impact of financing. The first reviews published in August-September 2021 received a great deal of visibility in regional media. The next regional reviews will be published in February and March 2022.

Procurement of the financing system renewal was restarted
The procurement procedure for an extensive upgrade of Finnvera's financing system was suspended in March 2021. The planning of this procurement was restarted, and the first tendering phase is under way.

The attainment of industrial and ownership policy goals
Out of the ten industrial and ownership policy goals set for the year 2021, four goals were reached, four were reached in part and two were not reached. More information about the goals is available in the Annual Review's Strategy section.

Outlook for financing
Steady demand for Finnvera's domestic financing is expected to continue in 2022, and in addition to working capital financing required for growth, the company expects financing for SMEs' investments to be in high demand. Banks have access to a higher number of guarantee instruments granted by the European Investment Bank group than before, which may reduce the demand for Finnvera's financing, especially in the first six months of the year.

Finnvera can grant working capital financing to large corporates within the framework of the European Investment Bank's EGF facility, which was extended until the end of June 2022.

Working closely together with private financing providers, Finnvera will continue to meet the shortfall in the financial market. We will diversify our financing solutions to enable Finnish companies to launch their business and to seek growth and internationalisation. Finnvera is preparing to provide direct lending for export transactions of less than EUR 20 million, direct domestic lending in certain situations, and financing solutions for projects related to climate change mitigation.

The prolonged coronavirus pandemic affects the demand for export credit and special guarantees. The pandemic reduces the demand for new export credit guarantees for cruise shipping companies, in particular. In other industries, including telecommunications and the pulp and paper sector, the year is expected to be normal in terms of demand. As in previous years, the realisation and timing of individual major projects will influence the overall demand. Other factors that affect the demand for Finnvera's export financing include good access to financing from other sources internationally and fiscal stimuli in other countries.

The coronavirus pandemic will continue to cause significant uncertainty regarding financial performance in 2022. If the economy and the business of Finnvera's large risk subjects develop positively, thus limiting or reducing significant loss provisions and loss entries, Finnvera Group may turn a profit in 2022.

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

The parent company's profit for the financial period was EUR 111,397,327.37.

The Board of Directors proposes that, by virtue of Section 4 of the Act on the State-Owned Specialised Financing Company, the result of the financial period be transferred to the non-restricted equity funds as follows:

To the reserve for export credit guarantee and special guarantee operations; the share of export credit guarantee and special guarantee operations EUR 78,657,827.53

To the reserve for domestic operations; the share of domestic operations EUR 32,739,499.84

The share transferred to the reserve for domestic operations includes EUR 4,026,229.41 of profit made in the venture capital financing segment.

In addition, the remeasurement gains in defined benefit pension plans, EUR 99,116.00, were entered directly into retained earnings during the financial period.

Key figures

Finnvera Group	2021	2020	2019	2018	2017
Key P&L figures					
Net interest income, MEUR	55	51	41	42	46
Net fee and commission income, MEUR	167	143	141	135	127
Other operating income, MEUR	4	349	0	4	1
-Of which fund payment from The State Guarantee Fund, MEUR	-	349	-	-	-
Operational expenses, MEUR	-46	-44	-42	-46	-43
-Of which salaries including social security costs, MEUR	-30	-29	-29	-28	-29
Realised credit losses and change in expected credit losses, MEUR	-46	-1,269	-60	-45	-42
Credit loss compensation from the State, MEUR	35	36	17	24	23
Operating profit/loss MEUR	164	-740	100	100	109
Profit/loss for the period MEUR	153	-748	94	98	107
Key balance sheet figures					
Loans to and receivables from customers, MEUR	7,404	7,088	8,083	6,876	5,846
Investments, MEUR	3,323	3,474	3,231	2,665	3,084
Liabilities, MEUR	11,356	11,946	11,202	9,681	9,023
-of which debt securities in issue, MEUR	10,285	10,379	10,138	8,783	6,483
Shareholders' equity, MEUR	863	727	1,463	1,358	1,314
- of which non-restricted equity, MEUR	626	473	1,221	1,126	1,062
Balance sheet total, MEUR	12,220	12,673	12,665	11,039	10,337
Key ratios					
Return on equity, ROE, %	19.2	-68.3	6.7	7.4	8.5
Return on assets, ROA, %	1.2	-5.9	0.8	0.9	1.1
Equity ratio, %	7.1	5.7	11.6	12.3	12.7
Capital adequacy ratio, Tier 1, Domestic operations, %	23.9	25.1	29.4	27.2	25.3
Capital adequacy ratio, Tier 1, Export credit guarantee and special guarantee operations, %[1]	3.4	1.3	6.9	6.8	
Expense-income ratio, %	23.5	26.4	25.4	29.3	27.2
Average number of employees	366	360	364	372	383
Finnvera plc, domestic financing					
Loans, guarantees and export credit guarantees offered, Billion EUR	1.7	1.7	1.0	0.9	1.0
Outstanding commitments, Billion EUR	3.1	2.9	2.3	2.3	2.5
Number of start-up enterprises financed	2,400	2,700	2,400	2,600	3,100
Number of new jobs created with the help of financing	8,600	9,100	8,400	7,900	9,300
Finnvera plc, export financing					
Export credit guarantees and special guarantees offered, Billion EUR	4.3	2.9	5.2	3.0	7.5
Outstanding commitments, Billion EUR	22.2	22.0	25.2	23.3	22.2
Finnvera plc, clients					
Number of clients, domestic financing and export financing together	25,800	26,500	24,500	25,700	27,300

1 The publishing of capital adequacy ratio, Tier 1, for export credit guarantee and special guarantee operations began in 2019, when the figure for the comparison year 2018 was also provided. No specific requirement has been set for the capital adequacy of Finnvera's export financing because ultimately it is the State that is responsible for any major export credit guarantee losses if the equities accumulated from operations and the assets of the State Guarantee Fund were not sufficient for covering these losses. Consequently, calculating capital adequacy in a manner similar to that applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports.

Formulas for the key indicators

Return on equity % (ROE)

$$\frac{\text{profit/loss for the period}}{\text{equity (as the average of the value at the beginning and the end of the period)}} \times 100$$

Return on assets % (ROA)

$$\frac{\text{operating profit/loss − income taxes}}{\text{balance sheet total on average (as the average of the value at the beginning and at the end of the period)}} \times 100$$

Equity ratio, %

$$\frac{\text{equity + minority share + accumulated appropriations deducted by the deferred tax liability}}{\text{balance sheet total}} \times 100$$

Capital adequacy, Tier 1

calculated according to Basel III standard method

Expense-income ratio, %

$$\frac{\text{operational expenses + depreciation, amortisation and impairment on tangible and intangible assets + other operating expenses}}{\text{net interest income + net fee and commission income + gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses + net income from investments + other operating income excl. fund payment from The State Guarantee Fund}} \times 100$$

Average number of employees

based on monthly average for the whole period

Financial Statements

Finnvera Group

Net interest income

55 MEUR

(2020: 51 MEUR)

Net fee and commission income

167 MEUR

(2020: 143 MEUR)

Operational expenses, depreciation and other operating expenses

54 MEUR

(2020: 52 MEUR)

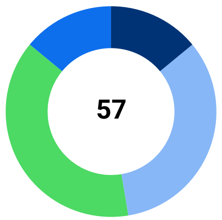
The financial statements include both the consolidated and the parent company's financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The Notes to the financial statements also comply with the currently valid requirements of the Finnish Accounting and Limited Liability Companies Acts.

Realised credit losses and change in expected credit losses, net

11 MEUR

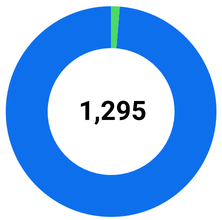
(2020: 1,233 MEUR)

Domestic financing, incl. export guarantees 31 Dec 2021, MEUR



- Locally operating small companies, 8 MEUR
- SMEs focusing on the domestic markets, 19 MEUR
- SMEs seeking growth and internationalisation, 22 MEUR
- Large corporates, 8 MEUR

Expected credit losses, export credit guarantees and special guarantees 31 Dec 2021, MEUR

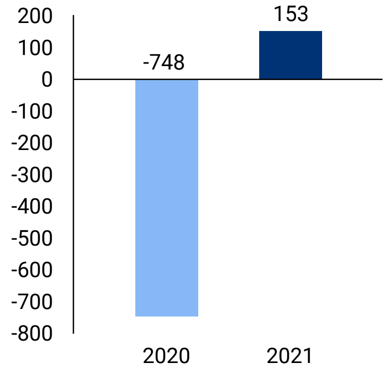


- SMEs seeking growth and internationalisation, 17 MEUR
- Large corporates, 1,278 MEUR

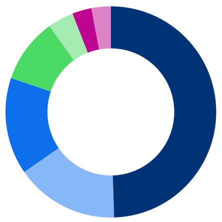
Self-sustainability attained

Finnvera is expected to attain economic self-sustainability in its operations. This means that the income received from the company's operations must, over the long term, cover the company's operating expenses, taking the State Guarantee Fund assets into consideration. The reviewing period is 10 years for domestic financing and 20 years for export financing. The cumulative self-sustainability was attained regardless of the significant loss made in 2020.

Result for the period, MEUR



Exposure by sector 31 Dec 2021, % Export credit guarantees and special guarantees, in total 22,405 MEUR



- Cruise shipping, 50%
- Pulp and paper, 16%
- Telecommunications, 15%
- Others*, 10%
- Other industries, 4%
- Mining and metals, 3%
- Energy, 3%

* Including other risks such as state and bank risks.

Consolidated comprehensive income statement

		Finnvera Group		Finnvera plc	
(EUR 1,000)	**Note**	**1–12 2021**	**1–12 2020**	**1–12 2021**	**1–12 2020**
Interest income	D1				
- Interest from loans passed on to customers		47,738	95,280	37,942	85,401
- Subsidies passed on to customers		1	50	1	50
- Other interest income[1]		174,253	170,038	173,911	169,734
Total interest income		**221,993**	**265,369**	**211,854**	**255,186**
Interest expenses[1]	D1	-166,549	-214,431	-167,018	-213,924
Net interest income		**55,444**	**50,938**	**44,836**	**41,262**
Net fee and commission income	D2	166,672	142,873	159,107	142,411
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	D3	1,565	1,668	2,681	2,110
Net income from investments	D4	353	289	353	289
Other operating income	D5	4,238	349,355	4,335	349,468
Total operational expenses	D6	-45,613	-44,053	-45,408	-43,713
- Personnel expenses		-29,685	-28,556	-29,562	-28,342
- Other operational expenses		-15,928	-15,497	-15,846	-15,372
Depreciation and amortisation on tangible and intangible assets	D7	-7,624	-7,275	-7,624	-7,275
Other operating expenses	D8	-500	-368	-36,277	-12,099
Realised credit losses and change in expected credit losses, net	D9	-10,522	-1,233,047	-10,605	-1,233,097
- Realised credit losses		-45,481	-132,215	-45,482	-132,253
- Credit loss compensations from the State		35,173	36,196	35,173	36,196
- Expected credit losses		-214	-1,137,029	-296	-1,137,041
Operating profit/loss		**164,012**	**-739,619**	**111,397**	**-760,645**
Income tax	D10	-11,466	-8,335	-	-
Profit/loss for the period		**152,546**	**-747,954**	**111,397**	**-760,645**

1 The presentation of interest expenses and interest incomes has been changed and the comparative figures have been updated to reflect the new presentation method.

		Finnvera Group		Finnvera plc	
(EUR 1,000)	**Note**	**1–12 2021**	**1–12 2020**	**1–12 2021**	**1–12 2020**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
- Revaluation of defined benefit pension plans	F5	99	614	99	614
- Change in the credit risk associated with liabilities carried at fair value		-8,217	6,087	-	-
Items that may be reclassified subsequently to profit or loss					
- Change in fair value of investments		-798	10,701	-798	10,701
- Change in the expected credit losses of investments		-1,978	3,355	-1,978	3,355
- Cash flow hedging		-5,227	-8,741	-5,227	-8,741
Total other comprehensive income		**-16,122**	**12,017**	**-7,905**	**5,930**
Total comprehensive income for the period		**136,424**	**-735,937**	**103,492**	**-754,716**
Distribution of the profit/loss for the period attributable to equity holders of the parent company		**152,546**	**-747,954**		
Distribution of the total comprehensive income for the period attributable to equity holders of the parent company		**136,424**	**-735,937**		

Balance sheet

(EUR 1,000)	Note	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
ASSETS					
Loans to and receivables from credit institutions	E1				
- Payable on demand		475,674	417,974	455,514	388,385
- Investment accounts and deposits		88,245	199,094	88,245	199,094
- Other		50,215	56,885	-	4,000
		614,134	**673,954**	**543,758**	**591,479**
Loans to and receivables from customers	E2				
- Loans		7,305,538	7,031,585	8,401,063	8,145,032
- Debt Securities		42,679	10,725	42,679	10,725
- Guarantee receivables		35,784	27,055	35,784	27,055
- Receivables from export credit and special guarantee operations		20,049	18,243	20,049	18,243
		7,404,051	**7,087,608**	**8,499,576**	**8,201,055**
Investments	E3				
- Debt securities		3,309,090	3,459,967	3,309,090	3,459,967
- Investments in group companies		-	-	30,078	30,078
- Other shares and participations		13,723	13,723	13,723	13,723
		3,322,812	**3,473,690**	**3,352,890**	**3,503,768**
Derivatives	E10	370,910	850,820	370,910	850,820
Intangible assets	E4	7,025	17,759	7,025	17,759
Tangible assets	E4	3,923	13,335	3,923	13,335
Other Assets	E5				
- Credit loss receivables from the state		24,305	24,068	24,305	24,068
- Other		354,860	355,735	355,626	349,253
		379,165	**379,804**	**379,930**	**373,321**
Prepayments and accrued income	E6	117,690	127,814	84,323	90,433
Tax assets	E7	46	30	-	-
Assets of disposal groups classified as held for sale		-	48,135	-	27,231
Assets		**12,219,756**	**12,672,948**	**13,242,336**	**13,669,202**

(EUR 1,000)	Note	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
LIABILITIES					
Liabilities to other institutions	E8	74,583	74,583	124,000	86,000
Debt securities in issue	E9	10,284,982	10,378,929	10,284,982	10,378,929
Derivatives	E10	35,278	12,392	35,278	12,392
Provisions	E12	205,372	199,309	1,325,265	1,319,202
Other liabilities	E11	36,856	67,020	72,633	81,051
Accruals and deferred income	E13	711,543	1,193,403	675,191	1,154,266
Tax liabilities	E7	7,817	1,746	-	-
Liabilities of disposal groups classified as held for sale		-	18,663	-	15,867
Liabilities		**11,356,431**	**11,946,046**	**12,517,348**	**13,047,706**
EQUITY	E18				
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		-10,221	6,000	-1,026	6,978
Non-restricted reserves					
- Reserve for domestic operations		366,373	282,241	366,373	282,241
- Reserve for export credit guarantees and special guarantees		-	828,911	-	828,911
- Reserve for venture capital financing		-	15,252	-	15,252
Retained earnings		259,533	-653,143	112,000	-759,527
Non-restricted equity		**625,906**	**473,261**	**478,373**	**366,876**
Total equity, equity attributable to the parent company's shareholders		**863,326**	**726,902**	**724,988**	**621,495**
Total liabilities and equity		**12,219,756**	**12,672,948**	**13,242,336**	**13,669,202**

Contingent liabilities

In the first table (Table 1) the commitments have been categorised according to their contractual stage. In the second table (Table 2) commitments have been broken down by business area and contractual stage.

Table 1: Contingent liabilities according to the status of commitments

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Current drawn commitments (A+D+G)	5,716,253	5,440,731	14,191,951	13,520,811
Current undrawn commitments (B+E+F+H)	6,977,106	6,927,088	7,597,331	7,768,296
Offers given (C+I)	3,228,775	3,058,416	3,228,775	3,058,416
Contingent liabilities, total	**15,922,133**	**15,426,234**	**25,018,057**	**24,347,522**

Table 2: Contingent liabilities by business area

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Domestic operations				
A) Valid guarantees	2,056,102	1,758,619	2,056,102	1,758,619
B) Binding credit commitments	232,733	18,994	232,733	18,994
C) Guarantee offers	91,798	162,197	91,798	162,197
Domestic operations total	**2,380,633**	**1,939,811**	**2,380,633**	**1,939,811**
Export credit guarantees, special guarantees and export credit commitments				
Current commitments (drawn and undrawn)				
D) Drawn export and special guarantees, not included export loans	3,548,836	3,566,524	3,548,836	3,566,524
E) Undrawn export and special guarantees, not included export loans	2,179,804	1,091,445	2,179,804	1,091,445
F) Export and special guarantees of the parent company on behalf of the subsidiary's drawn export credits, no parent company funding	-	-	37,292	37,292
G) Export and special guarantees of the parent company on behalf of the subsidiary's drawn export credits, parent company funding	-	-	7,867,009	7,486,759
H) The Group: undrawn export credits granted by the subsidiary (credit commitments)	4,506,524	5,793,152	4,506,524	5,793,152
I) Export and special guarantee interest commitments, drawn commitments	111,314	115,587	682,712	671,617
J) Export and special guarantee interest commitments, undrawn commitments	58,045	23,497	678,271	864,705
Offers given				
K) Export and special guarantees	3,136,977	2,896,218	3,136,977	2,896,218
Export credit guarantees, special guarantees and export credit commitments	**13,541,500**	**13,486,424**	**22,637,424**	**22,407,712**
Contingent liabilities, total[1]	**15,922,133**	**15,426,234**	**25,018,057**	**24,347,522**

A) Commitments for domestic guarantees mean commitments referred to in §4 and §4a of the Act on Credits and Guarantees Provided by the State-owned Specialised Financing Company (18.6.1998/445). These commitments are current commitments.
F) and G) rows do not include in the Group figures as the items consist of the parent company's guarantees for drawn export credits granted by Finnish Export Credit Ltd that are included in the consolidated balance sheet.
G) On the row G is stated the parent company's receivables from Finnish Export Credit Ltd which is funded by the parent company.
H) Credit commitments given by the subsidiary always involve an export credit guarantee granted by the parent company. The figure for the Group includes the unused credit arrangements (credit commitments) for export credits granted by Finnish Export Credit Ltd. The figure for the parent company consists of export credit guarantees that cover the credit risk for the credit commitments presented in the figure for the Group (liability for compensation to the subsidiary).
I) and J) Finnvera pays compensation for the interest included in guaranteed receivables for the amount fallen due, until the due date according to credit documents. If Finnvera pays the compensation before the due date, interest will be paid only until the compensation payment date. The Group interest commitment figures do not include group internal interest commitments to Finnish Export Credit Ltd.
1 Commitments for export credit guarantees and special guarantees are as referred to in the Act on the State Guarantee Fund (18.6.1998/444). Total export credit guarantees and special guarantees are EUR 22,637 million (EUR 22,408 million), of which drawn export credit guarantees are EUR 12,136 million (EUR 11,762 million).
2 The total commitments of Finnvera's export credit guarantees and hedging arrangements may amount to EUR 38 billion (EUR 38 billion) at the maximum. The total export credits and ship credits granted by Finnvera's subsidiary Finnish Export Credit Ltd may amount to EUR 33 billion (EUR 33 billion).

Table 3: Liability for export credit guarantees calculated according to the Act on the State's Export Credit Guarantees[2]

	Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020
Liability according to the Act on the State's Export Credit Guarantees	19,194,867	19,496,798

The liability calculated according to the Act on the State's Export Credit Guarantees only includes the liability endorsed on the basis of the Act. It consists of the current commitments (only principal) and half of the liability stemming from the offers given. Items in foreign currencies are converted to euros using the exchange rate on the date when the commitment was given.

Table 4: Possible obligations according to IAS 37

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Possible obligation arising to cover losses of fund payment in accordance with The State Guarantee Fund Act	349,023	349,023	349,023	349,023

Change in equity

(EUR 1,000)	Share capital	Share premium reserve	Fair value through OCI: Fair value through OCI	Fair value through OCI: Cash flow hedging	Fair value through OCI: Change in the credit risk associated with liabilities carried at fair value	Reserve for domestic operations	Reserve for export credit guarantees and special guarantees	Reserve for venture capital financing	Retained earnings	Total equity
31 Dec 2021										
Finnvera Group's equity 2020, equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	15,719	-8,741	-978	282,241	828,911	15,252	-653,143	726,902
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	68,879	-828,911	-	760,031	-
Reversal of reserve for venture capital financing	-	-	-	-	-	15,252	-	-15,252	-	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	99	99
Change in the credit risk associated with liabilities carried at fair value	-	-	-	-	-8,217	-	-	-	-	-8,217
Cash flow hedging	-	-	-	-5,227	-	-	-	-	-	-5,227
Change in the fair value of investments recognised at fair value through comprehensive income	-	-	-798	-	-	-	-	-	-	-798
Change in the ECL of investments recognised at fair value through comprehensive income	-	-	-1,978	-	-	-	-	-	-	-1,978
Profit/loss for the period	-	-	-	-	-	-	-	-	152,546	152,546
Total equity at 31 Dec	**196,605**	**51,036**	**12,942**	**-13,968**	**-9,195**	**366,373**	**-**	**-**	**259,533**	**863,326**
31 Dec 2020										
Finnvera Group's equity 2019, equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	1,662	-	-7,065	265,822	772,541	15,252	166,985	1,462,839
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	16,419	56,369	-	-72,788	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	614	614
Change in the credit risk associated with liabilities carried at fair value	-	-	-	-	6,087	-	-	-	-	6,087
Cash flow hedging	-	-	-	-8,741	-	-	-	-	-	-8,741
Change in the fair value of investments recognised at fair value through comprehensive income	-	-	10,701	-	-	-	-	-	-	10,701
Change in the ECL of investments recognised at fair value through comprehensive income	-	-	3,355	-	-	-	-	-	-	3,355
Profit/loss for the period	-	-	-	-	-	-	-	-	-747,954	-747,954
Total equity at 31 Dec	**196,605**	**51,036**	**15,719**	**-8,741**	**-978**	**282,241**	**828,911**	**15,252**	**-653,143**	**726,902**

			Fair value through OCI							
(EUR 1,000)	Share capital	Share premium reserve	Fair value through OCI	Cash flow hedging	Change in the credit risk associated with liabilities carried at fair value	Reserve for domestic operations	Reserve for export credit guarantees and special guarantees	Reserve for venture capital financing	Retained earnings	Total equity
31 Dec 2021										
Finnvera plc's equity 2020, Equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	15,719	-8,741	-	282,241	828,911	15,252	-759,527	621,495
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	68,879	-828,911	-	760,031	-
Reversal of reserve for venture capital financing	-	-	-	-	-	15,252	-	-15,252	-	-
Impact of retained earnings due to sell of subsidiary	-	-	-	-	-	-	-	-	-	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	99	99
Change it the credit risk associated with liabilities carried at fair value	-	-	-	-	-	-	-	-	-	-
Cash flow hedging			-	-5,227	-					-5,227
Change in the fair value of investments recognised at fair value through comprehensive income	-	-	-798	-	-	-	-	-	-	-798
Change in the ECL of investments recognised at fair value through comprehensive income	-	-	-1,978	-	-	-	-	-	-	-1,978
Profit/loss for the period	-	-	-	-	-	-	-	-	111,397	111,397
Total equity at 31 Dec	**196,605**	**51,036**	**12,942**	**-13,968**	**-**	**366,373**	**-**	**-**	**112,000**	**724,988**
31 Dec 2020										
Finnvera plc's equity 2019, Equity attributable to the parent company's shareholders										
Reported equity at 1 Jan	196,605	51,036	1,662	-	-	265,822	772,541	15,252	73,292	1,376,211
Profit/loss from the previous accounting period transfer to reserves	-	-	-	-	-	16,419	56,369	-	-72,788	-
Re-determination of defined benefit pensions recognised at fair value through comprehensive income	-	-	-	-	-	-	-	-	614	614
Change it the credit risk associated with liabilities carried at fair value	-	-	-	-	-	-	-	-	-	-
Cash flow hedging				-8,741	-					-8,741
Change in the fair value of investments recognised at fair value through comprehensive income	-	-	10,701	-	-	-	-	-	-	10,701
Change in the ECL of investments recognised at fair value through comprehensive income	-	-	3,355	-	-	-	-	-	-	3,355
Profit/loss for the period	-	-	-	-	-	-	-	-	-760,645	-760,645
Total equity at 31 Dec	**196,605**	**51,036**	**15,719**	**-8,741**	**-**	**282,241**	**828,911**	**15,252**	**-759,527**	**621,495**

Statement of cash flows

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Cash flows from operating activities				
Withdrawal of loans granted	-1,424,437	-1,779,367	-1,424,237	-1,781,830
Repayments of loans granted	1,395,228	1,234,947	1,396,975	1,227,837
Purchase of investments	-1,734	-1,280	-	-
Proceeds from investments	5,379	2,205	-	-
Interest received[1]	229,461	136,541	218,019	122,572
Interest paid[1]	-165,687	-73,758	-166,171	-71,133
Net interest subsidy received (+) / repaid to the State (-)	6	264	6	264
Net payments received (+) / paid (-) from commission income and expense	175,038	136,114	167,402	135,901
Payments received from other operating income	3,159	391	3,257	504
Payments for operating expenses	-45,370	-42,213	-56,793	-53,704
Claims paid (-) and recovered amounts (+)	-34,683	62,118	-34,684	62,095
Net credit loss compensation from the State	34,937	21,676	34,937	21,676
Net taxes paid	-5,237	-4,097	-	-
Net cash used in (-) / from (+) operating activities (A)	**166,061**	**-306,459**	**138,712**	**-335,817**
Cash flows from investing activities				
Purchase of property and equipment and intangible assets	-842	-2,543	-842	-2,543
Sale of property and equipment and intangible assets	-	-	-	-
Short-term and other liquid investments made	-4,919,635	-5,976,408	-4,919,635	-5,976,408
Proceeds and maturities of short-term and other liquid investments	5,056,360	5,892,718	5,056,360	5,892,718
Other investments	-234	-368	-234	-368
Proceeds from other investments	16,356	1,581	18,356	1,581
Dividends received from investments	6	6	-	-
Net cash used in (-) / from (+) investing activities (B)	**152,011**	**-85,014**	**154,005**	**-85,020**
Cash flows from financing activities				
Proceeds from long-term loans	860,807	1,000,000	860,807	1,000,000
Repayment of long-term loans	-750,032	-857,402	-750,032	-849,943
Net proceeds (+) and repayments (-) of short-term loans	-	-	38,000	11,000
Payments of lease liabilities	-3,730	-3,614	-3,730	-3,614
Repayment of subordinated liabilities and repayable debt to the State	-17,385	-	-17,385	-
Payments (-) / receipts (+) from derivative collaterals	-481,270	471,340	-481,270	471,340
Net cash used in (-) / from (+) financing activities (C)	**-391,610**	**610,324**	**-353,610**	**628,783**
Net change in cash and cash equivalents (A+B+C) increase (+) / (decrease -)	**-73,537**	**218,851**	**-60,892**	**207,946**
Cash and cash equivalents at the beginning of the period[2]	620,469	408,923	588,500	386,773
Translation differences[2]	17,228	-7,305	16,383	-6,218
Cash and cash equivalents at the end of the period[2]	**564,159**	**620,469**	**543,991**	**588,500**

1 In 2021, Finnvera changed its way of presenting interest income and expenses by transferring negative interest income related to financial instruments to the paid interest expenses item and negative interest expenses to the received interest income item. The change does not concern the reference year.
2 Cash and cash equivalents comprise of cash and investment accounts held in credit institutions and deposits with a maturity less than 3 months. Cash and cash equivalents are included in the balance sheet line item "Loans to and receivables from credit institutions -payable on demand" and "Loans to and receivables from credit institutions -investment accounts and deposits.

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Cash and cash equivalents at the end of the period				
Cash and investment accounts held in credit institutions	564,159	502,498	543,991	470,530
Short-term deposits	-	117,970	-	117,970
Total	**564,159**	**620,469**	**543,991**	**588,500**

Changes in liabilities arising from financing activities

	Finnvera Group 2021						
(EUR 1,000)	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 31 Dec
Long-term liabilities to credit institutions	-	-	-	-	-	-	-
Short-term liabilities to credit institutions	-	-	-	-	-	-	-
Long-term liabilities to other institutions	**74,583**	-	-	-	-	-	**74,583**
Short-term liabilities to other institutions	-	-	-	-	-	-	-
Debt securities in issue	**10,378,929**	855,109	-750,000	-394,906	192,500	3,350	**10,284,982**
Subordinated liabilities	**15,867**	-	-15,867	-	-	-	-
Security given for derivatives[1]	**-2,360**	2,360	-	-	-	-	-
Security received for derivatives[2]	**854,070**	-	-483,630	-	-	-	**370,440**
Total	**11,321,089**	**857,469**	**-1,249,497**	**-394,906**	**192,500**	**3,350**	**10,730,005**

	Finnvera plc 2021						
(EUR 1,000)	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 31 Dec
Long-term liabilities to credit institutions	-	-	-	-	-	-	-
Short-term liabilities to credit institutions	-	-	-	-	-	-	-
Long-term liabilities to other institutions	-	-	-	-	-	-	-
Short-term liabilities to other institutions	**86,000**	245,000	-207,000	-	-	-	**124,000**
Debt securities in issue	**10,378,929**	855,109	-750,000	-394,906	192,500	3,350	**10,284,982**
Subordinated liabilities	**15,867**	-	-15,867	-	-	-	-
Security given for derivatives[1]	**-2,360**	2,360	-	-	-	-	-
Security received for derivatives[2]	**854,070**	-	-483,630	-	-	-	**370,440**
Total	**11,332,506**	**1,102,469**	**-1,456,497**	**-394,906**	**192,500**	**3,350**	**10,779,422**

1 Included in Prepayments and accrued income in the balance sheet.
2 Included in Accruals and deferred income in the balance sheet.

	Finnvera Group 2020						
(EUR 1,000)	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 31 Dec
Long-term liabilities to credit institutions	**-**	-	-	-	-	-	**-**
Short-term liabilities to credit institutions	**-**	515,247	-515,247	-	-	-	**-**
Long-term liabilities to other institutions	**82,042**	-	-7,458	-	-	-	**74,583**
Short-term liabilities to other institutions	**-**	-	-	-	-	-	**-**
Debt securities in issue	**10,138,250**	1,024,070	-849,762	288,104	-227,718	5,985	**10,378,929**
Subordinated liabilities	**15,867**	-	-	-	-	-	**15,867**
Security given for derivatives[1]	**-38,030**	35,670	-	-	-	-	**-2,360**
Security received for derivatives[2]	**418,400**	435,670	-	-	-	-	**854,070**
Total	**10,616,528**	**2,010,657**	**-1,372,468**	**288,104**	**-227,718**	**5,985**	**11,321,089**

	Finnvera plc 2020						
(EUR 1,000)	Opening balance 1 Jan	Cash inflows from financing activities	Cash outflow from financing activities	Fair value changes	Foreign exchange differences	Other changes	Closing balance 31 Dec
Long-term liabilities to credit institutions	**-**	-	-	-	-	-	**-**
Short-term liabilities to credit institutions	**-**	515,247	-515,247	-	-	-	**-**
Long-term liabilities to other institutions	**-**	-	-	-	-	-	**-**
Short-term liabilities to other institutions	**75,000**	206,000	-195,000	-	-	-	**86,000**
Debt securities in issue	**10,138,250**	1,024,070	-849,762	288,104	-227,718	5,985	**10,378,929**
Subordinated liabilities	**15,867**	-	-	-	-	-	**15,867**
Security given for derivatives[1]	**-38,030**	35,670	-	-	-	-	**-2,360**
Security received for derivatives[2]	**418,400**	435,670	-	-	-	-	**854,070**
Total	**10,609,486**	**2,216,657**	**-1,560,009**	**288,104**	**-227,718**	**5,985**	**11,332,506**

1 Included in Prepayments and accrued income in the balance sheet
2 Included in Accruals and deferred income in the balance sheet

Notes to the financial statements

Applied new and renewed IFRS standards

Only a few further specifications were made to the financial reporting standards applicable to Finnvera in 2021. The biggest impact on the consolidated financial statements was due to the negative impact of the coronavirus pandemic in Finnvera's operating environment and customers, and thereby the reported figures.

Segments

SME and midcap financing

Locally operating small companies
Clients are locally operating enterprises that have fewer than 10 employees. This segment offers financial services for the start-up and development of enterprises.
Result:
5 MEUR
(2020: 21)

SMEs focusing on the domestic markets
Clients are SMEs and, on special grounds, large corporates. The clientele includes companies engaged in production and services.
Result:
15 MEUR
(2020: 55)

SMEs seeking growth and internationalisation
Clients are SMEs and midcaps that have a growth strategy based on internationalisation.
Result:
14 MEUR
(2020: 11)

Export financing

Large corporates
The clients are exporters operating in Finland, generally classified as large corporates, as well as domestic and foreign providers of financing for these.
Result:
73 MEUR
(2020: –848)

Export credits
The segment consists of the operations of Finnvera's subsidiary Finnish Export Credit Ltd, including funding and treasury activities by the parent company Finnvera plc.
Result:
43 MEUR
(2020: 13)

Venture capital financing

In line with the Government's operating policies the Group withdrew from its venture capital investment activities in 30 September 2021. The segment also includes the subsidiary Veraventure Ltd which has ceased trading and is likely to leave the group in 2022.
Result:
2 MEUR
(2020: 0)

Notes to the financial statements

Return on equity
19.2%
(31 Dec 2020: –68.3%)

Return on assets
1.2%
(31 Dec 2020: –5.9%)

Balance sheet total, change from previous year
–3.6%
(31 Dec 2020: 0.1%)

Notes concerning the presentation of the financial statements

A Accounting principles

A1 Basic information of the Group
The Group's parent company is Finnvera plc. (hereinafter Finnvera) and its subsidiaries are Finnish Export Credit Ltd. (hereinafter Finnish Export Credit) and Veraventure Ltd. (hereinafter Veraventure). Finnvera provides financing for companies' operations, exports and internationalisation and helps implement the Government's regional policy objectives. Finnish Export Credit focuses on financing export credits. Whereas Veraventure previously engaged in venture capital financing, it has ceased trading, and Finnvera pulled out of all venture capital financing during the financial year. The Group's parent company is a Finnish limited liability company established in compliance with Finnish law. Its business ID is 1484332-4 and it is domiciled in Kuopio. The parent company's registered address is P.O. Box 1127, Kallanranta 11, FI-70111 Kuopio, Finland. Finnvera's Board of Directors approved the financial statements on 15 February 2022.

Copies of the consolidated financial statements and the parent company's financial statements are available at www.finnvera.fi, or from the Group's headquarters at Kallanranta 11, FI-70110 Kuopio, Finland and Porkkalankatu 1, FI-00180 Helsinki, Finland.

A2 Principles for drawing up the financial statements
The financial statements include both the consolidated and the parent company's financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2021, which refer to the standards and their SIC and IFRIC interpretations adopted in accordance with the procedures laid down in IAS Regulation No 1606/2002 of the European Union. The Notes to the financial statements also comply with the currently valid requirements of the Finnish Accounting Act and Limited Liability Companies Act.

Drawing up financial statements in keeping with the IFRS standards requires the making of certain accounting estimates and judgment exercised by the management. Use of the management's judgment is described in more detail in section A11 *Accounting principles requiring the management's judgment and the key sources of estimation uncertainty*.

The financial statement data are presented in thousands of euros. The sums calculated from individual figures may therefore differ from the total sums presented on the Total lines. The key indicators presented in the financial statements have been calculated using precise values.

In compliance with section 7, subsection 5 of the Securities Markets Act, Finnvera publishes its Annual Reports and financial statements in ESEF format in Finnish and, on a voluntary basis, as a PDF report.

The consolidated financial statements are published in Finnish and English. In case of discrepancies between different language versions, the Finnish version of the consolidated financial statements shall apply.

Changes in the calculation method implemented as of the beginning of 2021 and their impact on the accounting principles
Phase 2 of the Interest Rate Benchmark Reform was published in August 2020 and includes amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments concern issues that may affect financial reporting during the Interest Rate Benchmark Reform, including the impacts of changes in contractual cash flows or changes in hedging relationships as the old interest rate benchmark is replaced with an alternative benchmark rate. The objectives of the Phase 2 amendments are to:
- support companies in IFRS application when contractual cash flows or hedging relationships change as a result of the reform; and
- help companies produce useful information for financial statement users.

New and revised standards and interpretations applied
Few further specifications were made to the financial reporting standards applicable to Finnvera in 2021. No significant amendments to the IFRS standards entered into force during 2021. In 2021, Finnvera adopted the following further specification of the IFRS standards and the interpretations related to them:

- The way interest income and interest expenses are presented has been corrected by transferring negative interest income related to financial instruments to the interest expenses item and negative interest expenses to the interest income item. This change has no impact on net interest income. The new method of presentation also concerns the reference year.

In 2021, the IFRS Interpretations Committee published an agenda decision on the configuration or customisation costs in a cloud computing arrangement. This concerns so-called SaaS services, or cloud computing services in which an application is not run on hardware owned by Finnvera. The costs of configuration or customisation services in cloud computing are recognised as an expense if the services received by the client can be separated from the SaaS service. For more detailed information on the recognition criteria for intangible assets, see the section Intangible assets.

Other amendments to the IFRS standards that entered into force on 1 January 2021, including those made to IFRS 16 concerning a lessee's rent rebates, have no essential significance for the Group's financial statements for the period under review. No significant amendments to the IFRS standards are expected in 2022.

A3 Consolidation principles for the financial statements

Segment information
The segment reporting of the group and parent company is presented in the financial statements in accordance with the internal reporting prepared

A
B
C
D
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H

for the management. Finnvera's segment information is based on the company's internal division into business areas and client segments. The Group's business areas have been SME and midcap financing, export financing and venture capital financing. However, the company pulled out of venture capital financing during the financial year. The business area of SME and midcap financing consists of three segments, which are locally operating small companies, SMEs focusing on the domestic markets and SMEs seeking growth and internationalisation. Export financing is divided into two segments: large corporates and export credits. At the close of the financial period, the venture capital financing segment still includes Veraventure which, however, was no longer trading in the financial year 2021. On 30 September 2021, Finnvera Group sold to a third party the shares of ERDF-Seed Fund Ltd. (hereinafter ERDF-Seed Fund), which was part of the venture capital financing segment and engaged in venture capital financing, consequently pulling out of these activities. ERDF-Seed Fund has been included in the consolidated financial statements until 30 September 2021. Intra-group transactions between segments are eliminated. For more detailed information on the segments, see note C *Segment information*.

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

The Finnvera Group consists of the parent company Finnvera and its subsidiaries Finnish Export Credit and Veraventure. In the parent company's financial statements, holdings in subsidiaries have been recognised at acquisition cost. The value of the subsidiaries' shares is tested for impairments at year end and if necessary, an impairment loss is recognised.

The consolidated financial statements include the financial statements of the parent company and its subsidiaries. Intra-group shareholding has been eliminated using the acquisition method.

In keeping with the Government's policy outlines, the Group gave up all venture capital financing during the financial year as its subsidiary ERDF-Seed Fund and its shareholding in Innovestor Kasvurahasto I Ky were sold. Of the subsidiaries that engaged in venture capital financing, Veraventure remains a part of the Group. It has ceased trading and is likely to leave the group in 2022.

Associates (reference year only)
Equity investments made by Finnvera through its subsidiary engaged in venture capital financing – ERDF-Seed Fund – were treated in the consolidated financial statements for the reference year in the alternative manner allowed by IAS 28 Investments in Associates and Joint Ventures, as investments recognised at fair value through profit and loss. The resulting changes in fair value were recorded in the consolidated financial statements under the income statement item *Gains/losses from items recognised at fair value through profit or loss and net income from foreign currency operations*.

Elimination of intra-group items in the consolidated financial statements
Intra-group transactions, internal receivables and liabilities, unrealised profits on internal transactions, and intra-group profit distributions are eliminated in the consolidation. At the end of 2021, the Group did not have any non-controlling interests.

A4 Transactions denominated in foreign currencies
The consolidated financial statements are presented in euros, which is the currency that all Group companies use in their operations and presentations.

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

A5 Principles for recognising income and expenses

Net interest income
Interest income and interest expenses are recognised in the income statement over the maturity of the contract using the effective interest rate method in accordance with IFRS 9. All fees received and paid, interest points that are an integral part of the effective interest rate of the contract, as well as transaction costs and any other premiums or discounts are taken into consideration in calculating the effective interest. Interest subsidies received from the State are recognised correspondingly over the maturity of the contract using the effective interest rate method. The handling fees of domestic financing loans are included in interest income in the income statement, and they are entered as income once the action on which the fee is based has been completed. The upfront fees associated with the drawing of export credits are included in the Group's interest income.

Positive interest income and negative interest expenses related to interest rate and currency swaps are treated as interest income, and positive interest expenses and negative interest income as interest expenses.

The income received by the Group on some euro-denominated assets on accounts and other investments (debt securities) has been negative, which is why negative interest income has been treated as interest expenses.

Net fee and commission income and expenses
Finnvera processes the handling fees of guarantees and export credit guarantees and the service fees and guarantee commissions related to

them in accordance with the IFRS 15 standard. The standard specifies when and how revenue is recognised. IFRS 15 includes a five-step model for recognising revenue: 1) identify the contract(s) with a client, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognise revenue when (or as) the entity satisfies a performance obligation. Operational fees collected during the financing process are recognised as revenue once the work is performed or the transaction is completed.

Guarantee fees are recognised in the income statement over the maturity of the contract. Other fee and commission income and expenses are normally recognised when the service is rendered. These include, for instance, change fees resulting from various debt restructuring arrangements, collection and invoicing expenses, and legal procedures. Fee and commission expenses consist of service charges collected by banks, reinsurance fees related to export credit guarantees and expenses related to funding.

Commitment fees consist of fees collected from clients for undrawn credit. The commitment fee is collected for the undrawn credit amount in arrears on the basis of time elapsed and is recognised in the Group's fee and commission income in accounting on the same basis.

Gains/losses from items recognised at fair value through profit or loss and other comprehensive income items

Realised and unrealised gains and losses from liabilities recognised at fair value through profit or loss, from debt securities, venture capital investments, shares and participations, derivatives, and liabilities under fair value hedging, as well as exchange rate differences are presented under the item *Gains/losses from items recognised at fair value through profit or loss and net income from foreign currency operations.*

The change in the own credit risk associated with liabilities recognised at fair value through profit or loss is presented in other comprehensive income. Changes in the fair value of investments that are carried at fair value through other comprehensive income are also recorded in other comprehensive income.

Change in the fair value of hedging instruments included under cash flow hedge accounting with regard to the hedged risk is reported in the cash flow hedging reserve in other comprehensive income. The company has also elected to use the separation of the cost of hedging. The cross currency basis spread of the hedging instrument is not included in the hedging relationship but accounted for as cost of hedging and is recognised in the cost of hedging reserve in other comprehensive income.

Items resulting from revaluation of the net liability of defined benefit pension plans are recognised in other comprehensive income for the financial period during which they are incurred.

The profit and loss impact of the sale of the shares in ERDF-Seed Fund and fund investment in Innovestor Kasvurahasto I Ky, which took place during the financial year, is presented in the income statement under *Gains/losses from items recognised at fair value through profit or loss and net income from foreign currency operations.*

Investments related to venture capital financing were only held in the reference year by the subsidiary ERDF-Seed Fund. Their fair value was measured using a valuation method approved by Finnvera's Board of Directors and compliant with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) for early-stage ventures. The investments owned by ERDF-Seed Fund for the reference year are presented on level three of the hierarchy in Note E15 *Hierarchy for carrying financial instruments at fair value*.

Dividends are recognised as income in the period in which the right to receive dividends is established.

Other operating income

Fees and rental income received by Finnvera from administrating the State Guarantee Fund are reported under Other operating income. In 2021, a EUR 4 million subsidy received from the State for developing domestic financing was recognised as other operating income.

A6 Intangible and tangible assets

Intangible assets

Intangible assets referred to in IAS 38 include licences and user rights for IT applications and software and their development costs, provided that their cost can be measured reliably and it is probable that the Group will gain economic benefit from the assets. In 2021, Finnvera continued its key digitalisation projects that aim to improve productivity and efficiency through the possible digitalisation of business and support processes.

Digitalisation will be developed in stages over several years. A significant financing system development project (RAJU) was launched in 2019. The project is linked with the upgrade of Finnvera's case management system and online services, and it will ensure client-driven development of digital services. The project was suspended in 2021. The full cost of this project has been recognised as an expense for the financial period that has ended, and the project is no longer shown under the Intangible assets item *Projects in progress*. The project was restarted in 2021, however, and all costs related to it have been recognised as expenses in the income statement.

Intangible assets are recorded on the balance sheet at acquisition cost less amortisations and impairment losses accumulated after initial recognition. Intangible assets are amortised over their estimated economic life, which is five years.

Finnvera uses SaaS services in which service providers offer software applications as cloud services and in which the application is not run on Finnvera's hardware (owned or leased). If the services received by Finnvera can be separated from the SaaS service, the expenses incurred from configuration or customisation services are recognised as expenses. If the services received by Finnvera cannot be separated from the SaaS service, the expenses are recorded as an advance payment, which is recognised as an expense during the contract period of the SaaS service. Expenses treated as advance payments may only include costs charged by the SaaS service provider (or costs related to the performances of a subcontractor used by the SaaS service provider) that cannot be separated from the SaaS service. Finnvera does not currently have SaaS services recorded as advance payments.

Right-of-use assets in accordance with the IFRS 16 standard

Fixed assets in Finnvera's balance sheet include leases that meet the requirements of IFRS 16. According to the IFRS 16, on the balance sheet a lessee must record all lease agreements as an item under right-of-use assets and as a lease liability that generates the right to use an asset item subject to the agreement for an agreed period of time and against a specific consideration.

Assets and liabilities resulting from leases are recognised at the current value of future lease expenses. The item under fixed assets is amortised over the lease period. Interest expenses related to lease liabilities are recorded in item Interest expenses in the income statement with the effective interest rate method and, as a result, net interest income decreases.

Low-value items and leases under one year in duration and leases that do not meet the standard's requirements are left outside the scope of the IFRS 16 standard. As the prolonged coronavirus pandemic has necessitated changes in modes of work, Finnvera has reviewed the duration of the leases on premises. For these reasons, Finnvera has decided to shorten the leases on some premises. The criteria for determining the rental amount of some right-of-use assets have also been reviewed. Consequently, the amounts of some right-of-use assets have decreased by EUR 13,4 million during the financial period.

The impacts of the right-of-use asset items on the parent company's result and balance sheet are reported in Notes D7 *Depreciation and amortisation on tangible and intangible assets* and E4 *Intangible and tangible assets*.

Tangible assets

Tangible assets comprise machinery and equipment in the company's own use. Tangible assets are carried at acquisition cost less accumulated depreciation and impairment losses. Tangible assets are depreciated over their estimated economic life, which is five years.

Impairment of intangible assets and tangible assets

At every balance sheet date, the carrying amounts of intangible assets and tangible assets are reviewed to determine whether there are indications of impairment. If such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised through profit or loss when the carrying amount of an asset exceeds its recoverable amount.

A7 Costs of post-employment benefits

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

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

A8 Income taxes

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

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

Finnvera has been exempt from income taxation as from 2007. Finnvera's subsidiaries have no corresponding exemption.

A9 Financial assets and liabilities

Determination of fair value

Financial assets recognised at fair value through profit or loss (FVTPL) include derivatives, shares and participations and some bond investments (Table 1). Items recognised at fair value through comprehensive income generally include investments in bonds. Receivables from credit institutions and clients, short-term debt securities and the State's debt obligations are recognised at amortised cost plus any costs directly attributable to the acquisition. After initial recognition, receivables are measured at amortised cost using the effective interest rate method.

The Group has shares and participations that are not publicly quoted and that are recognised at fair value through profit or loss (FVTPL). In the consolidated financial statements, the measurement is presented at acquisition cost which, according to the Group's estimate, equals the fair value of the shares. The unlisted shares and participations owned by the Group are strategic investments or involve special contractual terms that are dependent on the shares' acquisition cost so that in practice, the acquisition value of investments equals their fair value.

In addition, the Group has venture capital investments that are measured at fair value, and the change in the value is carried through profit or loss and presented in the income statement under the item *Gains/losses from financial instruments carried at fair value through profit and loss and net income from foreign currency operations*. For classification of financial assets in accordance with IFRS 9, see Note E14 *Financial instruments classification and fair values*.

Finnvera has no financial assets or liabilities held for trading.

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

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

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

Classification of financial assets in accordance with the IFRS 9 standard

The financial asset classification model is based on the asset's cash flow characteristics and business model (Table 1).

Table 1: Classification of financial assets:

The financial asset items on the balance sheet:	IFRS 9 classification:
Cash deposits, investment accounts, fixed-term deposits	Amortised cost
Loan receivables from clients	Amortised cost
Certificates of deposit, local authority papers and commercial papers	Amortised cost
Investments in bonds	At fair value through comprehensive income or at fair value through profit or loss
Shares and participations	At fair value through profit or loss

The business model with the objective of holding the financial assets to collect contractual cash flows encompasses loan receivables from clients, short-term debt securities and deposits. These financial assets are recognised at amortised cost using the effective interest rate method and generally held until maturity but may be realised, for example, due to an unexpected need for financing, if necessary. The assets are recognised from the settlement date.

The objective of the business model is to collect the contractual cash flows and to sell the financial assets. According to Finnvera's asset management policy, it has been decided that investments in bonds under this business model may be sold, if necessary, to maintain daily liquidity or a certain interest profile, among other things. In line with this business model, sales transactions recur more frequently and are larger. Investments in bonds are carried at fair value through comprehensive income without implicit costs of trading (bid/ask spread). Investments in bonds under other business models are mandatorily recognised at fair value through profit or loss. Investments in bonds that do not meet the SPPI (Solely Payments of Principal and Interest) criteria of IFRS 9 are mandatorily recognised at fair value through profit or loss.

The Finnvera Group specifically classifies certain financial assets hedged with interest rate and currency swaps as assets designated at fair value through profit or loss (fair value option). Finnvera introduced hedge accounting for financial assets during reporting period 2019. Before this, financial assets hedged with derivatives were carried at fair value through profit and loss. Due to their small number, these items were not reclassified as financial assets within the scope of hedge accounting. This is why the balance sheet continues to show financial assets carried at fair value through profit or loss.

Classification of financial liabilities in accordance with the IFRS 9 standard

The classification of Finnvera's financial liabilities is presented in the table below (Table 2).

Table 2: Classification of financial liabilities

Financial liability items on the balance sheet:	IFRS 9 classification:
Liabilities to others	Amortised cost
Debt securities in issue	Debt securities in issue included in hedge accounting are measured at amortised cost and fair value with regard to the hedged risk
Debt securities in issue	Not included in hedge accounting; measured at fair value through profit or loss (fair value option)
Derivative contracts	At fair value through profit or loss (mandatory)
Subordinated loans	Amortised cost (*concerns only comparison year*)

Financial liabilities carried at fair value through profit and loss include debt securities in issue that fall outside hedge accounting, and derivative contracts. Other financial liabilities, including debt securities in issue that are covered by hedge accounting, liabilities to credit institutions, liabilities to other institutions and intra-group liabilities, are recognised at amortised cost. The debt securities in issue that are covered by hedge accounting are recognised at amortised cost adjusted with the fair value of the risk being hedged. In practice, this means that a promissory note is only carried through profit or loss for the part of the hedged risk (interest).

In Finnvera's financial liabilities, bonds in issue were classified so that issued bonds that fall outside hedge accounting are measured using the fair value option in line with the FVTPL method. This method has been used for liabilities that were hedged with cross-currency swaps in other than euro denominations. One of the features of the financial liability classification model is that gains and losses resulting from an increase or decrease in the entity's credit risk are recognised in other components of comprehensive income, instead of them being recognised through profit or loss. This applies to financial liabilities that the entity has chosen to carry at fair value. The share of credit risk in changes in fair value is identified and calculated by carrying a promissory note at its moment of issue margin on the reporting date and comparing the ensuing change in fair value to the changes in fair value of the entire promissory note. The change in fair value resulting from the change in the margin is recorded in comprehensive income items.

State subsidies and grants received for the purpose of acquisition of subsidiaries are also classified as other financial liabilities because of their repayment obligation. Other financial liabilities are recorded on the balance sheet at the amount of the consideration received, adjusted for any transaction costs incurred, and measured at amortised cost using the effective interest rate method.

Finnvera no longer had subordinated loans on its balance sheet at the end of the reporting year 2021.

Recognition and derecognition of financial assets and liabilities

Loans and other receivables are recognised on the balance sheet when a client takes out a loan; financial assets and derivative contracts are entered on the balance sheet using trade date accounting, and financial liabilities are entered when the consideration is received.

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

Hedge accounting

Finnvera applies hedge accounting to some of the bonds issued. The purpose of hedge accounting is to balance the period-specific impact on the profit resulting from fair value changes caused by changes in market interest rates. Finnvera applies IFRS 9 compliant hedge accounting to all hedging relationships. Fair value hedge accounting is also applied to some of the debt securities.

The hedging derivatives are carried at fair value through profit or loss in compliance with the IFRS. In order to achieve the goals of hedge accounting, only change in value due to changes in market interest rates is taken into account in the valuation of hedged liabilities. Finnvera's credit risk and other factors affecting the market value of liabilities are not included in hedge accounting.

For investments, a corresponding change in value due to changes in market interest rates is recognised in the income statement. The credit risk of an investment and other factors affecting the market value are not included in hedge accounting. Investments recognised at amortised cost are only carried at fair value for the part of the change in value in market interest rates. If investments are carried at fair value through other comprehensive income, other changes in value besides those resulting from changes in market interest rates are included in the comprehensive income. In earlier financial periods, Finnvera has taken out individual long-term cross currency swaps to cover foreign currency commitments. Cash flow hedge accounting, the purpose of which is to hedge against changes in the variable interest rates of USD denominated items, has been applied to these hedge relationships. Consequently, this protects funding and export credits at variable interest rates hedged with cross currency basis swap derivative contracts (*floating-floating*). The cross currency basis of the derivative is not part of the hedging relationship, and the change in basis spread is recorded as an expense in the item *Cost of hedging* in comprehensive income.

Change in market interest rates, of which other change in value of a hedging derivative is regarded as consisting, is recorded under the separate item *Cash flow hedging reserve* in comprehensive income.

Financial assets and liabilities included in hedge accounting and their result are presented in Note *E10 Derivatives and hedge accounting*.

Determination of the fair value of liabilities and derivative contracts

The fair value of derivative contracts and financial liabilities recognised at fair value through profit or loss is determined using a method based on the current value of cash flow, in which calculations are based on market interest rates and other accounting information on the end date of the financial period. The fair values of derivative contracts are equivalent to the average market price in situations where the Group would transfer or sell derivative contracts in normal business operations under market conditions on the end date of the financial period. The credit risk associated with derivative contracts is reduced by means of collateral arrangements.

The fair values of derivative receivables include the Credit Value Adjustment (CVA) of counterparty risk. The CVA has been calculated per counterparty. The calculation takes into consideration the cash collaterals received from the counterparty. With regard to derivative liabilities, the

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company has estimated the Debit Valuation Adjustment (DVA) of its credit risk to be neutral, based on the State's guarantee.

Finnvera only has Collateralized-to-Market (CTM) derivative contracts, in which the daily payment paid based on change in fair value is treated as cash collateral for the derivative contract. Finnvera has no Settled-to-Market (STM) derivative contracts.

Calculation of expected credit losses (ECL)

When calculating expected credit losses (ECL), the Group adheres to the same general principles as the banking sector in general. The ECL calculation formula is PIT-PD (point in time probability of default) x EAD (exposure at default) x LGD (loss given default). Calculation is specific to each financing instrument and carried out according to stage 1, 2 or 3 depending on whether the credit risk of the financial instrument on the reporting date is significantly higher than at the moment when it was originally granted. Factors that have an impact on a significant increase of the credit risk include the client's financial situation (e.g. bankruptcy), a change in the risk classification, payment behaviour or the financial instrument product used by the client. A significant change in credit risk is determined by estimating the difference in the life-time expected PIT-PD between the granting date and the reporting date. The change in stages in domestic financing is also affected by the clients' payment behaviour: a payment delay exceeding 30 days (stage 2) or 90 days (stage 3). Guarantee receivables and receivables from export credit and special guarantee operations on the balance sheet are also handled according to stage 3 as they have already been compensated to a third party. The bases on which stages (1, 2 and 3) are determined are described in more detail in Tables 3 and 4. Expected credit loss is recorded for assets on accounts and fixed-term deposits as well as investments.

During the coronavirus pandemic, ECL calculations are particularly affected by the macroeconomic forecasts used in PIT-PD and the significant weakening of risk categories in certain industries. Due to the pandemic, an 80 per cent loss compensation rate remains valid in domestic financing.

The uncertainties requiring management discretion with impacts on the ECL calculation are changes in risk categories, macroeconomic scenarios and their probability in the PID-PD on the closing date of the reporting period. Despite forecasts made during the previous year, the negative economic development expected in 2021 did not materialise. Forecasts put Finland's GDP growth at 3.5 per cent in 2021. Economic growth has been boosted especially by a high level of activity in exports of goods in the paper and pulp, electrical and electronic sectors. Significant growth in the vehicle industry has also sustained good economic growth. As a whole it can be said that the coronavirus pandemic has had little impact on the PIT-PD values of domestic financing, and the numbers of bankruptcies have been moderate. In export financing, the PIT PDs also mainly improved from the previous year. Forecasts put economic growth in developed countries at 5.2 per cent in 2021. It is difficult to predict if economic growth both in Finland and globally will remain a short spurt, as it is threatened by mounting political tensions in Europe and potentially new restrictions necessitated by the coronavirus pandemic globally.

Based on the current information, it is very difficult to predict the speed of recovery in cruise shipping, the sector which has been the hardest hit by the pandemic. A significant risk persists, and if there are further negative impacts on risk subjects' business, the Group may have to increase the loss provisions for export financing or recognise final losses.

Calculation model of expected credit losses (ECL) in domestic financing

ECL calculation takes place on a financial instrument-specific basis. When financing is being granted, Finnvera's risk classification model is used to determine a risk category and risk classification score for the client. A process has been defined for checking regularly that the risk classification is up to date. Risk categories and ranges of risk scores are assigned PD values that are based on averages derived from Finnvera's own data since 2000. In ECL calculation according to IFRS 9, long-term TTC (through-the-cycle) values are converted into future PIT-PD (*point-in-time-probability of default*) values by using the actual values of the last four quarters as the basis. These values are further refined with macroeconomic forecasts, which include the management's judgment. The basic scenario for the macroeconomic forecasts is the average of the forecasts that five different forecast institutions have given regarding the development of the key indicators of the Finnish economy in a three-year period. The indicators are gross domestic product (GDP), inflation and unemployment rate. Three projections are prepared: a basic estimate, positive estimate and negative estimate. Stressed values based on the European Central Bank's latest stress test are used as a basis for the negative estimate. The actual PIT-PD calculation with different scenarios is carried out with the vector autoregression model (VAR), the parameters of which make use of Finnvera's own annual PD history. The valuation is based on actual bankruptcies over 12 months in the previous four quarters. After scenario-specific calculation, the PIT-PDs used in IFRS calculation are determined with the aid of the management's estimate. The management's estimate may be based on the weighting of the probabilities of different scenarios or other experience-based estimates. The life-time expected PIT-PD needed in ECL calculation is calculated from transition probabilities, which have been derived from risk category transition matrices, and estimated risk category-specific, long-term cumulative PIT-PDs. The short average maturity of credits and guarantees in domestic financing means that, when calculating the life-time ECL, the significance of estimated cash flows after the second year remains low.

The LGD estimate takes into account collaterals specific to each financing arrangement that decrease the expected credit loss amount. According to the risk model defined by Finnvera, LGD refers to the collateral risk, or collateral shortage. As the fair value of a collateral is based on the situation at the time of the estimate and may change later during the financing arrangement, a collateral value, which is a certain percentage of the fair value of the collateral, is determined separately for the collateral. The determination of the collateral value is a way to prepare for, for instance, the deterioration of the quality of the collateral object or a decrease in the realisation price of the collateral object due to an economic downturn.

In domestic financing, expected credit loss is calculated using loan receivables from clients, valid guarantees, export credit guarantees and special guarantees, guarantee receivables and receivables from export credit and special guarantee operations, interest receivables and fee and commission receivables. Investments recognised at fair value through other comprehensive income and domestic financing's investments in bonds are included in the calculation of expected credit loss. Their ECL amount is presented in the fair value reserve. Contingent liability items, domestic financing's credit commitments and guarantee offers are also included in the calculation of expected credit losses. The expected credit loss of off-balance sheet items is recorded as provisions.

In the expected credit loss calculation, the State's credit loss compensation reduces Finnvera's expected credit losses. The State's credit loss compensation applies to the loans (*loan principal and interest receivable*) and guarantees (*only the guaranteed amount*) granted by Finnvera's domestic financing operations. The credit and guarantee loss compensation rate for domestic financing remains at 80%. At the end of the financial year, the PIT-PD model was updated with macroeconomic scenarios. Of the three different macroeconomic scenarios, the basic projection was chosen for the PIT-PD model, according to which Finland's GDP will increase by 3.5 per cent in 2021. The other projections also put GDP growth between 3.3 per cent and 3.8 per cent. The projections included corresponding GDP forecasts for 2022–2025.

Recognition principles of realised credit losses

In accordance with Finnvera's internal operating principles, the portion of a receivable in collection that is deemed possible to collect from the debtor through securities or other securing procedures will remain in bookkeeping. In 2019, a portfolio-based estimate was implemented for receivables with capital denominated in a specific euro amount. The threshold limit is calculated on a client-specific basis and includes only the receivable capital. Capital receivables that exceed the threshold limit are processed on a debtor-specific basis.

A credit loss of 70 per cent is recognised on the receivables capital and the interest accumulated on the full capital for the receivables that meet the conditions. On the portfolio level, the recording percentage corresponds to the estimate of the amount deducted by the value of securities.

In accordance with the definition, the relevant receivables are, almost without exception, in stage three (3) in the ECL calculation. An impairment loss in accordance with the ECL calculation is recorded on the receivables, and this recognises the collateral shortage of the receivable as an expected credit loss (ECL). The principles of determining different stages for individual financial instruments are provided in table 3 (Table 3).

In domestic financing, Finnvera applies the harmonised EU definition of non-performing exposure. The following are reported as non-performing exposure: receivables that are more than 90 days overdue; receivables subject to impairment losses; receivables from clients that have applied for restructuring or are in the process of restructuring; guarantee receivables; and bankruptcy receivables.

For domestic financing credits and guarantees within the scope of the State's loss compensation, Finnvera receives compensation for 80 per cent of the actual credit losses incurred. The credit loss compensation received from the State is reported under the item "Realised and expected credit losses".

Table 3: Determination of ECL calculation stages, domestic financing

Factor determining the stage	Stage 1	Stage 2	Stage 3
The credit risk has not significantly increased from the moment the financial instrument was granted to the moment the situation is reviewed	x		
Zero-interest loans and subordinated loans		x	
Payment behaviour: receivable that is more than 30 days overdue		x	
Payment behaviour: receivable that is more than 90 days overdue			x
Significant risk increase in the client's risk category		x	x
Guarantee receivables			x
Client's legal status (bankruptcy etc.)			x
Other clients in the risk category D			x
Debt holidays		x	

Expected credit loss (ECL) calculation model in export credit guarantee and special guarantee operations

Export credits always include an export credit guarantee granted by the parent company. Due to this, the expected credit loss (ECL) on export credit guarantees in the parent company's separate financial statements is presented as provisions in its entirety, but in the consolidated reporting, the portion that concerns export credits in a subsidiary's balance sheet is deducted from the figure. The expected credit loss is recognised as a provision for export credit guarantees which do not include the subsidiary's export credit. In export financing, loss allowances concern receivables from clients in the consolidated balance sheet to the extent that the loss allowances concern export credit granted by the subsidiary. Expected credit loss also applies to receivables from export credit and special guarantee operations in export financing. The expected credit losses of both receivables from export credit and special guarantee operations in export financing and export credit guarantees are assessed per financial instrument, with the exception of export credit guarantees of less than EUR 2 million. The expected cash flow is estimated as receivables from export credit and special guarantee operations and the cash flow is discounted at the effective interest rate to the present value. To protect itself against credit risk, Finnvera uses reinsurance in its export credit guarantee financing.

Expected credit loss calculation is substantially influenced by the following factors: how large a change in the probability of default indicates a significant increase in credit risk and what kinds of macroeconomic scenarios are used in ECL calculations. In export financing, undrawn export credit guarantees are included in the calculation of expected credit loss. A special characteristic of export financing is that the schedules for drawing credits covered by guarantees can extend for years ahead. As a result, undrawn guarantees are not fully taken into account in export financing when calculating expected credit loss. The further in the future the drawing date of the loan covered by the guarantee is, the lower the multiplier used for the undrawn guarantee when taking it into account in expected credit loss. In export financing, group-specific ECL calculation only applies to export credit guarantees that do not exceed EUR 2 million. Their significance for Finnvera's overall export financing exposure is non-essential. Guarantee premiums paid in advance, which reduce the expected credit losses, have been included in the ECL calculation.

The LGD value and the risk category are updated at least once a year in export financing. The LGD, the share of expected loss given default and risk category, has an essential impact on ECL calculation. The expected credit loss calculation model also includes forward-looking, i.e. macroeconomic, scenarios. These scenarios are taken into account in the PIT-PD model, in which one of the variables is the change of the world gross national product and its forecast. They increase or decrease expected losses depending on economic forecasts. The management's judgment especially covers macroeconomic scenarios. The principles of determining different stages for individual financial instruments are provided in table 4 (Table 4). The macroeconomic forecast used in export credit guarantee and special guarantee operations was the advanced economies' gross domestic product (GDP) forecast for 2021 and 2022 published by the International Monetary Fund (IMF) in October 2021, according to which the GDP of advanced economies is expected to increase by 5.2 per cent. This projection was weighted using three different scenario probabilities; strong recession 50 per cent, weak forecast 30 per cent and normal forecast 20 per cent. The negative impacts on the economy and particularly certain industries caused by the coronavirus pandemic are expected to continue over a longer time. However, the IMF forecast for 2021 is positive. The expected credit losses in export credit guarantee and special guarantee operations have nevertheless been kept at EUR 1,295 million. Especially cruise shipping continues to suffer from the consequences of the coronavirus pandemic, which means that the expected credit losses of individual risk subjects remain significant. In Finnvera's view, a significant risk of losses persists.

Table 4: Determination of ECL calculation stages, export financing

Factor determining the stage	Stage 1	Stage 2	Stage 3
The credit risk has not significantly increased from the moment the financial instrument was granted to the moment the situation is reviewed	x		
Significant risk increase in the client's risk category		x	x
Receivables from export credit and special guarantee operations			x
Client's legal status (bankruptcy etc.)			x
Other clients in the risk category D			x
Debt holidays		x	

A10 Leases

Finnvera enters into operating leases both as a lessee and as a lessor. Lease payments payable and receivable under operating leases are recognised as income or expense through profit or loss on a straight-line basis over the lease term.

In the calculation model of right-of-use assets according to IFRS 16, discretionary assumptions and judgments are the time period of lease contracts and weighted average additional credit interest. Depreciation, amortisation and interest expenses are recognised for the right-of-use asset.

Leases that are classified as right-of-use assets referred to in IFRS 16 include lease agreements on office properties, vehicle leases and certain lease agreements on applications. More detailed notes on the impacts of IFRS 16 on the parent company's balance sheet and result are available in Notes E4 Intangible and tangible assets. The Group's subsidiaries do not have right-of-use assets referred to in IFRS 16.

A11 Accounting principles requiring the management's judgment and the key sources of estimation uncertainty

Financial statements drawn up according to the International Financial Reporting Standards (IFRS) require the management's judgment and assumptions that affect the items reported in the consolidated financial statements and in the Notes to the accounts. The management's estimates and assumptions are based on experience, historical data, and future forecasts. Changes in estimates and assumptions are entered into the accounts for the periods when the estimates or assumptions have undergone changes and for all subsequent periods. The final figures realised may differ from these estimates.

Expected credit losses (ECL)

At Finnvera, the essential assumptions and judgments concern the assessment of expected credit losses for clients' loan and other receivables, exposure for export credit guarantees and other guarantees, and export credits. Recording expected losses requires the management's judgment of calculation components affecting ECL calculation, such as credit loss probabilities (PIT-PD), macroeconomic scenarios and their weighting as well as the expected receivable-related cash flows, their timing and the effective interest rate. Management's assessments related to the IFRS 9 standard are covered in more detail in item *Calculation of expected credit losses* (ECL) in the accounting principles.

In connection with the preparation of these financial statements, the management's estimates related to the Group's accounting principles and key uncertainties were similar to those applied in the previous financial statements, with the exception of macroeconomic scenarios used in ECL calculation and their weightings for domestic financing, as well as changes in the risk categories of individual risk objects. The on-going pandemic and the resulting difficult financial situation of cruise shipping industry as well as financial losses incurred by the Group from possible bankruptcies do not so far give grounds for the elimination of expected credit losses in the financial statements for 2021.

Provisions and contingent liabilities according to IAS 37

Recording provisions for a known obligation requires the management's judgment of expenses resulting from the fulfilment of the obligation. Actual expenses and their realisation date may differ considerably from these.

A possible obligation that has emerged as a consequence of a previous event and the existence of which will be ensured later and is not completely in the entity's control is reported as a contingent liability pursuant to IAS 37.

It is proposed that the amount of the EUR 349 million fund payment received in 2020 will be treated as a contingent liability referred to in IAS 37. By a separate decision of the Annual General Meeting, this amount will be reimbursed to the State Guarantee Fund from profits made in export credit guarantee and special guarantee operations in the coming financial years once the retained earnings have increased the reserve for export credit guarantee and special guarantee operations on the balance sheet to EUR 829 million.

Under section 4 of the Act on the State Guarantee Fund, the State is responsible for export credit guarantees and special guarantees granted by Finnvera. Under section 5 of the Act, the State covers the losses of the said operations to the extent that the losses cannot be covered by retained earnings from earlier years accumulated in the reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet. Any losses exceeding the reserve for export credit guarantee and special guarantee operations is covered by paying Finnvera a loss compensation that equals the deficit from the State Guarantee Fund (fund payment). If Finnvera's losses are covered with a fund payment from the State Guarantee Fund, profits from export credit guarantee and special guarantee operations in future financial periods or part thereof can be transferred to the State Guarantee Fund as a fund reimbursement under the Act on the State Guarantee Fund. The decision on this matter is made by the General Meeting of Shareholders of Finnvera by the proposal of the Board of the State Guarantee Fund.

For the financial period 2020, Finnvera received a fund payment of EUR 349 million from the State Guarantee Fund to cover the losses of the export credit guarantee and special guarantee operations for the financial period. As a result of this, Finnvera has a statutory obligation to reimburse the fund payment from any future profits from export credit guarantee and special guarantee financing in the coming years. Finnvera's export credit guarantee and special guarantee operations turned a profit in 2021, but Finnvera has not recorded a fund reimbursement in its financial statements, as the Ministry of Economic Affairs and Employment decided on 22 December 2022 that the repayment of funds to the State Guarantee Fund on the basis of profit turned in export credit guarantee and special guarantee operations will only be made when the reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet has reached the pre-pandemic level of EUR 829 million. At the end of financial year 2021, there are no funds in the reserve for export credit guarantee and special guarantee operations.

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B Risk management

IFRS consolidated financial statements, notes to risk management

The principles, role and responsibilities of risk management
Finnvera's operational objectives in contributing to financing the growth, internationalisation and exports of enterprises and the strategies to achieve these objectives form the foundation of risk management. Finnvera supplements the financial market and takes greater credit risks than providers of financing that operate on commercial grounds. Credit risk is the principal risk type for the Finnvera Group.

Other key risks are market and liquidity risks as well as operational risks associated with activities. Risk management is of central importance for maintaining the Finnvera Group's ability to take risks and for attaining the company's long-term goal of financial self-sustainability. Finnvera's Board of Directors and executive management are responsible for arranging and organising internal control and risk management. The Board of Directors approves Finnvera's risk appetite, internal control policy, credit policy, credit decision-making powers, asset management policy as well as the market and liquidity risk policy at least annually.

In internal control and risk management, Finnvera applies a "three lines of defence" model. In this model, business areas and other support operations at the first line of defence own the risks and are primarily responsible for risk management.

The second line of defence is the Risk Control function, which works independently of Finnvera's business areas. It is responsible for monitoring and evaluating risk management in Finnvera Group and assessing the Group's risk position in relation to the risk appetite decided by the Board of Directors and set out in the strategy.

The Risk Control function reports to the company's Management Group, the Board of Directors' Risk Committee and the Board of Directors.

Additionally, Finnvera has a Compliance function, which is independent of the business areas and which ensures that the organisation operates in compliance with regulations and its internal operating principles. Compliance monitoring observations are reported to the company's Management Group, the Board's Risk Committee and the Board of Directors.

The third line of defence is internal auditing which reports directly to the Board of Directors.

Risk appetite and risk policies
Finnvera has defined risk appetites for all major risk types. Finnvera's risk appetite has been determined ensuring that the company meets the ownership and industrial policy goals over the long term in relation to capitals and earnings power. Key indicators are the level of capital adequacy in domestic financing, the internal capital requirement (VaR and Expected Shortfall), the level of liquidity, interest rate risk and the expected loss of the credit and investment portfolios. The company must be self-sustainable over the long term. As for liquidity risk, Finnvera secures liquidity for a period defined in advance so that the financing of export credits and lending to domestic SMEs can be managed. Regarding market risks, Finnvera does not take visionary interest rate or currency risks and strives to keep the risk within defined risk-taking limits, using derivatives for hedging if necessary.

The risk appetite for operational risks has been derived from the ISO 9001 quality standard used by the company and, where applicable, regulations and guidelines issued by the Financial Supervisory Authority (08/2014). Key risk indicators for operational risks are identified by a decision of the Board of Directors.

The State compensates Finnvera for some of the losses incurred in SME financing. During the economic cycle, the company must cover its share of domestic credit and guarantee losses incurred with cash flow financing. Apart from the buffer of accumulated equity, the State Guarantee Fund and ultimately the State of Finland secure the foreign country, bank and enterprise risks associated with export credit and export guarantee operations. In the long term, profits from operations must cover the operating expenses and losses. Finnvera takes controlled credit risks and hedges against risks or minimises them in accordance with the internal limitations.

Finnvera's risk-taking is based on targets set by the owner for impact and profitability. Risk-taking pertaining to financing is steered by means of the credit, hedging and country policies approved by the Board of Directors. The factors that influence risk-taking pertaining to SME financing include risk-taking targets derived from strategic focus areas, which take into account differences in the client segments' needs and operating environments. Reinsurance is used to hedge against some credit risks in export credit guarantee operations.

Finnvera's subsidiaries Finnish Export Credit Ltd., Veraventure Ltd. and ERDF-Seed Fund Ltd. (until 30 September 2021) are controlled by the parent company and fall within the scope of risk control and internal auditing practised in the Group. Finnish Export Credit Ltd.'s tasks are to finance Finnish exports by granting officially supported export and ship credits that are in line with the OECD Arrangement on Officially Supported Export Credits, as well as to manage the interest equalisation system related to it. For information on ERDF-Seed Fund Ltd. and Veraventure Ltd., see the section on venture capital investment.

Credit and guarantee risks and risk classification systems
In Finnvera, credit risk arises from a contractual credit or guarantee counterparty. The reason for a credit loss may be the inability of the enterprise, bank or sovereign counterparty to fulfil their commitments.

Risks are assessed per counterparty by issuing an enterprise or a bank a credit risk rating based on its realised insolvency history per risk category, i.e. probability of default (PD). Risk classifications are updated regularly based on the financial statements information or other information at least once a year. Risk classification also includes an estimate of the loss given default (LGD).

Risk-taking is based on an analysis of the counterparty enterprise's management, business and finances. The scope of the analysis is proportional to the project's estimated risk level and scope. In SME financing, the Credit Decision Unit is responsible for assessing the credit risk classification, risk rating and financing proposal.

With regard to export financing and in large projects, a designated analyst is responsible for the risk rating. In export financing, the export countries are also classified in accordance with the OECD principles into eight classes subject to individual country policies based on the projects to be financed.

In export projects, both the country and risk classification and the country policy impact the exposure that can be accepted.

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

Finnvera's Large Corporates unit uses symbols corresponding to the S&P scale. SME financing adopted the same practice during 2021.

In 2021, Finnvera introduced the European Banking Authority's (EBA) definition of insolvency as part of developing the rating scales.

Financing decisions are made by the Board of Directors or by the company's decision-making bodies in accordance with the decision-making authority delegated by the Board.

Monitoring of credit risks

Client monitoring takes place through annual analysis of the client enterprise's financial statements, regular contacts with the client and through monitoring the client's payment behaviour and operations. In its monitoring, Finnvera utilises data from its own control systems, from beneficiaries of domestic guarantees and export credit guarantees, and from public registers on payment defaults. Elevated client risks are taken under special monitoring and, if necessary, a special monitoring report is drawn up on the client every six months. Finnvera applies an impairment procedure in accordance with IFRS 9.

The concentration of risks in counterparties, sectors and countries is monitored regularly. Risk appetite defines, in principle, maximum exposures for corporate counterparties and for country-related concentration risks.

In SME financing, credit policy defines the maximum exposure of an individual counterparty. Decisions greater than this maximum must be justified separately to the company's Board of Directors and, whenever necessary, to the guiding ministry. In export financing, such instruments as reinsurance agreements are used to hedge against risks associated with individual counterparties and concentrations.

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

The Risk Control function provides the Board of Directors and the management with quarterly reports on the risk-taking realised in relation to risk appetite and goals. In addition, the company's reporting system generates constant reporting based partly on daily and monthly data. The main indicators in Finnvera's risk management are the distribution of the current credit and guarantee exposure and the change in exposure by risk category, payment delays, any risk concentrations and non-performing receivables.

In SME financing, the LGD estimate is largely based on the value of collateral, whereas in export credit guarantees it is based on a separate estimate of recoveries. The level of risk-taking in relation to outstanding exposure, financing granted, and export credit guarantees is described by using the anticipated statistical value of credit losses (anticipated loss), the total loss and the credit losses realised. These are reported quarterly. The confidence interval applied by Finnvera in the assessment of the total loss is Expected Shortfall 99.5 per cent.

Market risks

Finnvera does not engage in trading in its investments. A small amount of market risk arises in the balance sheet in connection with investing liquid assets and funding. The key risk sources in the portfolio are concentration, credit, counterparty, currency, interest rate and liquidity risks. The aim is to invest liquid assets in instruments where investments can be kept until maturity. If necessary, the company's overall risk position is hedged with derivative instruments. An effort is also made to hedge against risks so that the net effect of market changes on financial performance would be slight.

At Finnvera, interest rate risks arise when interest rates for borrowing and lending are determined at different times and when there are structural interest rate risks associated with equity. The interest rate in domestic lending intended for SMEs is mainly based on the 6-month Euribor, whereas the interest rate in export financing is based either on the 6-month Euribor or on the 6-month USD-LIBOR. Interest determination dates are distributed fairly evenly over the various banking days throughout the year. Borrowing takes place in larger individual sums, and often with a fixed interest rate. In the event that borrowing is based on a reference rate other than the 6-month Euribor (or USD-LIBOR), the reference rate is converted to the 6-month Euribor (or USD-LIBOR) by using interest rate swaps when the loan is taken out. The interest rate risk arising from differences in the timing of interest determination days between borrowing and lending is controlled by striving to distribute the interest determination days for borrowing evenly over different months. Finnvera monitors the ongoing interest rate benchmark reform, assesses its impact on the company and prepares for the different future benchmark rate options.

The entire loan portfolio of Finnvera's SME financing is denominated in euros, whereas export financing uses both euros and US dollars. Finnvera acquires funds from a number of markets and in many currencies. To control the currency risk, the funds acquired are converted into euros or dollars by using currency swaps. Cash assets are also invested in the relevant currencies. The remaining currency risk is hedged using currency derivatives, if necessary. Finnvera's goal is to keep both the interest rate risk and the currency risk low. Risks are monitored actively, and the company's management and the Board of Directors receive regular reports on them.

Liquidity risk

Finnvera acquires long-term financing mainly within the EMTN programme and, from 2022, short-term funding within the ECP facility. The programmes are guaranteed by the State and have the same credit rating as the Republic of Finland. These programmes help distribute the acquisition of funds across several markets and investors.

Finnvera's Board of Directors approves the principles of liquidity management. According to these principles, the liquidity buffer must at any given time cover the payments stressed for the next 12 months without new borrowing, also in the so-called stress scenario. The principles also determine the extent of funding gap the company can accept in the longer term. Liquid assets are invested in assets that have a high credit rating. Finnvera's Treasury is responsible for practical tasks associated with borrowing and liquidity management. The company's accumulated equity is an important element of the acquisition of funds for lending.

The potentially high claims arising from export credit guarantee operations may lead to a sudden need for liquidity that is greater than normally. Sudden changes in the financial markets may also impair the availability of financing. To prepare for the realisation of such liquidity risks, Finnvera has entered into contractual arrangements with the State Guarantee Fund and the State of Finland, among others.

Finnvera assesses the adequacy of liquidity through an internal ILAAP process that includes stress tests and scenario analyses, aimed at anticipating unfavourable circumstances.

Operational risks

An operational risk is a risk of loss caused by insufficient or inoperable internal processes, systems, human resources or external events. Operational risks also include IT, information security and data protection risks, legal risks and the risk of damage to reputation. A loss resulting from an operational risk may materialise as higher costs, lower profits, sanctions or lost reputation, for instance. Risk Control is responsible for developing the management of operational risks. The process teams and units are responsible for implementing practical measures. Finnvera has a full-time Security Manager who is also responsible for administrative information security and physical safety, as well as a Data Protection Manager, who also serves as the company's Data Protection Officer and coordinates data protection regulation and actions in the company. Potential risks have been charted and the severity of any consequences they might involve has been assessed for all core business areas and key support units. In addition, Finnvera has drawn up risk scenarios that, if realised, would have serious consequences for the company's operations. Responsibility for taking action to avert the risk scenarios and other severe risks has been divided between the various organisational units in line with their tasks. The management of operational risks is closely linked to the company's quality management. Finnvera has an ISO 9001 quality certificate.

Efforts to protect the company against operational risks include introducing internal control mechanisms, developing processes, information systems and the quality of operations, and taking out insurance against risks.

A Compliance function that is independent of business operations ensures compliance with regulations in the company's operations.

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

Venture capital financing

Venture capital financing in the Finnvera Group was carried out by ERDF-Seed Fund Ltd. This company no longer made new capital investments in 2021, and at the end of September, the company's entire share capital was transferred to Finnish Industry Investment (Tesi). Veraventure Ltd. no longer engages in capital investment financing.

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Capital management, capital adequacy and external risk weight
Finnvera calculates its capital adequacy for financing according to the principles of the Basel III standard method, even though Finnvera is not officially required to apply this method. Owing to the nature of its business, Finnvera must ensure that the amount of equity is sufficient in relation to the credit risks taken. The Ministry of Economic Affairs and Employment has set a minimum capital adequacy target of 15 per cent for Finnvera's domestic operations. Finnvera will assess the adequacy of capital in the coming years through an internal CAAP process that includes, among other things, stress tests and scenario analyses, aimed at anticipating unfavourable circumstances.

Economic capital is calculated with a commonly used credit risk model (VaR and Expected Shortfall). The model considers the probability of default for the risk objects and the loss resulting from the exposure should the default be realised. Internally, Finnvera's aim is to attain as much economic capital as is needed to cover the annual losses arising from credit risks and counterparty risks with a certainty of 99.5 per cent. In addition, capital is reserved for market and operational risks.

Equity and retained earnings are allocated to the reserve for domestic operations and to the reserve for export credit guarantee and special guarantee operations. The State provides direct support for Finnvera's domestic financing by paying credit and guarantee loss compensation for final credit losses. Since the beginning of 2020, the compensation for credit and guarantee losses has been 80 per cent of the outstanding credit and guarantee exposure. In export credit guarantee operations the State of Finland is responsible, through such bodies as the State Guarantee Fund, for losses that may arise during the financial period and exceed the assets in the reserve for export credit guarantee operations.

Legislation ensures that, in the capital adequacy calculations of banks, the risk weight of Finnvera's guarantees is the same as that applied to the liability of the State of Finland.

B1 Credit risks

(EUR 1,000)	Finnvera Group 31 Dec 2021 Gross	ECL	Net	31 Dec 2020 Gross	ECL	Net
Receivables						
Loans to and receivables from credit institutions – payable on demand	475,867	-193	475,674	418,675	-701	417,974
Loans to and receivables from credit institutions – other	138,507	-48	138,460	256,349	-369	255,980
Loans to and receivables from customers	8,573,271	-1,169,220	7,404,051	8,255,056	-1,167,447	7,087,608
Loans to and receivables from customers	8,441,763	-1,136,224	7,305,538	8,168,815	-1,137,230	7,031,585
Domestic financing debt securities	42,679	-	42,679	10,725	-	10,725
Guarantee receivables	42,806	-7,021	35,784	32,462	-5,407	27,055
Fee and commission receivables, export financing	1,838	-	1,838	2,999	-	2,999
Receivables from export credit guarantee and special guarantee operations	44,187	-25,975	18,212	40,054	-24,810	15,244
Debt securities	3,309,408	-319	3,309,090	3,465,712	-5,745	3,459,967
Derivatives[1, 2]	50	-	50	18,371	-	18,371
Credit and Guarantee loss receivables from the State	24,305	-	24,305	24,068	-	24,068
Interest receivables	85,807	-213	85,594	89,776	-386	89,390
Fee and commission receivables	7,793	-819	6,974	6,057	-465	5,591
Trade receivables of venture capital investments	4,698	-94	4,604	6,615	-132	6,483
Total	**12,619,706**	**-1,170,905**	**11,448,801**	**12,540,678**	**-1,175,246**	**11,365,432**
Contingent liabilities		**15,922,133**			**15,426,234**	

1 The figures presented is the sum of net receivables per derivative counterparty adjusted with cash collateral received. The net receivable including accrued interest before the adjustment of cash collateral received was EUR 370.5 million (EUR 872.4 million). Cash collateral received was EUR 370.4 million (EUR 854.1 million).
2 The comparative figure of derivative contracts has been corrected.

Debt securities by credit rating grades and sector

(EUR 1,000)	Finnvera Group 31 Dec 2021 Credit institutions	Corporates	Governments/ Municipalities	Total[1]	Finnvera Group 31 Dec 2020 Credit institutions	Corporates	Governments/ Municipalities	Total[1]
Risk class								
AAA	670,842	-	-	**670,842**	522,666	-	-	**522,666**
AA	561,474	50,029	919,681	**1,531,184**	755,703	39,965	665,795	**1,461,463**
A	819,134	31,648	45,792	**896,574**	1,023,343	19,934	46,696	**1,089,973**
BBB	90,475	119,997	-	**210,472**	139,447	201,798	-	**341,245**
BB	-	-	-	**-**	-	-	-	**-**
B	-	-	-	**-**	-	44,620	-	**44,620**
Total	**2,141,924**	**201,674**	**965,474**	**3,309,072**	**2,441,159**	**306,317**	**712,492**	**3,459,967**

1 Domestic financing debt securities EUR 42.7 million (EUR 10.7 million) are excluded from the figures presented above as they are included in the Note B2.

Domestic financing

Notes B2–B6 do not include export guarantees and export credit guarantees. The comparative figures have been updated to reflect the new presentation method.

B2 Loans and guarantees by credit rating, gross

Credit rating (EUR 1,000)	Finnvera plc 31 Dec 2021	%	31 Dec 2020	%
AAA	-	-	-	-
AA	722	0%	767	0%
A	27,762	1%	28,819	1%
BBB	178,570	7%	174,937	7%
BB	889,872	33%	906,099	37%
B	1,148,759	43%	1,113,806	45%
CCC	341,542	13%	166,249	7%
D	104,284	4%	69,925	3%
Total	**2,691,510**	**100%**	**2,460,602**	**100%**

B3 Loans and guarantees by sector, gross

Sector (EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
Rural trades	49,454	49,826
Industry	1,288,345	1,068,195
Tourism	298,959	295,423
Services to business	633,173	614,245
Trade and consumer services	421,579	432,914
Total	**2,691,510**	**2,460,602**

B4 Loans and guarantees by area, gross

Area (EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
Finland	2,691,510	2,460,602
Total	**2,691,510**	**2,460,602**

B5 Loans and guarantees, gross and collateral shortage

(EUR 1,000)	Finnvera plc 31 Dec 2021 Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	2,691,510	360,054	2,331,456	87

(EUR 1,000)	Finnvera plc 31 Dec 2020 Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
Total	2,460,602	339,098	2,121,504	86

B6 Doubtful receivables (gross) and aging of past due receivables

B6.1 Doubtful receivables

(EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
Receivables that are more than 90 days overdue	71,015	75,211
Other classified as insolvent	33,269	12,375
Default receivables, total	**104,284**	**87,586**

(EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
0 interest credits	15,227	14,370
Debt holidays for debt repayments[1]	25,977	-

Finnvera plc has implemented in 2021 EBA's definition of default and it has also taken place to follow debt holidays within the loans.
1 The comparison figures of the debt holidays are not available.

B6.2 Aging of past due receivables

(EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
1 day–30 days	21,053	5,314
31–60 days	6,526	4,050
61–90 days	6,213	4,952
Over 90 days	70,392	53,940
Total	**104,184**	**68,256**

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

The figures for the comparison year 2020 differ from reported loan principal.

Export and special guarantee financing

Notes B7–B9 include export guarantees. The comparative figures have been updated to reflect the new presentation method.

B7 Enterprise, bank and sovereign exposure by credit rating, gross

Credit rating (EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
AAA	105	109
AA	939	870
A	592	907
BBB	5,182	4,344
BB	2,949	3,560
B	10,100	8,343
CCC	1,685	3,504
D	88	83
No credit rating	968	610
Total	**22,608**	**22,330**

B8 Enterprise, bank and sovereign exposure by country risk classification, gross

Country risk classification (EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
0 – Advanced economy	17,758	17,123
1 – Very low risks	-	-
2 – Low risks	827	1,060
3 – Relatively low risks	754	1,064
4 – Intermediate risks	1,000	1,163
5 – Relatively high risks	1,495	1,396
6 – High risks	403	122
7 – Very high risks	123	195
No classification	250	207
Total	**22,608**	**22,330**

B9 Enterprise, bank and sovereign exposure by sector, gross

Sector (EUR 1,000)	Finnvera plc 31 Dec 2021	31 Dec 2020
Telecommunications	3,303	3,688
Cruise shipping	11,308	10,938
Pulp and paper	3,526	2,886
Mining and metals	693	290
Energy	606	616
Other industries	840	1,215
Others	2,332	2,697
Total	**22,608**	**22,330**

B10 Liquidity risk, maturity of assets and liabilities

(EUR 1,000)	Finnvera Group						
	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total	Carrying Amount
31 Dec 2021							
Assets							
Loans to and receivables from credit institutions – Payable on demand	475,867	-	-	-	-	475,867	475,674
Loans to and receivables from credit institutions – Investment accounts and deposits	88,292	-	-	-	-	88,292	88,245
Loans to and receivables from credit institutions – Export credit loans	1,034	5,932	26,981	19,298	-	53,245	50,215
Receivables from customers – Loans and debt securities	436,735	1,204,463	4,721,069	2,060,175	219,563	8,642,005	7,348,217
Debt securities	819,170	595,877	1,615,308	256,179	0	3,286,534	3,309,090
Total assets	**1,821,098**	**1,806,272**	**6,363,359**	**2,335,652**	**219,563**	**12,545,943**	**11,271,441**
Liabilities							
Liabilities to credit institutions	-	-	-	-	-	-	-
Liabilities to other institutions	-1,161	-10,111	-69,364	-	-	-80,636	-74,583
Debt securities in issue	-538	-1,110,813	-4,373,508	-3,033,649	-2,036,250	-10,554,757	-10,284,982
Total liabilities	**-1,699**	**-1,120,924**	**-4,442,872**	**-3,033,649**	**-2,036,250**	**-10,635,394**	**-10,359,566**
Derivatives							
Derivatives – receivables	29,976	124,061	375,870	217,383	51,269	798,558	370,910
Derivatives – liabilities	22	-4,809	-5,637	-51,044	-28,593	-90,061	-35,278
Derivatives, net	**29,998**	**119,252**	**370,232**	**166,339**	**22,675**	**708,497**	**335,632**
Assets, liabilities and derivatives, net:	**1,849,396**	**804,600**	**2,290,720**	**-531,658**	**-1,794,012**	**2,619,046**	**1,247,508**
Credit commitments[1]	-320,392	-1,020,132	-4,123,532	-	-	-5,464,057	-
Assets, liabilities, derivatives and credit commitments, net:	**1,529,004**	**-215,532**	**-1,832,812**	**-531,658**	**-1,794,012**	**-2,845,011**	**1,247,508**
Guarantees and export credit guarantees[2]							
Guarantees	-171,758	-626,862	-1,257,482	-	-	-2,056,102	-
Export credit guarantees and special guarantees	-161,268	-1,066,434	-1,704,324	-852,718	-2,113,256	-5,897,999	-
Total guarantees and export credit guarantees	**-333,027**	**-1,693,296**	**-2,961,806**	**-852,718**	**-2,113,256**	**-7,954,102**	**-**

(EUR 1,000)	Finnvera Group						
	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total	Carrying Amount
31 Dec 2020							
Assets							
Loans to and receivables from credit institutions – Payable on demand	418,675	-	-	-	-	418,675	417,974
Loans to and receivables from credit institutions – Investment accounts and deposits	199,470	-	-	-	-	199,470	199,094
Loans to and receivables from credit institutions – Export credit loans	1,053	5,595	25,722	24,304	-	56,674	52,885
Receivables from customers – Loans and debt securities	356,255	1,022,117	4,414,527	2,317,035	240,486	8,350,420	7,042,310
Debt securities	828,645	666,439	1,616,990	317,612	-	3,429,686	3,459,967
Total assets	**1,804,098**	**1,694,152**	**6,057,239**	**2,658,951**	**240,486**	**12,454,926**	**11,172,231**
Liabilities							
Liabilities to credit institutions	-	-	-	-	-	-	-
Liabilities to other institutions	-1,180	-1,161	-80,287	-	-	-82,629	-74,583
Debt securities in issue	-528	-851,746	-3,329,720	-4,060,763	-2,060,000	-10,302,757	-10,378,929
Total liabilities	**-1,709**	**-852,907**	**-3,410,007**	**-4,060,763**	**-2,060,000**	**-10,385,386**	**-10,453,512**
Derivatives							
Derivatives – receivables	4,053	108,736	320,169	325,404	91,086	849,448	850,820
Derivatives – liabilities	-3,241	-2,205	-7,322	-901	-	-13,670	-12,392
Derivatives, net	**812**	**106,530**	**312,847**	**324,503**	**91,086**	**835,779**	**838,428**
Assets, liabilities and derivatives, net:	**1,803,201**	**947,775**	**2,960,078**	**-1,077,309**	**-1,728,428**	**2,905,318**	**1,557,147**
Credit commitments[1]	-105,611	-778,199	-3,685,004	-1,243,332	-	-5,812,146	-
Assets, liabilities, derivatives and credit commitments, net:	**1,697,590**	**169,576**	**-724,926**	**-2,320,641**	**-1,728,428**	**-2,906,828**	**1,557,147**
Guarantees and export credit guarantees[2]							
Guarantees	-167,470	-601,811	-985,710	-3,628	-	-1,758,619	-
Export credit guarantees and special guarantees	-285,206	-344,677	-1,426,920	-576,456	-2,163,793	-4,797,053	-
Total guarantees and export credit guarantees	**-452,676**	**-946,488**	**-2,412,631**	**-580,084**	**-2,163,793**	**-6,555,673**	**-**

1 Undrawn credit commitments are presented in the period when the loans are expected to be drawn.
2 The guarantees in the table have been broken down according to their due dates. An individual guarantee may give rise to indemnity at any time during its period of validity. There is no historical information as to when such indemnities have been realised during the life cycle of a guarantee. Export credit guarantees do not include export credit guarantees that correspond to the subsidiary's undrawn credit commitments (undrawn credit commitments are presented as a separate line in the table) or offer-stage guarantees (guarantee offers).

B11 Total commitments from financing operations

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Domestic operations				
Contingent liabilities, drawn	2,056,102	1,758,619	2,056,102	1,758,619
Loans included in the balance sheet, gross[1]	550,385	660,358	550,385	660,358
Investments in domestic financing bonds included in the balance sheet	42,679	10,725	42,679	10,725
Total drawn commitments	**2,649,167**	**2,429,703**	**2,649,167**	**2,429,703**
Contingent liabilities, undrawn	324,530	181,191	324,530	181,191
Total commitments, domestic operations[2]	**2,973,697**	**2,610,894**	**2,973,697**	**2,610,894**
Export credit and special guarantees, financing				
Contingent liabilities, drawn[3]	3,660,150	3,682,111	12,135,849	11,762,192
Items included in the balance sheet, gross[1, 3]	7,941,592	7,561,342	-	-
Total drawn commitments	**11,601,742**	**11,243,454**	**12,135,849**	**11,762,192**
Contingent liabilities, undrawn	9,881,350	9,804,312	10,501,576	10,645,520
Total export credit and special guarantees, financing[4]	**21,483,093**	**21,047,766**	**22,637,424**	**22,407,712**
Total commitments from financing operations	**24,456,790**	**23,658,660**	**25,611,121**	**25,018,605**

1 The figures presented do not take into account IFRS9 expected credit losses (ECL).
2 Total commitments from domestic operations do not include recovery receivables of EUR 42.8 million (32.5 million).
3 The risk associated with the repayment of export credits granted by Finnish Export Credit Ltd, part of Finnvera Group, is covered by an export credit guarantee granted by the parent company. When the parent company finances export credits granted by Finnish Export Credit Ltd, the parent company's balance sheet also includes a receivable from Finnish Export Credit Ltd. The parent company's contingent liabilities include EUR 7,991 million (EUR 7,487 million) in export credit guarantees financed by the parent company.
4 Total export credit and special guarantees do not include recovery receivables of EUR 44.2 million (EUR 40.1 million).

B12 Market risk sensitivities

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020
Interest rate risk		
Market interest increase 1%		
- Change in net interest income during the next 12 months	10,539	8,663
- Changes in items carried at fair value	-13,144	-15,452
Market interest decrease 1%		
- Change in net interest income during the next 12 months	-10,539	-866
- Changes in items carried at fair value	13,144	1,545
Currency risk		
The USD strengthens by 10% against the euro	-294	224
The USD weakens by 10% against the euro	240	-183

C Segment information

Finnvera's segment information is based on the company's internal division into business areas and on the organisational structure. Client enterprises have been divided into business areas according to their size and the need for financing at their development stage. A service concept has been devised for each business area. Finnvera's segments are:

1. Locally operating small companies
2. SMEs focusing on the domestic markets
3. SMEs seeking growth and internationalisation
4. Large corporates
5. Export credits
6. Venture capital financing

SME and midcap financing includes segments 1–3 and export financing includes segments 4–5.

The clients of the locally operating small companies segment are locally operating companies that have fewer than 10 employees. This segment offers financial services for the start-up and development of companies in cooperation with regional enterprise services and other providers of financing.

The clients of the SMEs focusing on the domestic markets are mainly SMEs. The clientele includes companies engaged in production and in services. In cooperation with other providers of financing, financial solutions are provided especially for the development and growth needs of companies and for transfers of business to the next generation.

The clients of the SMEs seeking growth and internationalisation segment are SMEs and midcap enterprises[1] that have a growth strategy based on internationalisation. Some clients already engage in exports on the international market, while others are still starting out on this development path. In general, these companies also use the services of other organisations providing services for growth enterprises (Business Finland and Centres for Economic Development, Transport and the Environment) and make use of the services offered by Finnvera for export financing.

1 Midcap = A national definition included in the Government's commitment to compensate Finnvera plc for credit and guarantee losses. The term refers to an enterprise that is larger than the definition of an SME applied by the EU. Its turnover may not exceed EUR 300 million in the most recent financial statements adopted by the enterprise. If the enterprise has drawn up consolidated financial statements, the turnover is taken from them.

The clients of the large corporates segment are generally exporters operating in Finland, as well as domestic and foreign providers of financing for these. The large corporates segment offers to clients almost exclusively export credits. However, in individual cases, the financing solution can be also comprised of special guarantees or domestic financing products.

The segment for export credits includes Finnvera's subsidiary's Finnish Export Credit Ltd's operations including the parent company Finnvera plc's funding and asset management related to export credit financing on behalf of Finnish Export Credit Ltd. The subsidiary provides financing for export credits and export financing based on tax agreements and administers the interest equalisation system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement.

The segment for venture capital financing comprised the business of the subsidiary ERDF-Seed Fund Ltd. The venture capital financing segment also includes the subsidiary Veraventure Ltd, which has ceased to trade and which is likely to leave the Group in 2022. In line with the State's operating policies, the Group pulled out of venture capital financing on 30 September 2021 by selling its shares in ERDF-Seed Fund Ltd. and capital inputs in Innovestor Kasvurahasto I Ky to third parties. Finnvera has also repaid the subordinated loan related to venture capital financing. The segment calculation shows ERDF-Seed Fund Ltd.'s and Innovestor Kasvurahasto I Ky's income and expenses related to venture capital financing until 30 September 2021.

Income and expenses are allocated to each segment when they are deemed to fall within that segment, or allocation is carried out on the basis of internal accounting rules. All income and expenses have been allocated to segments. There is no notable intra-segment business.

Assessment of the profitability of Finnvera's segments is based on the operating profit. The assets and liabilities of segments are valued according to the principles for drawing up the financial statements.

The Finnvera Group has operations only in Finland. The Group's clientele consists of a wide spectrum of clients in various sectors.

C1 Profit/loss by segment

(EUR 1,000)	SME and midcap financing: Locally operating small companies	SME and midcap financing: SMEs focusing on the domestic markets	SME and midcap financing: SMEs seeking growth and internationalisation	Export financing: Large corporates	Export financing: Export credits	Venture capital financing	Total
Finnvera Group							
1–12/2021							
Net interest income	5,297	10,976	8,731	-98	30,202	336	**55,444**
Net fee and commission income	8,842	22,257	20,936	94,791	19,848	-1	**166,672**
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-	-	-	231	-587	1,921	**1,565**
Net income from investments	-	-	-	-	353	-	**353**
Other operating income	1,203	2,029	898	107	0	0	**4,238**
Administrative expenses	-7,146	-12,309	-10,234	-12,283	-3,492	-149	**-45,613**
Depreciation and amortisation on tangible and intangible assets	-1,299	-2,639	-1,734	-1,517	-434	-	**-7,624**
Other operating expenses	-108	-144	-111	-111	-27	-	**-500**
Realised credit losses and change in expected credit losses, net	-1,348	-5,046	-4,740	-8,159	8,717	54	**-10,522**
- Realised credit losses	-14,127	-14,558	-16,448	-349	-	1	**-45,481**
- Credit loss compensations from the State	11,234	11,479	12,459	-	-	-	**35,173**
- Change in expected credit losses (increase - / decrease +)	1,544	-1,967	-751	-7,810	8,717	53	**-214**
Operating profit/loss	5,442	15,124	13,746	72,961	54,578	2,161	**164,012**
Income tax	-	-	-	-	-11,147	-319	**-11,466**
Profit/loss for the period	**5,442**	**15,124**	**13,746**	**72,961**	**43,430**	**1,842**	**152,546**
Finnvera Group							
1–12/2020							
Net interest income	6,110	12,354	10,455	1,960	19,713	346	**50,938**
Net fee and commission income	8,111	21,261	22,705	76,963	13,834	-1	**142,873**
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-100	-244	-141	1,284	755	114	**1,668**
Net income from investments	-	-	-	-	289	-	**289**
Other operating income	6,460	22,505	43	320,346	1	-	**349,355**
Administrative expenses	-7,590	-12,163	-9,640	-11,113	-3,293	-254	**-44,053**
Depreciation and amortisation on tangible and intangible assets	-1,385	-2,807	-1,769	-1,066	-248	-	**-7,275**
Other operating expenses	-94	-130	-83	-39	-22	-	**-368**
Realised credit losses and change in expected credit losses, net	9,580	14,493	-10,630	-1,236,394	-10,154	58	**-1,233,047**
- Realised credit losses	-15,698	-20,859	-11,774	-83,921	22	16	**-132,215**
- Credit loss compensations from the State	12,558	16,249	7,389	-	-	-	**36,196**
- Change in expected credit losses (increase - / decrease +)	12,719	19,103	-6,244	-1,152,473	-10,177	43	**-1,137,029**
Operating profit/loss	21,092	55,269	10,939	-848,058	20,875	264	**-739,619**
Income tax	-	-	-	-	-8,098	-236	**-8,335**
Profit/loss for the period	**21,092**	**55,269**	**10,939**	**-848,058**	**12,777**	**28**	**-747,954**

A B C D E F G H

	SME and midcap financing			**Export financing**		**Venture capital financing**	**Total**
(EUR 1,000)	**Locally operating small companies**	**SMEs focusing on the domestic markets**	**SMEs seeking growth and internationalisation**	**Large corporates**	**Export credits**		
Finnvera plc							
1–12/2021							
Net interest income	5,297	10,976	8,731	-98	19,929	-	**44,836**
Net fee and commission income	8,842	22,257	20,936	94,791	12,281	-	**159,107**
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-	-	-	231	-1,575	4,026	**2,681**
Net income from investments	-	-	-	-	353	-	**353**
Other operating income	1,203	2,126	898	107	0	0	**4,335**
Operational expenses	-7,146	-12,309	-10,234	-12,283	-3,437	-	**-45,408**
Depreciation and amortisation on tangible and intangible assets	-1,299	-2,639	-1,734	-1,517	-434	-	**-7,624**
Other operating expenses	-108	-144	-111	-111	-35,805	-	**-36,277**
Realised credit losses and change in expected credit losses, net	-1,348	-5,046	-4,740	-8,159	8,688	-	**-10,605**
- Realised credit losses	-14,127	-14,558	-16,448	-349	-	-	**-45,482**
- Credit loss compensations from the State	11,234	11,479	12,459	-	-	-	**35,173**
- Change in expected credit losses (increase - / decrease +)	1,544	-1,967	-751	-7,810	8,688	-	**-296**
Operating profit/loss	5,442	15,222	13,746	72,961	-	4,026	**111,397**
Income tax	-	-	-	-	-	-	**-**
Profit/loss for the period	**5,442**	**15,222**	**13,746**	**72,961**	**-**	**4,026**	**111,397**
Finnvera plc							
1–12/2020							
Net interest income	6,110	12,354	10,455	1,960	10,383	-	**41,262**
Net fee and commission income	8,111	21,261	22,705	76,963	13,370	-	**142,410**
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	-100	-244	-141	1,284	1,312	-	**2,110**
Net income from investments	-	-	-	-	289	-	**289**
Other operating income	6,460	22,618	43	320,346	1	-	**349,468**
Operational expenses	-7,590	-12,163	-9,640	-11,113	-3,208	-	**-43,713**
Depreciation and amortisation on tangible and intangible assets	-1,385	-2,807	-1,769	-1,066	-248	-	**-7,275**
Other operating expenses	-94	-130	-83	-39	-11,753	-	**-12,099**
Realised credit losses and change in expected credit losses, net	9,580	14,493	-10,630	-1,236,394	-10,146	-	**-1,233,097**
- Realised credit losses	-15,698	-20,859	-11,774	-83,921	-	-	**-132,253**
- Credit loss compensations from the State	12,558	16,249	7,389	-	-	-	**36,196**
- Change in expected credit losses (increase - / decrease +)	12,719	19,103	-6,244	-1,152,473	-10,146	-	**-1,137,041**
Operating profit/loss	21,092	55,382	10,939	-848,058	-	-	**-760,645**
Income tax	-	-	-	-	-	-	**-**
Profit/loss for the period	**21,092**	**55,382**	**10,939**	**-848,058**	**-**	**-**	**-760,645**

A B C D E F G H

C2 Balance sheet by segment

(EUR 1,000)	SME and midcap financing: Locally operating small companies	SME and midcap financing: SMEs focusing on the domestic markets	SME and midcap financing: SMEs seeking growth and internationalisation	Export financing: Large corporates	Export financing: Export credits	Venture capital financing	Total
Finnvera Group							
1–12/2021							
Assets	**126,130**	**377,853**	**217,628**	**-594,743**	**12,075,300**	**17,588**	**12,219,756**
- of which loans to and receivables from credit institutions	10,800	31,200	18,000	100,000	441,196	12,938	614,134
- of which loans to and receivables from customers	97,969	294,807	185,859	-1,065,961	7,891,377	-	7,404,051
- of which investments	-	13,723	-	20,182	3,288,908	-	3,322,812
Liabilities	**39,962**	**1,179**	**101,727**	**-694,979**	**11,947,256**	**-38,715**	**11,356,431**
- of which debt securities in issue	-	-	-	-	10,284,982	-	10,284,982
- of which provisions	3,152	6,723	24,432	171,065	-	-	205,372
Equity	**86,168**	**376,463**	**115,911**	**100,226**	**128,043**	**56,514**	**863,326**
- of which restricted equity	-	106,270	68,641	20,917	-11,799	53,390	237,420
- of which non-restricted equity	86,168	270,193	47,270	79,309	139,842	3,124	625,906
Finnvera Group							
1–12/2020							
Assets	**164,508**	**451,428**	**237,822**	**-622,299**	**12,372,262**	**69,227**	**12,672,948**
- of which loans to and receivables from credit institutions	15,468	38,149	21,382	100,000	484,373	14,580	673,954
- of which loans to and receivables from customers	125,122	348,994	203,016	-1,097,981	7,508,457	-	7,087,608
- of which investments	-	13,723	-	20,182	3,439,786	-	3,473,690
Liabilities	**83,782**	**105,327**	**136,051**	**-648,829**	**12,270,299**	**-585**	**11,946,046**
- of which debt securities in issue	-	-	-	-	10,378,929	-	10,378,929
- of which provisions	3,587	7,147	24,849	163,726	-	-	199,309
Equity	**80,726**	**345,987**	**101,771**	**26,529**	**101,963**	**69,925**	**726,902**
- of which restricted equity	-	106,270	68,247	20,182	5,552	53,390	253,641
- of which non-restricted equity	80,726	239,717	33,523	6,348	96,411	16,535	473,261

(EUR 1,000)	SME and midcap financing: Locally operating small companies	SME and midcap financing: SMEs focusing on the domestic markets	SME and midcap financing: SMEs seeking growth and internationalisation	Export financing: Large corporates	Export financing: Export credits	Venture capital financing	Total
Finnvera plc							
1–12/2021							
Assets	**126,130**	**377,853**	**223,168**	**519,610**	**11,985,678**	**9,897**	**13,242,336**
- of which loans to and receivables from credit institutions	10,800	31,200	18,000	100,000	383,758	-	543,758
- of which loans to and receivables from customers	97,969	294,807	191,399	48,392	7,867,009	-	8,499,576
- of which investments	-	13,723	-	20,182	3,309,090	9,897	3,352,890
Liabilities	**39,962**	**1,179**	**107,267**	**419,374**	**11,988,282**	**-38,716**	**12,517,348**
- of which debt securities in issue	-	-	-	-	10,284,982	-	10,284,982
- of which provisions	3,152	6,723	29,972	1,285,418	-	-	1,325,265
Equity	**86,168**	**376,674**	**115,911**	**100,226**	**-2,604**	**48,613**	**724,988**
- of which restricted equity	-	106,270	68,641	20,917	-2,604	53,390	246,615
- of which non-restricted equity	86,168	270,403	47,270	79,309	-	-4,777	478,373
Finnvera plc							
1–12/2020							
Assets	**164,508**	**451,428**	**243,362**	**492,054**	**12,261,471**	**56,380**	**13,669,202**
- of which loans to and receivables from credit institutions	15,468	38,149	21,382	100,000	412,479	4,000	591,479
- of which loans to and receivables from customers	125,122	348,994	208,556	16,372	7,486,759	15,252	8,201,055
- of which investments	-	13,723	-	20,182	3,459,967	9,897	3,503,768
Liabilities	**83,782**	**105,327**	**141,591**	**465,524**	**12,254,941**	**-3,459**	**13,047,706**
- of which debt securities in issue	-	-	-	-	10,378,929	-	10,378,929
- of which provisions	3,587	7,147	30,389	1,278,079	-	-	1,319,202
Equity	**80,726**	**346,100**	**101,771**	**26,529**	**6,530**	**59,839**	**621,495**
- of which restricted equity	-	106,270	68,247	20,182	6,530	53,390	254,619
- of which non-restricted equity	80,726	239,830	33,523	6,348	-	6,449	366,876

D Notes to the income statement

D1 Interest income and expenses

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Interest income				
Interests from loans passed on to the customers	**47,738**	**95,280**	**37,942**	**85,401**
Domestic financing[1]	21,881	27,094	21,881	27,094
- SME and midcap financing debt securities, FVOCI	2,042	899	2,042	899
- Export financing	23,752	67,206	-	-
- Venture capital financing	63	82	-	-
- Group internal interest income	-	-	14,019	57,409
Subsidies passed on to customers	**1**	**50**	**1**	**50**
Other interest income	**174,253**	**170,038**	**173,911**	**169,734**
- Interest on export credit guarantee and special guarantee receivables	519	1,292	519	1,292
- Interest on guarantee receivables	1,393	1,101	1,393	1,101
- On receivables from credit institutions and derivative collateral	3,527	5,227	3,527	5,214
- On debt securities, amortised cost	443	1,139	443	1,139
- On debt securities, FVOCI	7,881	8,984	7,881	8,984
- On debt securities, FVTPL (fair value option)	284	285	284	285
- On debt securities in issue, amortised cost (fair value hedging)	3,444	1,023	3,444	1,023
- On debt securities in issue, FVTPL (fair value option)[1]	207	201	207	201
- On derivatives related to liquidity management, FVTPL (mandatorily)	48,831	10,087	48,831	10,087
- On derivatives hedging debt securities in issue, FVTPL (mandatorily)[1]	107,382	140,407	107,382	140,407
- On other[1]	342	291	-	0
Total	**221,993**	**265,369**	**211,854**	**255,186**

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Interest expenses[2]				
On liabilities to credit institutions	**-**	**267**	**-**	**267**
On liabilities to other institutions	**-2,329**	**-2,341**	**-**	**-**
- On liabilities to other institutions, amortised cost	-2,329	-2,341	-	-
On debt securities in issue and hedges of funding	**-145,226**	**-196,491**	**-145,226**	**-196,491**
- On debt securities in issue, amortised cost (fair value hedging)	-78,789	-91,115	-78,789	-91,115
- On debt securities in issue, FVTPL (fair value option)[1]	-33,470	-34,140	-33,470	-34,140
- On derivatives hedging debt securities in issue, FVTPL (mandatorily)[1]	-23,197	-47,655	-23,197	-47,655
- On other funding related derivatives, FVTPL (mandatorily)	-9,771	-23,582	-9,771	-23,582
Group internal interest expenses	**-**	**-**	**-2,936**	**-1,874**
Other interest expenses	**-18,994**	**-15,865**	**-18,856**	**-15,825**
- Derivative collateral	-2,589	-118	-2,589	-118
- On debt securities, amortised cost	-3,571	-2,912	-3,571	-2,912
- On debt securities, FVOCI	-9,620	-10,455	-9,620	-10,455
- On debt securities, FVTPL (fair value option)	-210	-210	-210	-210
- On other[1]	-3,004	-2,170	-2,866	-2,130
Total	**-166,549**	**-214,431**	**-167,019**	**-213,924**
Net interest income	**55,444**	**50,938**	**44,835**	**41,262**
Interest accrued on impaired loans included in interest income	2,265	2,080	2,265	2,080

1 The presentation method of Interest income and interest expenses has been changed. The comparative figures have been updated to reflect the new presentation method.
2 The interest expenses item consists of a one-time EUR 1.8 million item due to the change in a referance rate for the collateral on derivatives.

Interest income and expenses by class of financial assets and liabilities (EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Interest income on items carried at amortised cost	55,366	104,506	45,227	94,323
Interest income on items carried at fair value through OCI	9,923	9,882	9,923	9,882
Interest income on items carried at fair value through profit or loss	156,704	150,980	156,704	150,980
Total interest income	**221,993**	**265,369**	**211,854**	**255,186**
Interest expenses on items carried at amortised cost	-90,282	-98,389	-90,752	-97,883
Interest expenses on items carried at fair value through OCI	-9,620	-10,455	-9,620	-10,455
Interest expenses on items carried at fair value through profit or loss	-66,647	-105,587	-66,647	-105,587
Total interest expenses	**-166,549**	**-214,431**	**-167,019**	**-213,924**

D2 Fee and commission income and expenses by income statement items

(EUR 1,000)	Finnvera Group 31 Dec 2021	31 Dec 2020
Fee and commission income from guarantees		
Export and credit guarantees and special guarantees	110,347	103,867
Domestic financing	43,681	36,912
Sub total	**154,028**	**140,779**
Delivery and handling fees		
Export and credit guarantees and special guarantees	1,576	1,455
Domestic financing	2,959	3,671
Total	**4,535**	**5,127**
Fee and commission income from loans		
Export loans	20,291	14,300
Commission income of domestic financing, loans	1,895	1,787
Sub total	**22,186**	**16,087**
Other fee and commission income		
Interest balancing, export credit guarantees and special guarantees	294	364
Other fee and commission income, domestic financing	349	3
Sub total	**643**	**367**
Grand total	**181,392**	**162,360**
Other commission expenses		
Reinsurance, export and credit guarantees and special guarantees	-13,939	-18,590
Borrowing	-431	-587
Payment transactions	-351	-310
Grand total	**-14,720**	**-19,487**
Net fee and commission income	**166,672**	**142,873**

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

D3.1 Gains an losses from financial instrument from financial instruments carried at fair value through profit or loss an foreign exchange gains and losses

	Finnvera Group				Finnvera plc			
(EUR 1,000)	Dividends	Gains and losses from sales	Changes in fair value	Total	Dividends	Gains and losses from sales	Changes in fair value	Total
31 Dec 2021								
From financial instruments recognised through profit or loss								
Derivatives	-	-	-384,384	-384,384	-	-	-	-
Debt securities in issue	-	-	403,123	403,123	-	-	-	-
Investments in debt securities	-	-	-18,250	-18,250	-	-	-	-
Shares and participations	6	2,321	-406	1,921	-	4,026	-	4,026
Total for financial instruments recognised through profit or loss	**6**	**2,321**	**82**	**2,409**	**-**	**4,026**	**-**	**4,026**
By categories of financial instruments, IFRS 9								
Items carried at amortised cost (fair value hedging)	-	-	317,082	317,082	-	-	-	-
Items carried at fair value through OCI (fair value hedging)	-	-	-17,120	-17,120	-	-	-	-
Items carried at fair value through profit and loss (fair value option)	-	-	84,910	84,910	-	-	-	-
Items carried at fair value through profit and loss (mandatory)	6	2,321	-384,790	-382,463	-	4,026	-	4,026
Total	**6**	**2,321**	**82**	**2,409**	**-**	**4,026**	**-**	**4,026**
Foreign exchange gains (+) and losses (-)				**-844**				**-1,345**
Total for financial instruments carried at fair value through profit or loss and foreign exchange gains and losses				**1,565**				**2,681**

	Finnvera Group				Finnvera plc			
(EUR 1,000)	Dividends	Gains and losses from sales	Changes in fair value	Total	Dividends	Gains and losses from sales	Changes in fair value	Total
31 Dec 2020								
From financial instruments recognised through profit or loss								
Derivatives	-	-	285,007	285,007	-	-	-	-
Debt securities in issue	-	-	-294,191	-294,191	-	-	-485	-485
Investments in debt securities	-	-	8,760	8,760	-	-	-	-
Shares and participations	6	1,360	-1,252	114	-	-	-	-
Total for financial instruments recognised through profit or loss	**6**	**1,360**	**-1,676**	**-310**	**-**	**-**	**-485**	**-485**
By categories of financial instruments, IFRS 9								
Items carried at amortised cost (fair value hedging)	-	-	-254,820	-254,820	-	-	-	-
Items carried at fair value through OCI (fair value hedging)	-	-	7,632	7,632	-	-	-	-
Items carried at fair value through profit and loss (fair value option)	-	-	-38,243	-38,243	-	-	-485	-485
Items carried at fair value through profit and loss (mandatory)	6	1,360	283,754	285,121	-	-	-	-
Total	**6**	**1,360**	**-1,676**	**-310**	**-**	**-**	**-485**	**-485**
Foreign exchange gains (+) and losses (-)				**1,978**				**2,595**
Total for financial instruments carried at fair value through profit or loss and foreign exchange gains and losses				**1,668**				**2,110**

In the Group, Finnish Export Credit Ltd's business area is export credit financing operations. On the basis of a separate management agreement, the parent company takes care of funding and asset management related to export credit financing on behalf of Finnish Export Credit Ltd. In its financial statements, Finnvera plc recognises Finnish Export Credit Ltd's share of the change in the fair value of liabilities and derivatives either as a liability to or as a receivable from Finnish Export Credit Ltd, depending on the final outcome of the change, which means that this share of the change in the fair value of liabilities and derivatives comes to the consolidated financial statements from Finnish Export Credit Ltd's figures.

D3.2 Discontinued operations – Venture capital financing

The subsidiary was sold on 30 September 2021 with effect from 1 November 2021 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

	ERDF-Seed Fund Ltd	
(EUR 1,000)	**1–9 2021**	**1–12 2020**
Interest income		
- Interest from loans passed on to customers	63	82
- Subsidies passed on to customers	-	-
- Other interest income	-	-
Total interest income	**63**	**82**
Interest expenses	-13	0
Net interest income	**50**	**82**
Net fee and commission income	-1	0
Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses	1,195	114
Net income from investments	-	-
Other operating income	-	-
Total operational expenses	-628	-836
- Personnel expenses	-	-
- Other operational expenses	-628	-836
Depreciation and amortisation on tangible and intangible assets	-	-
Other operating expenses	-	-
Realised credit losses and change in expected credit losses, net	4	50
- Realised credit losses	1	16
- Credit loss compensations from the State	-	-
- Expected credit losses	3	35
Operating profit/loss	**621**	**-590**
Income tax	-175	-89
Profit/loss for the period	**446**	**-679**

D3.3 Details of the sale of the subsidiary

(EUR 1,000)	**Finnvera plc 30 Sep 2021**
Cash	3,954
Fair value of the subsidiary at 30 Sep	15,256
Loss from sale	**-11,301**
Contribution from the State for venture capital financing	14,653
Impact of the sales in the financial result	**3,352**

D3.4 Details of the sale of Innovestor Kasvurahasto I Ky

(EUR 1,000)	**Finnvera plc 30 Sep 2021**
Cash	12,108
Fair value of the capital contribution at 30 Sep	9,915
Profit on the sale, gross	**2,192**
Old subordinated loans payback to the State	-1,518
Profit on the sale, net	**674**

D3.5 The impact of the selling for the result of the Group

(EUR 1,000)	**Finnvera Group 30 Sep 2021**
Finnvera plc's loss from the selling of the subsidiary	-11,301
Profit from sale of Innovestor Kasvurahasto I Ky, net	674
Selling of ERDF-Seed Fund Ltd outside of the Group	
- Profit of the period as per 30 Sep, ERDF-Seed Fund Ltd	-446
- Profits from previous years of ERDF-Seed Fund Ltd	-3,110
Loss on the sale, gross	**-14,183**
Subsidies from the State	14,653
Impact of the sales of the subsidiary and Innovestor Kasvurahasto I Ky in the financial result of the Group, net	**470**

D3.6 The carrying amounts of assets and liabilities as at the date of sale, ERDF-Seed Fund Ltd

(EUR 1,000)	ERDF-Seed Fund Ltd 30 Sep 2021
ASSETS	
Cash in hand	1,999
Investments	31,176
Other receivables	100
Total	**33,276**

(EUR 1,000)	30 Sep 2021
DEBTS	
Other debts	11,748
Deferred tax liabilities	2,972
Total	**14,720**
EQUITY	
Share capital	1,500
Reserve for invested non-restricted equity	13,500
Retained earnings	3,556
Total	**18,556**
Total liabilities and equity	**33,276**

The Group has ceased its venture capital financing as of 30 September 2021 when Finnvera plc sold its subsidiary's shares, ERDF-Seed Fund Ltd and capital contribution of Innovestor Kasvurahasto Ky I, outside the Group. Furthermore, Finnvera plc has repaid its subordinated loan to the State during the reporting period. Assets held for sale by balance sheet items concern the comparative reporting period.

D3.7 Assets held for sale by balance sheet items

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
ASSETS				
Loans to and receivables from credit institutions – payable on demand	-	2,327	-	-
Loans to and receivables from customers – credits	-	400	-	-
Investments in Group companies	-	-	-	15,256
Investments in associated companies	-	9,871	-	-
Investments in other shares and participations	-	35,536	-	11,975
Total	**-**	**48,135**	**-**	**27,231**

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
LIABILITIES				
Subordinated liabilities	-	15,867	-	15,867
Deferred tax liabilities	-	2,796	-	-
Total	**-**	**18,663**	**-**	**15,867**

D3.8 Information on the subordinated loan

				Finnvera Group/Finnvera plc	
(EUR 1,000)	Purpose of use	Percentage of interest	Loan period	31 Dec 2021	31 Dec 2020
Subordinated loan 2018[1]	Innovestor Kasvurahasto I Ky[1]	-	15 years	-	15,867
Total				**-**	**15,867**

1 The subordinated loan has been repaid to the State after the sale of Innovestor Kasvurahasto I Fund.

D4 Net income from investments

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera plc 31 Dec 2021
Net gains and losses from investments in debt securities not carried at fair value through profit or loss		
- Debt securities carried at fair value through other comprehensive income (OCI)	352	352
- Debt securities carried at amortised cost	0	0
Total	**353**	**353**

(EUR 1,000)	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2020
Net gains and losses from investments in debt securities not carried at fair value through profit or loss		
- Debt securities carried at fair value through other comprehensive income (OCI)	291	291
- Debt securities carried at amortised cost	-2	-2
Total	**289**	**289**

D5 Other operating income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Grants received from the state	4,000	0	4,000	0
Management fees	81	76	81	76
Management fees from subsidiaries (internal charging)	-	-	87	94
Rental income	21	20	21	20
Rental income fees from subsidiaries (internal charging)	-	-	10	20
Fund payment from The State Guarantee Fund[1]	-	349,023	-	349,023
Other	136	235	136	235
Total	**4,238**	**349,355**	**4,335**	**349,468**

1 Fund payment from the State Guarantee Fund under section 5 to cover the loss from export credit guarantee and special guarantee operations.

D6 Operational expenses

D6.1 Personnel expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Wages and salaries	-24,624	-23,805	-24,518	-23,623
Pension costs				
- Defined contribution plans	-4,189	-3,490	-4,176	-3,462
- Defined benefit plans	192	-151	192	-151
Other social security costs	-1,063	-1,109	-1,061	-1,106
Total	**-29,685**	**-28,556**	**-29,562**	**-28,342**

D6.2 Other operational expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Other voluntary staff expenses	-1,893	-1,602	-1,890	-1,594
IT expenses	-7,781	-6,171	-7,748	-6,135
Marketing and communication expenses	-1,018	-942	-1,018	-942
Data acquisition costs	-1,644	-1,608	-1,643	-1,606
Debt collections expenses	-831	-1,230	-831	-1,230
External services	-1,436	-2,293	-1,414	-2,270
- of which auditors's fees	-178	-158	-167	-147
Other operational expenses	-1,297	-1,650	-1,276	-1,594
Total	**-15,928**	**-15,497**	**-15,846**	**-15,372**

D6.3 Auditor's fees

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Fees for statutory audit	-128	-122	-117	-111
Fees for expert services provided by auditors	-50	-37	-50	-37
Total	**-178**	**-158**	**-167**	**-147**

D7 Depreciation and amortisation on tangible and intangible assets

D7.1 Depreciation and amortisation on tangible and intangible assets

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Intangible assets	**-5,042**	**-4,536**	**-5,042**	**-4,536**
- Amortisations, digitalisation	-1,914	-2,068	-1,914	-2,068
- Amortisations, IT applications and other intangible assets	-1,095	-1,041	-1,095	-1,041
- Amortisations, right-of-use assets (IFRS 16)	-599	-1,427	-599	-1,427
- Impairment losses, IT applications	-1,435	-	-1,435	-
Tangible assets	**-2,582**	**-2,738**	**-2,582**	**-2,738**
- Depreciations, machinery and equipment	-244	-372	-244	-372
- Depreciations, right-of-use assets (IFRS 16)	-2,338	-2,366	-2,338	-2,366
Total	**-7,624**	**-7,275**	**-7,624**	**-7,275**

D7.2 IFRS 16 impact on the income statement

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Income statement item				
- Interest expenses, IFRS 16	-99	-169	-99	-169
- Depreciation and amortisation, IFRS 16	-2,937	-3,794	-2,937	-3,794
Other operational expenses				
- Expenses relating to leases of low-value assets	-335	-297	-335	-297
Operating profit/loss	**-3,371**	**-4,260**	**-3,371**	**-4,260**
- Change in deferred taxes	-	-	-	-
Profit (+) / loss (-) for the period	**-3,371**	**-4,260**	**-3,371**	**-4,260**
Cash outflow for leases	**-3,393**	**-3,403**	**-3,403**	**-3,403**

D8 Other operating expenses

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Rental expenses				
- Office rental expenses, gross	-2,342	-2,331	-2,342	-2,331
- Reversal entry of right-of-use assets (IFRS 16)	2,141	2,192	2,141	2,192
Expenses from property in own use	-299	-277	-299	-277
Return of the surplus in export credit financing to Finnish Export Credit Ltd	-	-	-35,778	-11,732
Change in the cost provision associated with the collection of export credit guarantee receivables	-	50	-	50
Total	**-500**	**-367**	**-36,277**	**-12,099**

D9 Expected credit losses (ECL)

D9.1 Realised credit losses and change in expected credit losses, net

	Finnvera Group				Finnvera plc			
(EUR 1,000)	31 Dec 2021		31 Dec 2020		31 Dec 2021		31 Dec 2020	
Total realised credit losses		**-45,481**		**-132,215**		**-45,482**		**-132,253**
- Loans	-19,455		-24,898		-19,456		-24,935	
- Guarantees	-24,628		-20,309		-24,628		-20,309	
- Export credit guarantees and special guarantees	-1,398		-87,008		-1,398		-87,008	
Credit loss compensation from the State		**35,173**		**36,196**		**35,173**		**36,196**
Change in expected credit losses (ECL) decrease (+) / increase (-)		**-213**		**-1,137,029**		**-296**		**-1,137,041**
Expected credit losses at the beginning of the period, gross	1,378,631		241,602		1,378,446		241,405	
Expected credit losses at the end of the period, gross	1,378,844		1,378,631		1,378,742		1,378,446	
Total, net		**-10,521**		**-1,233,048**		**-10,605**		**-1,233,098**

D9.2 Changes in expected credit losses

	Finnvera Group 2021			Finnvera Group 2020		
Financial assets (EUR 1,000)	ECL 31 Dec 2020	ECL 31 Dec 2021	Change in ECL	ECL 31 Dec 2019	ECL 31 Dec 2020	Change in ECL
Loans and receivables from credit institutions	-701	-193	**508**	-93	-701	**-608**
Investment accounts and deposits	-369	-48	**321**	-	-369	**-369**
Loans and receivables from customers	-1,167,447	-1,169,220	**-1,773**	-187,837	-1,167,447	**-979,610**
Debt securities	-5,745	-791	**4,954**	-	-5,745	**-5,745**
Other assets	-132	-94	**38**	-155	-132	**23**
Prepayments and accrued income	-851	-1,032	**-181**	-1,534	-851	**683**
Assets of disposal groups classified as held for sale	-4	-	**4**	-38	-4	**34**
Change in expected credit losses: decrease (+) / increase (-)	**-1,175,249**	**-1,171,378**	**3,871**	**-189,657**	**-1,175,249**	**-985,592**
Financial liabilities (EUR 1,000)						
Provisions	-199,309	-205,372	**-6,063**	-51,205	-199,309	**-148,104**
Equity - Fair value	-4,072	-2,094	**1,978**	-739	-4,072	**-3,333**
Change in expected credit losses: decrease (+) / increase (-)	**-203,381**	**-207,466**	**-4,085**	**-51,944**	**-203,381**	**-151,437**
Change in expected credit losses: decrease (+) / increase (-), net			**-214**			**-1,137,030**

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Financial assets (EUR 1,000)	Finnvera plc 2021 ECL 31 Dec 2020	ECL 31 Dec 2021	Change in ECL	Finnvera plc 2020 ECL 31 Dec 2019	ECL 31 Dec 2020	Change in ECL
Loans and receivables from credit institutions	-652	-185	**467**	-90	-652	**-562**
Investment accounts and deposits	-369	-48	**321**	-	-369	**-**
Loans and receivables from customers	-47,555	-49,327	**-1,772**	-138,915	-47,555	**91,360**
Debt securities	-5,745	-791	**4,954**	-	-5,745	**-**
Prepayments and accrued income	-851	-1,032	**-181**	-1,534	-851	**683**
Change in expected credit losses: decrease (+) / increase (-)	**-55,172**	**-51,383**	**3,789**	**-140,539**	**-55,172**	**85,367**
Financial liabilities (EUR 1,000)						
Provisions	-1,319,202	-1,325,265	**-6,063**	-100,127	-1,319,202	**-1,219,075**
Equity - Fair value	-4,072	-2,094	**1,978**	-739	-4,072	**-3,333**
Change in expected credit losses: decrease (+) / increase (-)	**-1,323,274**	**-1,327,359**	**-4,085**	**-100,866**	**-1,323,274**	**-1,222,408**
Change in expected credit losses: decrease (+) / increase (-), net			**-296**			**-1,137,041**

D9.3 Transfers of expected credit losses between stages

D9.3.1 Transfers of expected credit losses between stages – Receivables from credit institutions

(EUR 1,000)	Finnvera Group 31 Dec 2021 Stage 1	Stage 2	Stage 3	Total	Finnvera Group 31 Dec 2020 Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**701**	**-**	**-**	**701**	**114**	**-**	**-**	**114**
Changes in ECL during the reporting period	4	-	-	**4**	-21	-	-	**-21**
Transfers to stage 1 from stages 2 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 2 from stages 1 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 3 from stages 1 and 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 1	-	-	-	**-**	-	-	-	**-**
Additions from stage 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 3	-	-	-	**-**	-	-	-	**-**
ECL from new receivables from credit institutions	752	-	-	**752**	61	-	-	**61**
Decrease of receivables from credit institutions	-684	-	-	**-684**	-92	-	-	**-92**
Change in PD parameters	-579	-	-	**-579**	638	-	-	**638**
ECL at the end of the period	**193**	**-**	**-**	**193**	**700**	**-**	**-**	**700**
Net change in ECL during the reporting period				-508				586

(EUR 1,000)	Finnvera plc 31 Dec 2021 Stage 1	Stage 2	Stage 3	Total	Finnvera plc 31 Dec 2020 Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**652**	**-**	**-**	**652**	**111**	**-**	**-**	**111**
Changes in ECL during the reporting period	-	-	-	**-**	-21	-	-	**-21**
Transfers to stage 1 from stages 2 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 2 from stages 1 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 3 from stages 1 and 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 1	-	-	-	**-**	-	-	-	**-**
Additions from stage 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 3	-	-	-	**-**	-	-	-	**-**
ECL from new receivables from credit institutions	739	-	-	**739**	58	-	-	**58**
Decrease of receivables from credit institutions	-652	-	-	**-652**	-90	-	-	**-90**
Change in PD parameters	-554	-	-	**-554**	594	-	-	**594**
ECL at the end of the period	**185**	**-**	**-**	**185**	**652**	**-**	**-**	**652**
Net change in ECL during the reporting period				-467				541

D9.3.2 Transfers of expected credit losses between stages – Investment accounts and deposits

(EUR 1,000)	Finnvera Group 2021 Stage 1	Stage 2	Stage 3	Total	Finnvera Group 2020 Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**369**	**-**	**-**	**369**	**-**	**-**	**-**	**-**
Changes in ECL during the reporting period	-	-	-	**-**	-	-	-	**-**
Transfers to stage 1 from stages 2 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 2 from stages 1 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 3 from stages 1 and 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 1	-	-	-	**-**	-	-	-	**-**
Additions from stage 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 3	-	-	-	**-**	-	-	-	**-**
ECL from new investments	163	-	-	**163**	30	-	-	**30**
Decrease of receivables from credit institutions	-369	-	-	**-369**	-	-	-	**-**
Change in PD parameters	-116	-	-	**-116**	339	-	-	**339**
ECL at the end of the period	**48**	**-**	**-**	**48**	**369**	**-**	**-**	**369**
Net change in ECL during the reporting period				-321				369

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D9.3.3 Transfers of expected credit losses between stages – Loans and receivables from customers

	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**434**	**1,126,512**	**41,607**	**1,168,554**	**11,465**	**51,900**	**126,393**	**189,758**
Changes in ECL during the reporting period	-334	-667	-2,438	**-3,439**	-183	-14,115	23,414	**9,116**
Transfers to stage 1 from stages 2 and 3	-	-519	-78	**-597**	-	-888	-1,410	**-2,298**
Transfers to stage 2 from stages 1 and 3	-213	-	-125	**-338**	-2,571	-	-2,955	**-5,526**
Transfers to stage 3 from stages 1 and 2	-165	-569	-	**-734**	-521	-667	-	**-1,188**
Additions from stage 1	-	833	3,695	**4,528**	-	1,098,961	8,129	**1,107,090**
Additions from stage 2	56	-	2,048	**2,104**	250	-	2,700	**2,950**
Additions from stage 3	16	24	-	**40**	124	165	-	**289**
ECL from new finances	1,561	2,139	5,675	**9,376**	1,423	841	10,304	**12,568**
Repayments/Expirations of guarantees	-460	-312	-6,951	**-7,723**	-1,442	-36,704	-100,631	**-138,777**
Portfolio reinsurance	-	-	-	**-**	-9,944	-9,944	-	**-19,888**
Change in PD parameters	-316	-63	0	**-379**	5,337	41,507	4	**46,848**
Change in State's credit loss compensation rate	3	6	35	**45**	-3,371	-4,542	-24,473	**-32,386**
ECL at the end of the period	**583**	**1,127,386**	**43,467**	**1,171,436**	**567**	**1,126,514**	**41,475**	**1,168,556**
Net change in ECL during the reporting period				**2,882**				**978,798**

	Finnvera plc 31 Dec 2021				Finnvera plc 31 Dec 2020			
(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**2,876**	**4,178**	**41,474**	**48,528**	**6,469**	**7,825**	**126,393**	**140,687**
Changes in ECL during the reporting period	-334	-667	-2,400	**-3,401**	-481	-969	23,414	**21,964**
Transfers to stage 1 from stages 2 and 3	-	-519	-78	**-597**	-	-1,386	-1,410	**-2,796**
Transfers to stage 2 from stages 1 and 3	-213	-	-125	**-338**	-454	-	-2,955	**-3,409**
Transfers to stage 3 from stages 1 and 2	-165	-569	-	**-734**	-521	-667	-	**-1,188**
Additions from stage 1	-	833	3,695	**4,528**	-	2,624	8,129	**10,753**
Additions from stage 2	56	-	2,048	**2,104**	237	-	2,700	**2,937**
Additions from stage 3	16	24	-	**40**	124	165	-	**289**
ECL from new finances	1,561	2,139	5,675	**9,376**	1,218	841	10,304	**12,363**
Repayments/Expirations of guarantees	-460	-312	-6,951	**-7,723**	-902	-463	-100,631	**-101,996**
Change in PD parameters	-316	-63	0	**-379**	557	750	4	**1,311**
Change in State's credit loss compensation rate	3	6	35	**45**	-3,371	-4,542	-24,473	**-32,386**
ECL at the end of the period	**3,025**	**5,051**	**43,374**	**51,449**	**2,877**	**4,178**	**41,475**	**48,530**
Net change in ECL during the reporting period				2,921				-92,157

D9.3.4 Transfers of expected credit losses between stages - Debt securities carried at amortised cost

	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**5,745**	**-**	**-**	**5,745**	**-**	**-**	**-**	**-**
Changes in ECL during the reporting period	-	-	-	**-**	-	-	-	**-**
Transfers to stage 1 from stages 2 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 2 from stages 1 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 3 from stages 1 and 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 1	-	-	-	**-**	-	-	-	**-**
Additions from stage 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 3	-	-	-	**-**	-	-	-	**-**
ECL from new receivables from credit institutions	1,857	-	-	**1,857**	1,585	-	-	**1,585**
Decrease of receivables from credit institutions	-5,745	-	-	**-5,745**	-	-	-	**-**
Change in PD parameters	-1,065	-	-	**-1,065**	4,159	-	-	**4,159**
ECL at the end of the period	**791**	**-**	**-**	**791**	**5,744**	**-**	**-**	**5,744**
Net change in ECL during the reporting period				-4,954				5,744

D9.3.5 Transfers of expected credit losses between stages – Provisions

	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL at the beginning of the period	**35,749**	**138,616**	**24,944**	**199,309**	**30,637**	**16,532**	**4,037**	**51,206**
Changes in ECL during the reporting period	-1,922	-514	-241	**-2,677**	1,222	3,431	-19,409	**-14,756**
Transfers to stage 1 from stages 2 and 3	-	-989	-	**-989**	-	-965	71	**-894**
Transfers to stage 2 from stages 1 and 3	-485	-	-72	**-557**	-7,352	-	-33	**-7,385**
Transfers to stage 3 from stages 1 and 2	-193	-94	-	**-288**	-154	-881	-	**-1,035**
Additions from stage 1	-	1,653	2,112	**3,765**	-	109,256	42,026	**151,282**
Additions from stage 2	149	-	312	**461**	131	-	1,985	**2,116**
Additions from stage 3	-	6	-	**6**	2	3	-	**5**
ECL from new finances	15,807	68	899	**16,774**	25,597	939	1,107	**27,643**
Repayments/Expirations of guarantees	-10,074	-1,042	-521	**-11,637**	-9,251	-8,676	-2,201	**-20,128**
Portfolio reinsurance	-	-	-	**-**	-1,037	-1,037	-1,037	**-**
Change in PD parameters	913	-256	-	**657**	13,741	24,329	-	**38,070**
Change in State's credit loss compensation rate	347	200	1	**548**	-17,787	-4,315	-1,602	**-23,704**
ECL at the end of the period	**40,291**	**137,648**	**27,433**	**205,372**	**35,749**	**138,616**	**24,944**	**199,309**
Net change in ECL during the reporting period				6,063				148,103

D9.3.5 Transfers of expected credit losses between stages – Provisions

	Finnvera plc 31 Dec 2021				Finnvera plc 31 Dec 2020			
(EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL at the beginning of the period	**36,623**	**1,264,265**	**18,314**	**1,319,202**	**35,483**	**60,607**	**4,037**	**100,127**
Changes in ECL during the reporting period	-1,922	-514	-241	**-2,677**	1,537	-9,715	-19,409	**-27,587**
Transfers to stage 1 from stages 2 and 3	-	-989	-	**-989**	-	-468	71	**-397**
Transfers to stage 2 from stages 1 and 3	-485	-	-72	**-557**	-9,469	-	-33	**-9,502**
Transfers to stage 3 from stages 1 and 2	-193	-94	-	**-288**	-154	-881	-	**-1,035**
Additions from stage 1	-	1,653	2,112	**3,765**	-	1,205,593	42,026	**1,247,619**
Additions from stage 2	149	-	312	**461**	145	-	1,985	**2,130**
Additions from stage 3	-	6	-	**6**	2	3	-	**5**
ECL from new finances	15,807	68	899	**16,774**	25,802	939	1,107	**27,848**
Repayments/Expirations of guarantees	-10,074	-1,042	-521	**-11,637**	-9,791	-44,917	-2,201	**-56,909**
Portfolio reinsurance	-	-	-	**-**	-7,667	-7,667	-7,667	**-23,001**
Change in PD parameters	913	-256	-	**657**	18,521	65,086	-	**83,607**
Change in State's credit loss compensation rate	347	200	1	**548**	-17,787	-4,315	-1,602	**-23,704**
ECL at the end of the period	**41,165**	**1,263,297**	**20,803**	**1,325,265**	**36,622**	**1,264,265**	**18,314**	**1,319,201**
Net change in ECL during the reporting period				6,063				1,219,074

D9.3.6 Transfers of expected credit losses between stages – Debt securities carried at fair value (OCI)

	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
(EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL at the beginning of the period	**3,950**	**-**	**-**	**3,950**	**490**	**-**	**-**	**490**
Changes in ECL during the reporting period	26	-	-	**26**	-5	-	-	**-5**
Transfers to stage 1 from stages 2 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 2 from stages 1 and 3	-	-	-	**-**	-	-	-	**-**
Transfers to stage 3 from stages 1 and 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 1	-	-	-	**-**	-	-	-	**-**
Additions from stage 2	-	-	-	**-**	-	-	-	**-**
Additions from stage 3	-	-	-	**-**	-	-	-	**-**
ECL from new receivables from credit institutions	939	-	-	**939**	349	-	-	**349**
Decrease of receivables from credit institutions	-1,327	-	-	**-1,327**	-311	-	-	**-311**
Change in PD parameters	-2,584	-	-	**-2,584**	3,601	-	-	**3,601**
Correction	-	-	-	**-**	-174	-	-	**-174**
ECL at the end of the period	**1,004**	**-**	**-**	**1,004**	**3,950**	**-**	**-**	**3,950**
Net change in ECL during the reporting period				-2,946				3,460

D9.4 Distribution of capital by credit ratings

D9.4.1 Loans and receivables from credit institutions by credit ratings and realised and expected credit losses

Credit rating	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
(EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
AAA	-	-	-	**-**	-	-	-	**-**
AA	399,701	-	-	**399,701**	316,437	-	-	**316,437**
A	76,126	-	-	**76,126**	102,236	-	-	**102,236**
BBB	-	-	-	**-**	-	-	-	**-**
BB	36,442	-	-	**36,442**	52,886	-	-	**52,886**
B	-	-	-	**-**	-	-	-	**-**
CCC	-	13,773	-	**13,773**	-	-	-	**-**
No credit rating	-	-	-	**-**	-	-	-	**-**
Total	**512,269**	**13,773**	**-**	**526,042**	**471,559**	**-**	**-**	**471,559**
Expected credit loss	193	-	-	**193**	701	-	-	**701**
Realised credit losses				**-**				**-**

Credit rating	Finnvera plc 31 Dec 2021				Finnvera plc 31 Dec 2020			
(EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
AAA	-	-	-	**-**	-	-	-	**-**
AA	385,560	-	-	**385,560**	296,844	-	-	**296,844**
A	70,099	-	-	**70,099**	92,193	-	-	**92,193**
BBB	-	-	-	**-**	-	-	-	**-**
BB	36,442	-	-	**36,442**	52,886	-	-	**52,886**
B	-	-	-	**-**	-	-	-	**-**
CCC	-	13,773	-	**13,773**	-	-	-	**-**
No credit rating	-	-	-	**-**	-	-	-	**-**
Total	**492,100**	**13,773**	**-**	**505,873**	**441,923**	**-**	**-**	**441,923**
Expected credit loss	185	-	-	**185**	652	-	-	**652**
Realised credit losses				**-**				**-**

D9.4.2 Investment accounts and deposits by credit ratings and realised and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	-	-	-	-
AA	-	-	-	-	-	-	-	-
A	88,292	-	-	**88,292**	199,463	-	-	**199,463**
BBB	-	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-
CCC	-	-	-	-	-	-	-	-
No credit rating	-	-	-	-	-	-	-	-
Total	**88,292**	**-**	**-**	**88,292**	**199,463**	**-**	**-**	**199,463**
Expected credit loss	48	-	-	**48**	369	-	-	**369**
Realised credit losses				**-**				**-**

D9.4.3 Loans and receivables from customers by credit ratings and realised and expected credit losses[1]

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	87	-	-	**87**
AA	358	-	-	**358**	1,803	-	-	**1,803**
A	6,899	57	188	**7,143**	23,641	71	222	**23,933**
BBB	2,783,871	230	641	**2,784,742**	2,416,588	2,288	2,159	**2,421,035**
BB	757,498	7,307	8,913	**773,717**	1,593,837	10,537	10,775	**1,615,149**
B	217,691	4,387,376	13,289	**4,618,356**	76,830	2,368,738	20,760	**2,466,329**
CCC	14,636	194,935	3,911	**213,481**	410	1,568,970	7,130	**1,576,510**
D	1,329	2,554	122,108	**125,990**	109	49	101,363	**101,521**
No credit rating	26,731	-	-	**26,731**	30,649	-	-	**30,649**
Total	**3,809,013**	**4,592,459**	**149,048**	**8,550,520**	**4,143,955**	**3,950,653**	**142,408**	**8,237,016**
Expected credit loss	583	1,127,386	43,467	**1,171,436**	567	1,126,514	41,475	**1,168,556**
Realised credit losses				**19,455**				**24,898**

Credit rating (EUR 1,000)	Finnvera plc 31 Dec 2021				Finnvera plc 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	87	-	-	**87**
AA	358	-	-	**358**	1,803	-	-	**1,803**
A	6,899	57	188	**7,143**	23,641	71	222	**23,933**
BBB	46,015	230	641	**46,886**	94,041	2,288	2,159	**98,488**
BB	166,450	7,307	8,913	**182,669**	318,899	10,537	10,775	**340,211**
B	217,691	33,953	13,289	**264,933**	76,830	56,280	20,760	**153,870**
CCC	14,636	36,620	3,911	**55,167**	410	18,569	7,130	**26,110**
D	1,329	2,554	122,108	**125,990**	109	49	101,363	**101,521**
No credit rating	-	-	-	-	-	-	-	-
Total	**453,378**	**80,721**	**149,048**	**683,147**	**515,820**	**87,794**	**142,408**	**746,023**
Expected credit loss	3,025	5,051	43,374	**51,449**	2,876	4,178	41,475	**48,529**
Realised credit losses				**19,455**				**24,898**

1 The tables include domestic loans, guarantee receivables, receivables from export credit and special guarantee operations, interest receivables, fee and commission receivables and domestic debt securities. In addition, Group figures include Veraventure Ltd's trade receivables of venture capital investments and Finnish Export Credit Ltd's drawn export credits. Finnvera Plc's figures does not include loans to Group companies.

D9.4.4 Debt securities (amortised cost) by credit ratings and realised and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-	-	-	-	-
AA	754,492	-	-	**754,492**	591,523	-	-	**591,523**
A	78,723	-	-	**78,723**	48,947	-	-	**48,947**
BBB	173,428	-	-	**173,428**	275,068	-	-	**275,068**
BB	-	-	-	-	-	-	-	-
B	-	-	-	-	47,950	-	-	**47,950**
CCC	-	-	-	-	-	-	-	-
No credit rating	-	-	-	-	-	-	-	-
Total	**1,006,643**	**-**	**-**	**1,006,643**	**963,488**	**-**	**-**	**963,488**
Expected credit loss	791	-	-	**791**	5,745			**5,745**
Realised credit losses				**-**				**-**

A B C D E F G H

D9.4.5 Debt securities carried at fair value (OCI) by credit ratings and realised and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	379,801	-	-	**379,801**	385,146	-	-	**385,146**
AA	782,133	-	-	**782,133**	870,649	-	-	**870,649**
A	967,401	-	-	**967,401**	1,041,140	-	-	**1,041,140**
BBB	37,644	-	-	**37,644**	67,768	-	-	**67,768**
BB	-	-	-	**-**	-	-	-	**-**
B	-	-	-	**-**	-	-	-	**-**
CCC	-	-	-	**-**	-	-	-	**-**
No credit rating	-	-	-	**-**	-	-	-	**-**
Total	**2,166,980**	**-**	**-**	**2,166,980**	**2,364,703**	**-**	**-**	**2,364,703**
Expected credit loss	1,004	-	-	**1,004**	3,950	-	-	**3,950**
Realised credit losses				**-**				**-**

D9.4.6 Off-balance sheet items by credit rating and realised and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	**-**	680	-	-	**680**
AA	14,395	-	-	**14,395**	24,166	-	-	**24,166**
A	42,357	-	-	**42,357**	76,905	-	-	**76,905**
BBB	1,812,775	-	-	**1,812,775**	1,443,681	-	-	**1,443,681**
BB	2,548,735	19,373	-	**2,568,108**	2,843,993	-	-	**2,843,993**
B	1,401,975	894,393	-	**2,296,368**	569,322	1,083,294	-	**1,652,616**
CCC	247,428	924,450	-	**1,171,878**	4,622	330,883	-	**335,505**
D	382	2	107,885	**108,269**	261	-	87,880	**88,141**
No credit rating	72,662	42,835	-	**115,497**	149,850	46,246	-	**196,096**
Total	**6,140,708**	**1,881,052**	**107,885**	**8,129,646**	**5,113,480**	**1,460,423**	**87,880**	**6,661,783**
Expected credit loss	40,291	137,648	27,433	**205,372**	35,749	138,616	24,944	**199,309**
Realised credit losses				**26,026**				**107,317**

Credit rating (EUR 1,000)	Finnvera plc 31 Dec 2021				Finnvera plc 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	**-**	680	-	-	**680**
AA	14,395	-	-	**14,395**	24,166	-	-	**24,166**
A	42,357	-	-	**42,357**	76,905	-	-	**76,905**
BBB	4,754,418	-	-	**4,754,418**	3,935,814	-	-	**3,935,814**
BB	3,330,400	19,373	-	**3,349,774**	4,348,138	-	-	**4,348,138**
B	1,401,975	9,419,882	-	**10,821,857**	569,322	7,629,397	-	**8,198,719**
CCC	247,428	1,106,554	-	**1,353,982**	4,622	3,094,883	-	**3,099,505**
D	382	2	107,885	**108,269**	261	-	87,880	**88,141**
No credit rating	94,695	42,835	-	**137,530**	173,884	46,246	-	**220,130**
Total	**9,886,050**	**10,588,645**	**107,885**	**20,582,581**	**9,133,792**	**10,770,526**	**87,880**	**19,992,198**
Expected credit loss	41,165	1,263,297	20,803	**1,325,265**	36,623	1,264,265	18,314	**1,319,202**
Realised credit losses				**26,026**				**107,317**

D9.5 Disposal groups classified as held for sale by ECL-stages and realised and expected credit losses

Credit rating (EUR 1,000)	Finnvera Group 31 Dec 2021				Finnvera Group 31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and receivables from credit institutions	-	-	-	**-**	2,021	-	-	**2,021**
Loans and receivables from customers	-	-	-	**-**	400	-	-	**400**
Total	**-**	**-**	**-**	**-**	**2,421**	**-**	**-**	**2,421**
Expected credit loss from HFS items	-	-	-	**-**	4	-	-	**4**
Realised credit losses	-	-	-	**-**				**-16**

D9.6 Expected credit losses in balance sheet

D9.6.1 Expected credit losses by balance sheet item

	Finnvera Group 31 Dec 2021			Finnvera Group 31 Dec 2020		
Assets (EUR 1,000)	**Gross**	**ECL**	**Net**	**Gross**	**ECL**	**Net**
Loans and receivables from credit institutions	526,082	-193	525,889	475,560	-701	474,859
Investment accounts and deposits	88,292	-48	88,245	199,463	-369	199,094
Loans and receivables from customers	8,573,271	-1,169,220	7,404,051	8,255,056	-1,167,447	7,087,608
Debt securities	3,309,881	-791	3,309,090	3,465,712	-5,745	3,459,967
Other assets	379,259	-94	379,165	379,936	-132	379,804
Prepayments and accrued income	118,722	-1,032	117,690	128,666	-851	127,814
Assets of disposal groups classified as held for sale	-	-	-	48,138	-4	48,135
Total	**12,995,507**	**-1,171,378**	**11,824,130**	**12,952,531**	**-1,175,249**	**11,777,282**

Liabilities (EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020
Provisions	-205,372	-199,309
Equity – Fair value	-2,094	-4,072
Total	**-207,466**	**-203,381**

	Finnvera plc 31 Dec 2021			Finnvera plc 31 Dec 2020		
Assets (EUR 1,000)	**Gross**	**ECL**	**Net**	**Gross**	**ECL**	**Net**
Loans and receivables from credit institutions	455,698	-185	455,514	393,037	-652	392,385
Investment accounts and deposits	88,292	-48	88,245	199,463	-369	199,094
Loans and receivables from customers	7,429,010	-49,327	7,379,683	7,128,717	-47,555	7,081,162
Debt securities	3,309,881	-791	3,309,090	3,465,712	-5,745	3,459,967
Prepayments and accrued income	85,356	-1,032	84,323	91,285	-851	90,433
Total	**11,368,237**	**-51,383**	**11,316,854**	**11,278,215**	**-55,172**	**11,223,042**

Liabilities (EUR 1,000)	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Provisions	-1,325,265	-1,319,202
Equity – Fair value	-2,094	-4,072
Total	**-1,327,359**	**-1,323,274**

D9.6.2 Expected credit loss from disposal groups classified as held for sale by balance sheet item

	Finnvera Group 31 Dec 2021			Finnvera Group 31 Dec 2020		
Assets (EUR 1,000)	**Gross**	**ECL**	**Net**	**Gross**	**ECL**	**Net**
Loans and receivables from credit institutions	-	-	-	2,331	-4	2,327
Loans and receivables from customers	-	-	-	400	-0	400
Investments in Group companies	-	-	-	-	-	-
Investments in assosiated companies	-	-	-	9,871	-	9,871
Other shares and participations	-	-	-	23,561	-	23,561
Prepayments and accrued income	-	-	-	-	-	-
Deferred tax receivables due to expected credit loss	-	-	-	-	-	-
Total	**-**	**-**	**-**	**36,163**	**-4**	**36,159**

D10 Income tax expense

	Finnvera Group	
(EUR 1,000)	**31 Dec 2021**	**31 Dec 2020**
Current period tax	-11,178	-4,669
Adjustment for prior periods	-	1
Deferred taxes (Note E7)	-289	-3,666
Total	**-11,466**	**-8,335**

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

E Notes to the balance sheet

E1 Loans to and receivables from credit institutions

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Payable on demand	475,674	420,301	455,514	388,385
Payable on demand, reclassified to assets of disposal groups held for sale (Note D3.7)	-	-2,327	-	-
Investment accounts and deposits	88,245	199,094	88,245	199,094
Export credit loans	50,215	52,885	-	-
Escrow accounts	-	4,000	-	4,000
Total	**614,134**	**673,954**	**543,758**	**591,479**

E2 Loans to and receivables from customers

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Loans	**7,305,538**	**7,031,585**	**8,401,063**	**8,145,032**
- Subordinated loans	3,347	5,123	3,347	5,123
- Other loans	8,438,416	8,164,092	547,038	655,235
- Expected credit losses / Impairment losses	-1,136,224	-1,137,230	-16,331	-17,338
- Reclassified to assets of disposal groups held for sale	-	-400	-	-
- Loans to Group companies	-	-	7,867,009	7,502,011
Debt securities	**42,679**	**10,725**	**42,679**	**10,725**
- Domestic financing bonds	42,679	10,725	42,679	10,725
Guarantee receivables	**35,784**	**27,055**	**35,784**	**27,055**
- Guarantee receivables, gross 31 Dec	42,806	32,462	42,806	32,462
- Expected credit losses	-7,021	-5,407	-7,021	-5,407
Receivables from export credit and special guarantee operations	**20,049**	**18,243**	**20,049**	**18,243**
- Fee and commission receivables	1,838	2,999	1,838	2,999
- Book value of recovery receivables on 31 Dec	18,212	15,244	18,212	15,244
- Nominal value of recovery receivables	44,187	40,054	44,187	40,054
- Impairment losses on recovery receivables	-25,975	-24,810	-25,975	-24,810
Total	**7,404,051**	**7,087,608**	**8,499,576**	**8,201,055**

E3 Investments

(EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Debt securities				
Certificates of deposits and bonds	2,141,924	2,441,159	2,141,924	2,441,159
Commercial papers	201,674	306,317	201,674	306,317
Local authority papers	965,492	712,492	965,492	712,492
Total	**3,309,090**	**3,459,967**	**3,309,090**	**3,459,967**
Investments in Group companies				
Acquisition cost at 31 Dec	**-**	**-**	**75,013**	**90,269**
- Acquisition cost at 1 Jan	-	-	90,269	90,269
- Investments	-	-	-	-
- Sales	-	-	-15,256	-
- Decrease in equity	-	-	-	-
- Transfers between groups	-	-	-	-
Accumulated impairment losses at 31 Dec	**-**	**-**	**-44,935**	**-44,935**
- Accumulated impairment losses at 1 Jan	-	-	-44,935	-44,935
- Impairment losses during the period	-	-	-	-
Reclassified to assets of disposal groups held for sale	**-**	**-**	**-**	**-15,256**
Total	**-**	**-**	**30,078**	**30,078**
Investments in associated companies[1]				
Acquisition cost at 31 Dec	**-**	**5,503**	**-**	**-**
- Acquisition cost at 1 Jan	5,503	4,889	-	-
- Investments	453	568	-	-
- Sales	-80	-	-	-
- Transfers between groups	-5,691	47	-	-
Accumulated fair value adjustments at 31 Dec	**-**	**4,368**	**-**	**-**
- Accumulated fair value adjustments at 1 Jan	4,368	5,146	-	-
- Fair value adjustments during the period	-4,368	-778	-	-
Reclassified to assets of disposal groups held for sale	**-**	**-9,871**	**-**	**-**
Total	**-**	**-**	**-**	**-**
Other shares and participations				
Acquisition cost at 31 Dec	**13,723**	**43,903**	**13,723**	**25,698**
- Acquisition cost at 1 Jan	43,903	44,298	25,698	26,912
- Investments	1,515	1,080	234	368
- Sales	-17,508	-3,787	-12,209	-1,581
- Transfers between groups	-15,967	951	-	-
Accumulated fair value adjustments at 31 Dec	**-**	**5,356**	**-**	**-**
- Accumulated fair value adjustments at 1 Jan	5,356	5,831	-	-
- Fair value adjustments during the period	-5,356	-475	-	-
Reclassified to assets of disposal groups held for sale	**-**	**-35,536**	**-**	**-11,975**
Total	**13,723**	**13,723**	**13,723**	**13,723**
Investments total[2]	**3,322,812**	**3,473,690**	**3,352,890**	**3,503,768**

1 Investments in associated companies are investments by the subsidiary engaged in venture capital financing in the Group.
2 Other shares and participations do not include publicly listed shares or participations.

E4 Intangible and tangible assets

E4.1 Intangible assets

(EUR 1,000)	Finnvera Group/Finnvera plc 2021 Digitalisation	IT applications and other intangible assets	Right-of-use-assets (IFRS 16)	Projects in progress	Total
Carrying amount at 1 Jan	**4,731**	**2,153**	**9,541**	**1,334**	**17,759**
- Acquisition cost at 1 Jan	10,864	5,227	12,352	1,334	**29,778**
- Additions	97	606	-	100	**803**
- Disposals	-3,172	-416	-6,494	-	**-10,082**
Acquisition cost at 31 Dec	**7,788**	**5,417**	**5,859**	**1,435**	**20,498**
- Accumulated amortisation and impairment losses at 1 Jan	-6,133	-3,075	-2,811	-	**-12,019**
- Accumulated amortisation on disposals	3,172	416	-	-	**3,589**
- Amortisation for the period	-1,914	-1,095	-599	-	**-3,608**
- Impairment losses	-	-	-	-1,435	**-1,435**
Accumulated amortisation and impairment losses at 31 Dec	**-4,875**	**-3,753**	**-3,410**	**-1,435**	**-13,473**
Carrying amount at 31 Dec	**2,913**	**1,663**	**2,449**	**-**	**7,025**

(EUR 1,000)	Finnvera Group/Finnvera plc 2020 Digitalisation	IT applications and other intangible assets	Right-of-use-assets (IFRS 16)	Projects in progress	Total
Carrying amount at 1 Jan	**5,535**	**2,850**	**10,839**	**523**	**19,748**
- Acquisition cost at 1 Jan	9,945	5,124	12,223	523	**27,815**
- Additions	1,264	343	129	811	**2,547**
- Disposals	-345	-239	-	-	**-584**
Acquisition cost at 31 Dec	**10,864**	**5,227**	**12,352**	**1,334**	**29,778**
- Accumulated amortisation and impairment losses at 1 Jan	-4,410	-2,273	-1,384	-	**-8,067**
- Accumulated amortisation on disposals	345	239	-	-	**584**
- Amortisation for the period	-2,068	-1,041	-1,427	-	**-4,536**
Accumulated amortisation and impairment losses at 31 Dec	**-6,133**	**-3,075**	**-2,811**	**-**	**-12,019**
Carrying amount at 31 Dec	**4,731**	**2,153**	**9,541**	**1,334**	**17,759**

E4.2 Tangible assets

(EUR 1,000)	Finnvera Group/Finnvera plc 2021 Machinery and equipment	Right-of-use-assets (IFRS 16)	Total
Carrying amount at 1 Jan	**394**	**12,941**	**13,335**
- Acquisition cost at 1 Jan	1,672	17,615	**19,287**
- Additions	39	-	**39**
- Disposals	-1,290	-6,869	**-8,159**
Acquisition cost at 31 Dec	**422**	**10,746**	**11,167**
- Accumulated depreciation and impairment losses at 1 Jan	-1,278	-4,674	**-5,953**
- Accumulated depreciation on disposals	1,290	-	**1,290**
- Depreciation for the period	-244	-2,338	**-2,582**
Accumulated depreciations and impairment losses at 31 Dec	**-232**	**-7,012**	**-7,244**
Carrying amount at 31 Dec	**189**	**3,733**	**3,923**

(EUR 1,000)	Finnvera Group/Finnvera plc 2020 Machinery and equipment	Right-of-use-assets (IFRS 16)	Total
Carrying amount at 1 Jan	**640**	**11,608**	**12,248**
- Acquisition cost at 1 Jan	2,186	13,916	**16,103**
- Additions	126	3,699	**3,824**
- Disposals	-640	-	**-640**
Acquisition cost at 31 Dec	**1,672**	**17,615**	**19,287**
- Accumulated depreciation and impairment losses at 1 Jan	-1,546	-2,308	**-3,854**
- Accumulated depreciation on disposals	640	-	**640**
- Depreciation for the period	-372	-2,366	**-2,738**
Accumulated depreciations and impairment losses at 31 Dec	**-1,278**	**-4,674**	**-5,953**
Carrying amount at 31 Dec	**394**	**12,941**	**13,335**

E4.3 Notes to the tangible and intangible assets according to IFRS 16, balance sheet items of the right-of-the-use assets

	Finnvera Group/Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020
Right-of-use-asset		
Intangible assets		
- IT Applications	2,449	9,541
Total	**2,449**	**9,541**
Tangible assets		
- Office properties	3,564	12,720
- Lease cars	170	221
Total	**3,733**	**12,941**

	Finnvera Group/Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020
Other liabilities		
Lease liabilities		
- IT applications	1,575	9,607
- Office properties	4,046	13,052
- Lease cars	188	243
Total	**5,809**	**22,902**

E5 Other assets

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Credit loss receivables from the State[1]	24,305	24,068	24,305	24,068
Internal other receivables from subsidiaries[2]	-	-	5,369	-
Transaction price receivable associated with venture capital investment activities	4,604	6,483	-	-
Fund payment from The State Guarantee Fund	349,023	349,023	349,023	349,023
Other	1,233	230	1,233	230
Total	**379,165**	**379,804**	**379,930**	**373,321**

1 The state and the European Regional Development Fund (ERDF) has granted Finnvera commitments to partially compensate Finnvera for the credit and guarantee losses. The commitments enable Finnvera to take higher risks in domestic business than financiers operating on commercial grounds.
2 In its financial statements, Finnvera plc recognises Finnish Export Credit Ltd's share of the change in the fair value of liabilities and derivatives either as a liability to or as a receivable from Finnish Export Credit Ltd, depending on the final outcome of the change. At the end of the financial period 2021, the accumulated fair value liability from Finnish Export Credit Ltd amounted to EUR 5.4 million. At the end of the financial period 2020, the accumulated fair value receivable (EUR 2.4 million) is presented in note E11.

E6 Prepayments and accrued income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Interest and interest subsidy receivables	85,594	89,390	50,136	48,308
Group internal interest receivables	-	-	2,133	3,778
Fee and commission receivables	6,974	5,591	4,716	3,191
Group internal fee and commission receivables	-	-	2,219	2,325
Reinsurance premiums paid in advance	23,514	28,143	23,514	28,143
Cash collateral given for derivatives	-	2,360	-	2,360
Prepayments and other accrued income	1,608	2,330	1,606	2,329
Total	**117,690**	**127,814**	**84,323**	**90,433**

E7 Tax assets and liabilities

	Finnvera Group	
(EUR 1,000)	2021	2020
Deferred tax assets at 1 Jan	30	2,946
Increase/decrease to income statement during the period	-10	-2,916
Deferred tax assets at 31 Dec	**20**	**30**
Current income tax assets	**26**	**-**
Total tax assets	**46**	**30**

	Finnvera Group	
(EUR 1,000)	2021	2020
Deferred tax liabilities at 1 Jan	661	2,708
Increase/decrease to income statement during the period	279	750
Sale of the subsidiary	-175	-
Deferred tax liabilities at 31 Dec	**764**	**3,458**
Deferred tax liabilities, reclassified to liabilities of disposal groups held for sale (Note D3.7)	-	-2,796
Total deferred tax liabilities	**764**	**661**
Current income tax liabilities	**7,053**	**1,085**
Total tax liabilities	**7,817**	**1,746**
Deferred tax, net at 31 Dec	**-745**	**-3,428**

By virtue of §20 of the Income Tax Act, Finnvera plc is exempt from income tax. Deferred tax assets and receivables have arisen from the profit and loss impact of Veraventure Ltd's venture capital investment trade receivables as well as Finnish Export Credit Ltd's fair value of the derivative contracts.

E8 Liabilities to credit and other institutions

	Finnvera Group		Finnvera plc	
	2021		2021	
(EUR 1,000)	Nominal value	Carrying amount	Nominal value	Carrying amount
Liabilities to credit and other institutions				
1 Jan 2021	**74,583**	**74,583**	**86,000**	**86,000**
Loans withdrawn	-	-	245,000	245,000
Repayments	-	-	-207,000	-207,000
Net proceeds (+) and repayments (-) of short-term loans[1]	-	-	-	-
Early repayments	-	-	-	-
Fair value changes		-		-
Foreign exchange differences	-	-	-	-
31 Dec 2021	**74,583**	**74,583**	**124,000**	**124,000**

	Finnvera Group		Finnvera plc	
	2020		2020	
(EUR 1,000)	Nominal value	Carrying amount	Nominal value	Carrying amount
Liabilities to credit and other institutions				
1 Jan 2020	**82,042**	**82,042**	**75,000**	**75,000**
Loans withdrawn	-	-	-	-
Repayments	-7,458	-7,458	-	-
Net proceeds (+) and repayments (-) of short-term loans[1]	-	-	11,000	11,000
Early repayments	-	-	-	-
Fair value changes		-		-
Foreign exchange differences	-	-	-	-
31 Dec 2020	**74,583**	**74,583**	**86,000**	**86,000**

1 The gross amounts of short-term liabilities are presented in the notes of the cash flow statement

E9 Debt securities in issue

Issuer and ISIN						Finnvera plc/ Finnvera Group Carrying amount	
(EUR 1,000)	Interest	Nominal (thousands)	Currency	Issue date	Maturity date	31 Dec 2021	31 Dec 2020
Finnvera plc - XS1951364915	2.800%	30,000	AUD	14.2.2019	14.8.2029	20,033	21,304
Finnvera plc - XS1951364915	2.800%	30,000	AUD	13.11.2019	14.8.2029	20,033	21,304
Finnvera plc - XS1140297000	0.625%	750,000	EUR	19.11.2014	19.11.2021	-	758,093
Finnvera plc - XS1294518318	0.625%	1,000,000	EUR	22.9.2015	22.9.2022	1,009,030	1,020,985
Finnvera plc - XS1392927072	0.500%	1,000,000	EUR	13.4.2016	13.4.2026	1,018,678	1,045,618
Finnvera plc - XS1613374559	1.125%	750,000	EUR	17.5.2017	17.5.2032	811,681	864,758
Finnvera plc - XS1613374559	1.125%	100,000	EUR	3.7.2017	17.5.2032	108,224	115,301
Finnvera plc - XS1613374559	1.125%	150,000	EUR	6.9.2017	17.5.2032	162,336	172,952
Finnvera plc - XS1791423178	1.250%	1,000,000	EUR	14.3.2018	14.7.2033	1,107,984	1,189,220
Finnvera plc - XS1904312318	0.750%	500,000	EUR	7.11.2018	7.8.2028	522,558	543,885
Finnvera plc - XS1979447064	0.375%	1,000,000	EUR	9.4.2019	9.4.2029	1,018,315	1,061,747
Finnvera plc - XS2230845328	0.000%	1,000,000	EUR	15.9.2020	15.9.2027	995,383	1,025,592
Finnvera plc - XS1538285807	1.910%	1,500,000	SEK	20.12.2016	20.12.2028	153,156	162,724
Finnvera plc - XS1538285807	1.910%	1,500,000	SEK	23.1.2017	20.12.2028	153,156	162,724
Finnvera plc - XS1538285807	1.910%	500,000	SEK	23.1.2017	20.12.2028	51,052	54,241
Finnvera plc - XS1241947768	2.375%	500,000	USD	4.6.2015	4.6.2025	459,154	440,097
Finnvera plc - XS1845379152	3.000%	1,000,000	USD	27.6.2018	27.6.2023	910,867	868,636
Finnvera plc - XS2068940753	1.625%	1,000,000	USD	23.10.2019	23.10.2024	890,198	849,748
Finnvera plc - XS2401591800	1.250%	1,000,000	USD	27.10.2021	27.10.2026	873,144	-
Total						**10,284,982**	**10,378,929**

A B C D E F G H

(EUR 1,000)	Finnvera Group 2021 Nominal value	Finnvera Group 2021 Carrying amount	Finnvera plc 2021 Nominal value	Finnvera plc 2021 Carrying amount
Debt securities in issue				
1 Jan 2021	**9,673,873**	**10,378,929**	**9,673,873**	**10,378,929**
Debt securities issued	860,807	855,109	860,807	855,109
Repayments at maturity	-750,000	-750,000	-750,000	-750,000
Fair value changes	-	-394,906	-	-394,906
Foreign exchange differences	185,433	192,500	185,433	192,500
Other changes	-	3,350	-	3,350
31 Dec 2021	**9,970,113**	**10,284,982**	**9,970,113**	**10,284,982**
Average interest rate[1]		-0.2178%		-0.2456%

(EUR 1,000)	Finnvera Group 2020 Nominal value	Finnvera Group 2020 Carrying amount	Finnvera plc 2020 Nominal value	Finnvera plc 2020 Carrying amount
Debt securities in issue				
1 Jan 2020	**9,738,085**	**10,138,250**	**9,738,085**	**10,138,250**
Debt securities issued	1,000,000	1,024,070	1,000,000	1,024,070
Repayments at maturity	-849,762	-849,762	-849,762	-849,762
Fair value changes	-	288,104	-	288,104
Foreign exchange differences	-214,450	-227,718	-214,450	-227,718
Other changes	-	5,985	-	5,985
31 Dec 2020	**9,673,873**	**10,378,929**	**9,673,873**	**10,378,929**
Average interest rate[1]		-0.1720%		-0.1990%

1 The average interest rate is calculated as an average interest rate for all interest-bearing loans. The average interest rate of the comparison year has been corrected.

Liabilities have been measured at fair value through profit and loss (FVTPL) when they have been hedged with derivatives (fair value option). Liabilities under hedge accounting are carried at amortised cost and adjusted for the change in interest rate risk. An amount equaling the nominal value of a liability is repaid at the maturity date. The credit risk portion of the change in fair value of the FVTPL liabilities is based on market data. The liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

E10 Derivatives and hedge accounting

(EUR 1,000)	Finnvera plc/Finnvera Group Fair value positive	Fair value negative	Nominal value Total
31 Dec 2021			
Fair value hedges			
- Interest rate swaps	275,791	4,849	2,228,378
Cash flow hedges			
- Cross-currency interest rate swaps	12,078	29,287	8,067,439
Hedging derivatives not designated in hedge accounting relationships[1]			
- Interest rate swaps	21,261	829	879,603
- Cross-currency interest rate swaps	36,233		1,576,462
- Forward foreign exchange contracts	25,547	312	1,029,918
Total	**370,910**	**35,278**	**13,781,800**
31 Dec 2020			
Fair value hedges			
- Interest rate swaps	567,096	7,395	7,543,303
Cash flow hedges			
- Cross-currency interest rate swaps	67,734	-	1,334,103
Hedging derivatives not designated in hedge accounting relationships[1]			
- Interest rate swaps	58,109	2,140	2,292,465
- Cross-currency interest rate swaps	157,779	-	886,549
- Forward foreign exchange contracts	103	2,857	155,762
Total	**850,820**	**12,392**	**12,212,182**

1 Other derivatives hedge foreign currency exchange risks and interest risk. Debt securities in issue hedged with derivatives that are not covered by fair value hedge accounting have been measured at fair value and the changes in their fair values have been recognised in the income statement (fair value option). The credit risk portion of the fair value change has been recognised in the fair value reserve within equity.

Fair value hedging

Fair value hedging is used to hedge the interest rate risk of issued bonds and investments. The hedged liabilities are measured at fair value with regard to the hedged risk and the changes in their fair values have been recognised in the income statement. Debt securities covered by hedge accounting are measured at fair value through other comprehensive income and the changes in the fair value with regard to the hedged risk is recognised in the income statement. Change in the fair value of derivatives is recognised in the income statement.

Hedge ineffectiveness[1] (EUR 1,000)	Finnvera plc/Finnvera Group 31 Dec 2021	31 Dec 2020
Hedging derivatives, debt securities	17,119	-7,863
Hedging derivatives, debt securities in issue	-318,668	255,993
Hedging instruments total	**-301,549**	**248,130**
Hedged items, debt securities	-17,120	7,632
Hedged items, debt securities in issue	317,082	-254,820
Hedged items total	**299,962**	**-247,188**
Hedge ineffectiveness recognised in the income statement[2]	**-1,587**	**942**

1 In its financial statements, Finnvera plc recognises Finnish Export Credit Ltd's share of the change in the fair value of liabilities and derivatives either as a liability to or as a receivable from Finnish Export Credit Ltd, depending on the final outcome of the change.
2 Presented in the line item "Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses".

Accumulated fair value adjustments on hedged assets (EUR 1,000)	Finnvera plc/Finnvera Group 31 Dec 2021	31 Dec 2020
Debt securities carried at fair value through OCI	1,308,158	933,068
Of which accumulated amount of fair value hedge adjustments	2,105	7,632

Accumulated fair value adjustments on liabilities (EUR 1,000)	Finnvera plc/Finnvera Group 31 Dec 2021	31 Dec 2020
Debt securities in issue, carried at amortised cost	7,630,474	6,615,897
Accumulated amount of fair value hedge adjustments	271,513	577,675
Total	**7,901,987**	**7,193,572**

Maturity profile of the nominal amount of hedging instruments 31 Dec 2021	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Hegding instruments, interest rate risk, debt securities	13,400	28,644	1,003,747	255,800	-	1,301,591
Hegding instruments, interest rate risk, debt securities in issue	-	-	3,625,694	2,000,000	2,000,000	7,625,694
Total	**13,400**	**28,644**	**4,629,441**	**2,255,800**	**2,000,000**	**8,927,285**

Maturity profile of the nominal amount of hedging instruments 31 Dec 2020	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Hegding instruments, interest rate risk, debt securities in issue	-	21,600	585,044	306,800	-	913,444
Hegding instruments, interest rate risk, debt securities in issue	-	-	1,629,859	3,000,000	2,000,000	6,629,859
Total	**-**	**21,600**	**2,214,903**	**3,306,800**	**2,000,000**	**7,543,303**

Cash flow hedging

Hedging of cash flow hedges future cash flows against changes in reference rates in commitments in foreign currencies. The company uses cross-currency interest rate swaps for hedging. Change in the fair value of hedging instruments with regard to the hedged risk is reported in the hedging reserve under comprehensive income. The company has also elected to use the separation of the cost of hedging. The cross currency basis spread of the hedging instrument is not included in the hedging relationship but accounted for as cost of hedging and it is recognised in the cost of hedging reserve in other comprehensive income.

Hedge ineffectiveness (EUR 1,000)	Finnvera plc/Finnvera Group 31 Dec 2021	31 Dec 2020
Valuation gains and losses during the year	-5,471	-8,984
Cost of hedging portion of the valuation gains and losses	-6,710	-6,791
Valuation gains and losses excl. Cost of hedging	**1,240**	**-2,194**
Changes in fair value of hedged items used as basis for recognising hedge ineffectiveness	-1,483	1,950
Hedge ineffectiveness recognised in the income statement[1]	-243	-243
Hedging gains or losses recognised in OCI	-13,968	-8,741
Total	**-14,211**	**-8,984**

1 Presented in the line item "Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses".

Cash flow hedging reserves[1]	Finnvera plc/Finnvera Group		
(EUR 1,000)	Hedging reserve	Cost of hedging	Total
Balance at 1 Jan	**-1,950**	**-6,791**	**-8,741**
Fair value changes during the period	1,483	-6,710	-5,227
Balance at 31 Dec 2021	**-467**	**-13,501**	**-13,968**

Cash flow hedging reserves[1]	Finnvera plc/Finnvera Group		
(EUR 1,000)	Hedging reserve	Cost of hedging	Total
Balance at 1 Jan	**-**	**-**	**-**
Fair value changes during the period	-1,950	-6,791	-8,741
Balance at 31 Dec 2020	**-1,950**	**-6,791**	**-8,741**

1 There are no balances in the cash flow hedge reserve that relates to hedging relationships that have been discontinued.

Maturity profile of the nominal amount of hedging instruments 31 Dec 2021	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Hegding instruments, interest rate risk	-	-	-	882,924	485,608	1,368,533
Total	**-**	**-**	**-**	**882,924**	**485,608**	**1,368,533**

Maturity profile of the nominal amount of hedging instruments 31 Dec 2020	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Hegding instruments, interest rate risk	-	-	-	867,808	466,295	1,334,103
Total	**-**	**-**	**-**	**867,808**	**466,295**	**1,334,103**

E11 Other liabilities

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Grants under repayment obligation	4,252	4,252	4,252	4,252
Grant from the Ministry of Employment and the Economy to ERDF-Seed Fund Ltd for venture capital investments	-	14,653	-	14,653
Prepayments received for ERDF financing	-	4,000	-	4,000
Accounts payable for investments in debt securities	23,018	19,005	23,018	19,005
Lease liabilities according to IFRS 16	5,809	22,902	5,809	22,902
Other	3,777	2,208	3,776	2,147
Group internal other liabilities[1]	-	-	35,778	14,092
Total	**36,856**	**67,020**	**72,633**	**81,051**

1 In its financial statements, Finnvera plc recognises Finnish Export Credit Ltd's share of the change in the fair value of liabilities and derivatives either as a liability to or as a receivable from Finnish Export Credit Ltd, depending on the final outcome of the change. At the end of the financial period 2020, the accumulated fair value liability from Finnish Export Credit Ltd amounted to EUR 5.4 million. At the end of the financial period 2021, the accumulated fair value receivable (EUR 2.4 million) is presented in note E5.

E12 Provisions

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Provisions for legal advising at 1 Jan	-	50	-	50
Provisions made during the period	-	-	-	-
Provisions used during the period	-	-	-	-
Reversal of provisions	-	-50	-	-50
Total	**-**	**0**	**-**	**0**

Provisions according to IFRS 9 standard

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Provisions for export finance at 1 Jan	180,459	28,196	1,300,352	77,139
Provisions made during the period[1]	-	152,263	1,968	1,223,212
Reversal of provisions	-5,275	-	-	-
Provisions for export credit financing at 31 Dec	**175,183**	**180,459**	**1,302,320**	**1,300,352**
Provisions for domestic financing at 1 Jan	18,850	23,009	18,850	23,009
Provisions made during the period	4,095	-	4,095	-
Reversal of provisions	-	-4,159	-	-4,159
Provisions for domestic financing at 31 Dec	**22,945**	**18,850**	**22,945**	**18,850**
Total provisions for IFRS 9 at 1 Jan	199,309	51,205	1,319,202	100,148
Provisions made during the period	4,095	152,263	6,063	1,223,212
Reversal of provisions	-5,275	-	-	-4,159
Total provisions for IFRS 9 at 31 Dec	**205,372**	**199,309**	**1,325,265**	**1,319,201**
Total provisions at 31 Dec	**205,372**	**199,309**	**1,325,265**	**1,319,201**

1 The recognition principles of the IFRS 9 standard are presented under the accounting principles of the financial statements. In the provisions according to the IFRS 9 standard, the portion of export credit guarantee provisions that concerns Finnish Export Credit Ltd's export credits has been deducted from the Group's figure. In the Group, the expected credit loss (ECL) on export credits has been recorded as an export credit deduction in balance sheet items Receivables from clients and Receivables from credit institutions.

E13 Accruals and deferred income

	Finnvera Group		Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Interest	65,884	67,994	34,345	32,503
Interest liabilities to subsidiaries	-	-	-81	-54
Advance interest payments received	4	7	4	7
Guarantee premiums paid in advance[1]	264,617	262,298	264,617	262,298
Cash collateral received for derivatives	370,440	854,070	370,440	854,070
Other accruals and deferred income	10,597	9,035	5,866	5,442
Total	**711,543**	**1,193,403**	**675,191**	**1,154,266**

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

E14 financial instruments classification and fair values

Finnvera Group, IFRS 9

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Designated at fair value through profit or loss (Fair value option)	Fair value through OCI	Total	Fair value[1]
31 Dec 2021						
Loans to and receivables from credit institutions	614,134	-	-	-	**614,134**	615,484
Loans to and receivables from customers	7,361,372	-	-	42,679	**7,404,051**	7,558,578
Investments in debt securities – Short term debt securities	1,005,870	-	-	-	**1,005,870**	1,005,870
Investments in debt securities – Bonds	-	-	136,240	2,166,980	**2,303,220**	2,303,220
Derivatives	-	370,910	-	-	**370,910**	370,910
Other shares and participations	-	13,723	-	-	**13,723**	13,723
Assets of disposal groups classified as held for sale	-	-	-	-	**-**	-
Other financial assets	443,643	-	-	-	**-**	-
Total	**9,425,019**	**384,632**	**136,240**	**2,209,659**	**11,711,907**	**11,867,784**

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Designated at fair value through profit or loss (Fair value option)	Fair value through OCI	Total	Fair value[1]
31 Dec 2020						
Loans to and receivables from credit institutions	673,954	-	-	-	**673,954**	675,118
Loans to and receivables from customers	7,076,883	-	-	10,725	**7,087,608**	7,233,363
Investments in debt securities – Short term debt securities	957,744	-	-	-	**957,744**	957,744
Investments in debt securities – Bonds	-	-	137,520	2,364,703	**2,502,223**	2,502,223
Derivatives	-	850,820	-	-	**850,820**	850,820
Other shares and participations	-	13,723	-	-	**13,723**	13,723
Assets of disposal groups classified as held for sale	2,727	45,407	-	-	**48,135**	48,135
Other financial assets	452,955	-	-	-	**452,955**	452,955
Total	**9,164,263**	**909,950**	**137,520**	**2,375,428**	**12,587,161**	**12,734,081**

1 The fair values for receivables that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term receivables has been set at their carrying amount due to their short maturity. The fair value of long-term receivables is based on discounted cash flows (Level 2).

Group, IFRS 9

Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Fair value option	Total	Fair value[1]
31 Dec 2021					
Liabilities to other institutions	74,583	-	-	**74,583**	79,918
Debt securities in issue	7,897,102	-	2,387,880	**10,284,982**	10,290,624
Derivatives	-	35,278	-	**35,278**	35,278
Other financial liabilities	464,874	-	-	**464,874**	464,874
Subordinated liabilities	-	-	-	**-**	-
Liabilities of disposal groups held for sale	-	-	-	**-**	-
Total	**8,436,559**	**35,278**	**2,387,880**	**10,859,717**	**10,870,694**

Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Fair value option	Total	Fair value[1]
31 Dec 2020					
Liabilities to other institutions	74,583	-	-	**74,583**	82,698
Debt securities in issue	7,193,572	-	3,185,357	**10,378,929**	10,362,960
Derivatives	-	12,392	-	**12,392**	12,392
Subordinated liabilities	947,182	-	-	**947,182**	947,182
Subordinated liabilities	-	-	-	**-**	-
Liabilities of disposal groups held for sale	15,867	-	-	**15,867**	15,867
Total	**8,231,204**	**12,392**	**3,185,357**	**11,428,953**	**11,421,099**

1 The fair values for liability items that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term liabilities has been set at their carrying amount due to their short maturity.The fair value of long-term liabilities is based on discounted cash flows (Level 2). The fair values of bonds in issue that are covered by hedge accounting are based on the prices at the closing of the financial period, determined by a third party (Level 2).

Finnvera plc, IFRS 9

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Designated at fair value through profit or loss (Fair value option)	Fair value through OCI	Total	Fair value[1]
31 Dec 2021						
Loans to and receivables from credit institutions	543,758	-	-	-	**543,758**	543,758
Loans to and receivables from customers[1]	8,456,897	-	-	42,679	**8,499,576**	8,534,202
Investments in debt securities – Short term debt securities	1,005,870	-	-	-	**1,005,870**	1,005,870
Investments in debt securities – Bonds[1]	-	-	136,240	2,166,980	**2,303,220**	2,303,220
Derivatives	-	370,910	-	-	**370,910**	370,910
Other shares and participations	-	13,723	-	-	**13,723**	13,723
Assets of disposal groups classified as held for sale	-	-	-	-	**-**	-
Other financial assets	408,059	-	-	-	**408,059**	408,059
Total	**10,414,584**	**384,632**	**136,240**	**2,209,659**	**13,145,115**	**13,179,742**

Financial assets (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Designated at fair value through profit or loss (Fair value option)	Fair value through OCI	Total	Fair value[1]
31 Dec 2020						
Loans to and receivables from credit institutions	591,479	-	-		**591,479**	591,479
Loans to and receivables from customers	8,190,330	-	-	10,725	**8,201,055**	8,238,720
Investments in debt securities – Short term debt securities	957,744	-	-	-	**957,744**	957,744
Investments in debt securities – Bonds	-	-	137,520	2,364,703	**2,502,223**	2,502,223
Derivatives	-	850,820	-	-	**850,820**	850,820
Other shares and participations	-	13,723	-	-	**13,723**	13,723
Assets of disposal groups classified as held for sale	-	11,975	-	-	**11,975**	11,975
Other financial assets	406,767	-	-	-	**406,767**	406,767
Total	**10,146,321**	**876,518**	**137,520**	**2,375,428**	**13,535,787**	**13,573,452**

1 The fair values for receivables that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term receivables has been set at their carrying amount due to their short maturity. The fair value of long-term receivables is based on discounted cash flows (Level 2).

Finnvera plc, IFRS 9

Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Fair value option	Total	Fair value[1]
31 Dec 2021					
Liabilities to credit institutions	-	-	-	**-**	-
Liabilities to other institutions	124,000	-	-	**124,000**	124,000
Debt securities in issue	7,897,102	-	2,387,880	**10,284,982**	10,290,624
Derivatives	-	35,278	-	**35,278**	35,278
Other financial liabilities	433,334	-	-	**433,334**	433,334
Subordinated liabilities	-	-	-	**-**	-
Liabilities of disposal groups held for sale	-	-	-	**-**	-
Total	**8,454,436**	**35,278**	**2,387,880**	**10,877,594**	**10,883,235**

Financial liabilities (EUR 1,000)	Amortised cost	At fair value through profit or loss: Mandatorily	At fair value through profit or loss: Fair value option	Total	Fair value[1]
31 Dec 2020					
Liabilities to credit institutions	-	-	-	**-**	-
Liabilities to other institutions	86,000	-	-	**86,000**	86,000
Debt securities in issue	7,193,572	-	3,185,357	**10,378,929**	10,362,960
Derivatives	-	12,392	-	**12,392**	12,392
Subordinated liabilities	911,610	-	-	**911,610**	911,610
Subordinated liabilities	-	-	-	**-**	-
Liabilities of disposal groups held for sale	15,867	-	-	**15,867**	15,867
Total	**8,207,050**	**12,392**	**3,185,357**	**11,404,798**	**11,388,829**

1 The fair values for liability items that are not measured at fair value in accounting have been determined according to the following principles. The fair value of short-term liabilities has been set at their carrying amount due to their short maturity.The fair value of long-term liabilities is based on discounted cash flows (Level 2). The fair values of bonds in issue that are covered by hedge accounting are based on the prices at the closing of the financial period, determined by a third party (Level 2).

Fair value measurement principles for items carried at fair value

1. Debt securities

The fair values of debt securities are based on the prices at the closing of the financial period, determined by a third party pricing source, or on the value discounted using the market interest rate at the closing of the financial period.

2. Derivatives

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

3. Other shares and participations

Group's other shares and participations include EUR 13.7 million (EUR 13.7 million) in investments in unlisted companies outside the Group. The measurement of the shares is presented at acquisition cost, which, according to the Group's estimate, equals the fair value of the shares.

4. Assets of disposal groups classified as held for sale (concerns only the comparative year)

Other shares and participations: In the comparative year the balance sheet item assets of disposal groups classified as held for sale included EUR 11.9 million investments recognized at fair value outside the Group, Innovestor Kasvurahasto I Ky. Their value was tied to the acquisition cost of the investments on the basis of investment-related subordinated loan terms and other contractual terms so that the acquisition cost of the investments equals their fair value. In addition, the item contained investments of EUR 9.9 million in associated companies as well as EUR 23.6 million investments in other shares and participations. These items consisted of ERDF-Seed Fund Ltd's venture capital investments whose fair value is determined on the basis of the International Equity and venture Capital valuation (IPEV) guidelines and recommendations for early stage ventures. In accordance to the Government's policy outlines, Finnvera gave up its venture capital investments to sold them outside the Group.

5. Financial liabilities at fair value through profit or loss

The fair values of bonds in issue that fall outside hedge accounting are based on the prices at the closing of the financial period, determined by a third party pricing source.

E15 Hierarchy for financial instruments carried at fair value

	Finnvera Group				Finnvera plc			
(EUR 1,000)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets 31 Dec 2021								
Financial instruments carried at fair value through profit and loss								
- Investments in debt securities – Bonds	-	136,240	-	**136,240**	-	136,240	-	**136,240**
- Derivatives	-	370,910	-	**370,910**	-	370,910	-	**370,910**
- Other Shares and participations	-	-	13,723	**13,723**	-	-	13,723	**13,723**
- Assets of disposal groups held for sale	-	-	-	**-**	-	-	-	**-**
Financial instruments carried at fair value through other comperehensive income (OCI)								
- Loans to and receivables from customers - debt securities	-	42,679	-	**42,679**	-	42,679	-	**42,679**
- Investments in debt securities – Bonds	-	2,166,980	-	**2,166,980**	-	2,166,980	-	**2,166,980**
Total	**-**	**2,716,808**	**13,723**	**2,730,531**	**-**	**2,716,808**	**13,723**	**2,730,531**
Financial liabilities 31 Dec 2021								
Financial instruments carried at fair value through profit and loss								
- Debt securities in issue	-	2,387,880	-	**2,387,880**	-	2,387,880	-	**2,387,880**
- Derivatives	-	35,278	-	**35,278**	-	35,278	-	**35,278**
Total	**-**	**2,423,158**	**-**	**2,423,158**	**-**	**2,423,158**	**-**	**2,423,158**
Financial assets 31 Dec 2020								
Financial instruments carried at fair value through profit and loss								
- Investments in debt securities – Bonds	-	137,520	-	**137,520**	-	137,520	-	**137,520**
- Derivatives	-	850,820	-	**850,820**	-	850,820	-	**850,820**
- Other Shares and participations	-	-	13,723	**13,723**	-	-	13,723	**13,723**
- Assets of disposal groups held for sale	-	-	45,407	**45,407**	-	-	11,975	**11,975**
Financial instruments carried at fair value through other comperehensive income (OCI)								
- Loans to and receivables from customers - debt securities	-	10,725	-	**10,725**	-	10,725	-	**10,725**
- Investments in debt securities – Bonds	-	2,364,703	-	**2,364,703**	-	2,364,703	-	**2,364,703**
Total	**-**	**3,363,769**	**59,130**	**3,422,899**	**-**	**3,363,769**	**25,698**	**3,389,467**
Financial liabilities 31 Dec 2020								
Financial instruments carried at fair value through profit and loss								
- Debt securities in issue	-	3,185,357	-	**3,185,357**	-	3,185,357	-	**3,185,357**
- Derivatives	-	12,392	-	**12,392**	-	12,392	-	**12,392**
Total	**-**	**3,197,749**	**-**	**3,197,749**	**-**	**3,197,749**	**-**	**3,197,749**

The table shows financial instruments that are measured at fair value on a recurring basis. The fair values of financial assets and liabilities measured at amortised cost and their fair value hierarchy levels are presented in Note E14.

Hierarchy

Level 1

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

Level 2

The fair values of interest rate and currency swaps and currency futures are specified using a method based on the current value of cash flows, in which the market interest rates on the end date of the period and other market information serve as the accounting principle. The fair values of bonds in issue that fall outside hedge accounting are based on the prices at the closing of the financial period, determined by a third party. The fair values of investments in bonds are based on the prices at the closing of the financial period, determined by a third party, or on the value discounted using the market interest rate at the closing of the financial period.

Level 3

Other shares and participations in unlisted companies outside the Group are measured at acquisition cost, which, according to the Group's estimate, equals the fair value of the shares.

Transfers between Level 1 and 2

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

E16 Specification of events at hierarchy level 3

LEVEL 3, Financial assets (EUR 1,000)	Finnvera Group 31 Dec 2021	Finnvera Group 31 Dec 2020	Finnvera plc 31 Dec 2021	Finnvera plc 31 Dec 2020
Financial assets carried at fair value				
Balance at 1 Jan 1	**59,130**	**60,164**	**25,698**	**26,912**
Profits and losses recognised in the income statement, total	1,915	108	-	-
Acquisitions	1,968	1,647	234	368
Sales	-17,588	-3,787	-12,209	-1,581
Other	-31,702	998	-	-
Balance at end of period	**13,723**	**59,130**	**13,723**	**25,698**
Profits and losses recognised in the income statement for the instruments held by the Group/Finnvera plc	-400	-1,246	-	-

E17 Financial instruments set off in the balance sheet or subject to netting agreements

	Finnvera Group / Finnvera plc						
(EUR 1,000)	Gross recognised financial assets	Gross recognised financial liabilities set of in the balance sheet	Net carrying amount in the balance sheet	Financial instruments[1]	Financial instruments received/given as collateral[1]	Cash received/given as collateral[1]	Net amount[1]
Financial assets 31 Dec 2021							
Derivatives	370,910	-	370,910	-35,206	-	-370,440	-34,736
Total	**370,910**	**-**	**370,910**	**-35,206**	**-**	**-370,440**	**-34,736**
Financial liabilities 31 Dec 2021							
Derivatives	35,278	-	35,278	-35,206	-	-	71
Total	**35,278**	**-**	**35,278**	**-35,206**	**-**	**-**	**71**
Financial assets 31 Dec 2020							
Derivatives	850,820	-	850,820	-8,982	-	-854,070	-12,232
Total	**850,820**	**-**	**850,820**	**-8,982**	**-**	**-854,070**	**-12,232**
Financial liabilities 31 Dec 2020							
Derivatives	12,392	-	12,392	-8,982	-	-2,360	1,051
Total	**12,392**	**-**	**12,392**	**-8,982**	**-**	**-2,360**	**1,051**

1 Amounts not subject to netting but included in the main netting agreements and similar arrangements. The derivative figures in the table do not include accrued interest. With accrued interest included the net amount for derivative assets was EUR 0,1 million (EUR 18.4 million) and EUR 0 million (EUR 0.8 million) for derivative liabilities.

E18 Equity

(EUR 1,000)	Finnvera Group	31 Dec 2021		31 Dec 2020	Finnvera plc	31 Dec 2021		31 Dec 2020
Parent company's equity		**196,605**		**196,605**		**196,605**		**196,605**
Share premium reserve		**51,036**		**51,036**		**51,036**		**51,036**
Fair value reserve		**-10,221**		**6,000**		**-1,026**		**6,978**
- Fair value changes in assets carried at fair value through OCI	10,848		11,646		10,848		11,646	
- Expected credit losses (ECL) of assets at fair value through OCI	2,094		4,072		2,094		4,072	
- Change in the credit risk associated with liabilities carried at fair value	-9,195		-978		-		-	
- Cash flow hedging, hedging reserve	-467		-1,950		-467		-1,950	
- Cash flow hedging, cost of hedging reserve	-13,501		-6,791		-13,501		-6,791	
Restricted equity, total		**237,420**		**253,641**		**246,615**		**254,619**
Non-restricted reserves		**366,373**		**1,126,404**		**366,373**		**1,126,404**
- Reserve for domestic operations	366,373		282,241		366,373		282,241	
- Reserve for export credit guarantees and special guarantees	-		828,911		-		828,911	
- Reserve for venture capital financing	-		15,252		-		15,252	
Retained earnings		**259,533**		**-653,143**		**112,000**		**-759,527**
- Profit/loss for previous periods	106,888		94,197		504		504	
- Profit/loss for the period	152,546		-747,954		111,397		-760,645	
- Direct entries to retained earnings	99		614		99		614	
Non-restricted equity, total		**625,906**		**473,261**		**478,373**		**366,876**
Total equity, equity attributable to the parent company's shareholders		**863,326**		**726,902**		**724,988**		**621,495**

Share capital and ownership:

Owner	31 Dec 2021 Share capital (EUR 1,000)	Shares nb	Ownership	31 Dec 2020 Share capital (EUR 1,000)	Shares nb	Ownership
The Finnish State	196,605	11,565	100%	196,605	11,565	100%

Reserves:

Share premium reserve

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

Fair value reserve

(IFRS 9):In accordance with the IFRS 9 standard, the change in the credit risk associated with liabilities carried at fair value through profit or loss, the change in the fair value of investments that are recognised at fair value through comprehensive income, as well as expected credit losses (ECL) associated with these investments are recorded in the fair value reserve.

Change in the fair value of investments: The reserve includes the changes in the fair value of investment items that have been classified as recognised at fair value through comprehensive income. These items include investments in bonds as well as certain SME and midcap financing bonds. The items recognised in the reserve are taken to the income statement when a financial asset is disposed of.

Expected credit losses (ECL): The expected credit losses from bond investments in SME and midcap financing and other bond investments that have been classified as recognised at fair value through comprehensive income are recorded in the reserve.

Change in the credit risk associated with liabilities: The reserve includes the change in the credit risk associated with liabilities carried at fair value through profit or loss. These items will not be reclassified to profit or loss.

Cash flow hedging, hedging reserve: In earlier financial periods, Finnvera has taken out long-term cross-currency interest rate swaps to cover foreign currency commitments. Cash flow hedge accounting is applied to these hedge relationships. Change in the fair value of hedging instruments with regard to the hedged risk is reported in the cash flow hedging reserve.

Cash flow hedging, cost of hedging reserve: Finnvera uses the separation of the cost of hedging for interest rate and currency swaps included in the hedging of cash flow. The cross currency basis spread of the hedging instrument is not included in the hedging relationship but accounted for as cost of hedging and it is recognised in the cost of hedging reserve in other comprehensive income.

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

Reserve for domestic operations and reserve for export credit guarantee and special guarantee operations

The retained earnings from the domestic operations were transferred to the reserve for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the reserve for export credit guarantee and special guarantee operations. Losses from export credit guarantee and special guarantee operations will be covered by resources from the State Guarantee Fund only when the export credit guarantee and special guarantee reserve is insufficient.

Reserve for venture capital financing

In 2011, a reserve for venture capital financing was established in the unrestricted equity on the balance sheet. The purpose was to monitor the assets allocated for venture capital financing in accordance with the ERDF operational programmes. The Ministry of Economic Affairs and Employment had allocated to Finnvera the sum of EUR 17.5 million for venture capital investments in accordance with the ERDF operational programmes during the programme period 2007–2013. These assets had been recognised in the above reserve. The parent company pulled out of venture capital financing on 30 September 2021 as the shares of the subsidiary ERDF-Seed Fund were sold to a third party. The reserve for venture capital included in Finnvera's equity capital was reversed and the funds were transferred to the reserve for domestic operations.

F Notes on personnel and management

F1 Average number of employees

	Finnvera Group		Finnvera plc	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Average number of employees				
- Permanent	344	328	343	325
- Temporary	22	32	22	32
Total	**366**	**360**	**365**	**357**
Personnel as person-years	339	339	339	337

F2 Key management personnel in the Group

In the Group, key management personnel are members of the parent company's Board of Directors, members of the Supervisory Board, CEO Pauli Heikkilä, Deputy CEO Executive Vice President Jussi Haarasilta as well as the Management Group, which is comprised of the CEO and deputy CEO, along with, CFO Ulla Hagman, Executive Vice President Juuso Heinilä, Senior Vice President, Legal Affairs and Administration Risto Huopaniemi, Group Chief Credit Officer Tapio Jordan, Chief Digitalisation Officer Minna Kaarto, Chief Risk Officer Tina Schumacher, Communications Director Tarja Svartström.

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

F3 Key personnel benefit expenses

The table below shows the employment benefits received by key management personnel. Employee benefits include the bonus paid to the Chief Executive Officer and the other members of the Management Group in 2020. Post-employment benefits are dealt with as voluntary pension plans, which include both defined contribution and defined benefit pension plans.

	Finnvera plc	
(EUR 1,000)	31 Dec 2021	31 Dec 2020
Salaries and other short-term employee benefits	1,788	1,812
Supplementary pension commitments	70	157
Remuneration of the Board of Directors and Supervisory Board members	281	284
Total	**2,139**	**2,252**

The Chief Executive Officer belongs to the defined contribution pension plan in which retirement age is 63 years.

The group supplementary pension plan was changed from defined benefit to defined contribution as of 1 January 2013. The target pension for the CEO is 66 per cent, starting at the retirement age of 63 years, and the fixed supplementary pension percentage is 11.47% of TyEL (earnings-related pension insurance) earnings less bonuses and other performance-based salary items.

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

The monthly remuneration for members of the Board of Directors is: EUR 1,800 for the chairman, EUR 1,000 for the deputy chairman, EUR 1,000 for the chairman of a Board committee, and EUR 800 for members. The attendance allowance is EUR 600/meeting.

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

F4 Salaries, remunerations and pension commitments for the key personnel

Finnvera plc	31 Dec 2021			31 Dec 2020		
		Pension commitments			Pension commitments	
(EUR 1,000)	Salaries	Voluntary	Statutory	Salaries	Voluntary	Statutory
Management salaries (incl. social security costs) as well as applicable pension commitments						
CEO Pauli Heikkilä	397	47	67	414	47	72
Deputy CEO Executive Vice President Jussi Haarasilta	223	-	38	235	-	41
Other members of the Management Group	1,168	22	197	1,163	22	203
Other members of the Management Group, total	**1,788**	**69**	**302**	**1,812**	**69**	**317**
Members of the Board of Directors						
Pentti Hakkarainen, chairman until 12 March 2021	10	-	-	38	-	-
Petri Ekman, chairman as of 12 March 2021	31	-	-	-	-	-
Antti Neimala, I deputy chairman	33	-	-	33	-	-
Terhi Järvikare, II deputy chairman	30	-	-	30	-	-
Hannu Jaatinen, member as of 12 March 2021	21	-	-	-	-	-
Ritva Laukkanen, member	29	-	-	31	-	-
Juha-Pekka Nuuttila, member until 12 March 2021	7	-	-	28	-	-
Pirkko Rantanen-Kervinen, member	28	-	-	29	-	-
Antti Zitting, member	31	-	-	31	-	-
Board of Directors, total	**220**	**-**	**-**	**221**	**-**	**-**
Members of the Supervisory Board, total	**62**	**-**	**-**	**63**	**-**	**-**

A B C D E F G H

F5 Defined benefit pension plans

The Group has several defined benefit group pension insurance plans, which cover personnel who transferred to Finnvera from previous organisations. At the end of 2021, there were 68 (77) people covered by the plans.

The plans are funded with annual contributions paid to the insurance company and based on actuarial calculations. The plans are subject to local tax and other legislation. The obligation is shown as the pledge made to all insurees and the asset is shown as the share of this obligation assumed by the insurance provider. The amount of assets is calculated using the same discount interest rate as an equivalent obligation. As a result, the risk posed by changes in the discounted interest rate only affects the net liabilities. As pensions rise with the credit issued by the insurance provider, the company has no risk with regard to these. A hypothetical 0.25% increase in salary would increase the obligation 0.8% (0.9%) and, correspondingly, an equivalent decrease would have the opposite effect.

Balance sheet items arising from the defined benefit:

Finnvera plc (EUR 1,000)	Finnvera Group/Finnvera plc 31 Dec 2021		31 Dec 2020	
Pension obligation				
Present value of funded obligations 1 Jan		**2,025**		**2,857**
Total change		**-209**		**-832**
Unrecognised actuarial gains or losses	47		48	
Interest on obligation	10		27	
Effect of fulfilling the plan an reducing the obligation	-235		-923	
Revaluation of defined benefit plans				
Caused by changes in financial assumptions	-44		205	
Caused by changes in demographic assumptions	-		-	
Based on experience	13		-190	
Present value of funded obligations 31 Dec		**1,817**		**2,025**
Fair value of assets				
Fair value of plan assets 1 Jan		**2,180**		**3,017**
Total change		**-257**		**-836**
Interest income on assets	11		29	
Effect of fulfilling the obligation	-235		-923	
Return on plan assets, excluding items contained in interest expenses or income	68		629	
Contributions paid to the plan	-101		-573	
Fair value of plan assets 31 Dec		**1,923**		**2,180**
Net liabilities+/Net receivables- (difference between obligations and assets)		**-107**		**-155**
Consolidated comprehensive income statement – pension costs				
Unrecognised actuarial gains or losses		47		48
Effect of fulfilling the obligation		-		-
Net interest expenses		-1		-2
Consolidated income statement defined benefit pension costs		**46**		**47**
Items resulting from revaluation		**-99**		**-614**

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

(EUR 1,000)	Finnvera Group/Finnvera plc 31 Dec 2021	31 Dec 2020
Defined benefit net liabilities		
Pension debt (+) / Pension receivable (-) 1 Jan	-155	-160
Expenses recognised in the income statement	46	47
Paid pension contributions	101	573
Other items recognised in the consolidated statement of comprehensive income	-99	-614
Pension debt (+) / Pension receivable (-) 31 Dec	**-106**	**-155**

The plan assets include 100% qualifying insurance policies.

Actuarial assumptions	Finnvera Group/Finnvera plc 31 Dec 2021	31 Dec 2020
Discount rate	1.10	0.50%
Future salary increases	2.60	1.80%
Future pension increases	1.50	1.10%

The duration based on the weighted obligation average is 17.8 years. It is forecast that in 2022, making net payments will not be needed to defined benefit arrangements, taking into consideration payment refunds and reimbursements.

G Shares and holdings

G 1.1 Shares and holdings in group companies

		Finnvera plc					
		31 Dec 2021			31 Dec 2020		
Name and domicile of the company	**Sector**	**Holding of all shares, %**	**Share of votes, %**	**Book value (EUR 1,000)**	**Holding of all shares, %**	**Share of votes, %**	**Book value (EUR 1,000)**
Subsidiaries (holding over 50%)							
ERDF-Seed Fund Ltd, Kuopio	Development and investment company	0.00%	0.00%	0	100.00%	100.00%	15,256
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalisation	100.00%	100.00%	20,182	100.00%	100.00%	20,182
Veraventure Ltd, Kuopio	Development and investment company	100.00%	100.00%	9,897	100.00%	100.00%	48,634

ERDF-Seed Fund was sold to a third party on 30 September 2021.

G 1.2 Shares and holdings (holding over 20%)

Shares and holdings of ERDF-Seed Fund Ltd. has been sold during the reporting period. The table shows the figures for the reference year.

ERDF-Seed Fund Ltd			31 Dec 2021		31 Dec 2020	
Name and domicile of the company		**Sector**	**Holding of all shares, %**	**Share of votes, %**	**Holding of all shares, %**	**Share of votes, %**
Aimodus Ltd	Helsinki	Research and development on other natural sciences	-	-	20.13%	20.13%
Aranda Pharma Ltd	Kuopio	Research and development on medical sciences	-	-	36.09%	36.09%
Bone Index Finland Ltd	Kuopio	Research and development on medical sciences	-	-	37.65%	37.65%
GlowWay Ltd	Pieksämäki	Manufacture of electric lighting equipment	-	-	26.44%	26.44%
Rocsole Ltd	Kuopio	Manufacture of electronic components	-	-	22.53%	22.53%
Savroc Ltd	Kuopio	Other manufacture of products not listed elsewhere	-	-	20.11%	20.11%

G2 Related party transactions, loans and receivables

Related parties include the following: the parent company, its subsidiaries and associated companies, the Ministry of Finance and the Ministry of Economic Affairs as well as The State Guarantee Fund which is under the Ministry of Economic Affairs. Related parties also include the members of the Supervisory Board and the Board of Directors, the Chief Executive Officer, the Executive Vice President and other members of the Management Group. The employment benefits received by key management personnel are presented in the Note F3.

	Finnvera Group		Finnvera Group	
	Internal item	**Other**	**Internal item**	**Other**
(EUR 1,000)	**31 Dec 2021**		**31 Dec 2020**	
Relative party transactions, loans and receivables				
Services purchased	713		935	
Interest subsidies, compensation for losses and other items from the State		39,255		385,429
Interest income	16,955	-107,065	55,535	-85,533
Fee and comission income	13,016		14,197	
Interest expenses	16,955	2,329	55,535	2,341
Fee and comission expenses	13,016		14,197	
Loans	7,867,009		7,502,011	
Other long-term receivables		349,023		349,023
Short-term receivables	169,579	25,998	106,248	27,981
Long-term liabilities	7,867,009	74,583	7,502,011	74,583
Short-term liabilities	169,579	31,539	106,248	35,491
Guarantees	13,259,625		13,317,203	

G3 Separate result of activities referred to in the act on the State Guarantee Fund §4, and it's share of the total result of Finnvera plc

(EUR 1,000)	Finnvera plc's profit 31 Dec 2021		Activities referred to in the Fund Act and their share of the profit 31 Dec 2021		Finnvera plc's profit 31 Dec 2020		Activities referred to in the Fund Act and their share of the profit 31 Dec 2020	
Net interest income		**44,836**		**-1,239**		**41,262**		**2,040**
- Interest income	211,854		519		255,186		1,292	
- Interest expense	-167,018		-1,758		-213,924		749	
Net fee and comission income		**159,107**		**98,011**		**142,410**		**86,725**
- Fee and comission income	173,823		111,958		161,893		105,325	
- Fee and comission expenses	-14,715		-13,946		-19,483		-18,599	
Gains and losses from financial instruments carried at fair value through profit and loss		**2,681**		**231**		**2,110**		**1,284**
Net income from investments		**353**		**-**		**289**		**-**
Other operating income		**4,335**		**107**		**349,468**		**349,129**
Operational expenses		**-45,408**		**-14,738**		**-43,713**		**-13,453**
- Personnel expenses	-29,562		-9,735		-28,342		-8,485	
- Other operational expenses	-15,846		-5,004		-15,372		-4,969	
Depreciation and amortisation on tangible and intangible assets		**-7,624**		**-1,808**		**-7,275**		**-1,371**
Other operating expenses		**-36,277**		**-140**		**-12,099**		**-64**
Realised credit losses and change in expected credit losses, net		**-10,605**		**-1,766**		**-1,233,097**		**-1,253,201**
- Realised credit losses	-45,482		-1,398		-132,253		-87,196	
- Credit loss compensations from the State	35,173		-		36,196		-	
- Change in expected credit losses	-296		-368		-1,137,041		-1,166,004	
Operating profit/loss		**111,397**		**78,658**		**-760,645**		**-828,911**

H Key financial performance indicators

H1 Key figures

	Finnvera Group		Finnvera plc	
	2021	2020	2021	2020
Key P&L figures				
Net interest income, MEUR	55	51	45	41
Net fee and commission income, MEUR	167	143	159	142
Other operating income, MEUR	4	349	4	349
- of which fund payment from The State Guarantee Fund, MEUR	-	349	-	349
Operational expenses, MEUR	-46	-44	-45	-44
- of which salaries including social security costs, MEUR	-30	-29	-30	-28
Realised credit losses and change in expected credit losses, MEUR	-46	-1,269	-46	-1,269
Credit loss compensation from the State, MEUR	35	36	35	36
Operating profit/loss, MEUR	164	-740	111	-761
Profit/loss for the period, MEUR	153	-748	111	-761
Key balance sheet figures				
Loans to and receivables from customers, MEUR	7,404	7,088	8,500	8,201
Investments, MEUR	3,323	3,474	3,353	3,504
Liabilities, MEUR	11,356	11,946	12,517	13,048
- of which debt securities in issue, MEUR	10,285	10,379	10,285	10,379
Shareholders' equity, MEUR	863	727	725	621
- of which non-restricted equity, MEUR	626	473	478	367
Balance sheet total, MEUR	12,220	12,673	13,242	13,669
Key ratios				
Return on equity, ROE, %	19.2	-68.3	16.5	-76.2
Return on assets, ROA, %	1.2	-5.9	0.8	-5.8
Equity ratio, %	7.1	5.7	5.5	4.5
Expense-income ratio, %	23.5	26.4	42.3	33.8
Average number of employees	366	360	365	357

H2 Formulas for the key indicators

Return on equity % (ROE)

$$\frac{\text{profit/loss for the period}}{\text{equity (as the average of the value at the beginning and the end of the period)}} \times 100$$

Return on assets % (ROA)

$$\frac{\text{operating profit/loss} - \text{income taxes}}{\text{balance sheet total on average (as the average of the value at the beginning and at the end of the period)}} \times 100$$

Equity ratio, %

$$\frac{\text{equity + minority share + accumulated appropriations deducted by the deferred tax liability}}{\text{balance sheet total}} \times 100$$

Expense-income ratio, %

$$\frac{\text{operational expenses + depreciation, amortisation and impairment on tangible and intangible assets + other operating expenses}}{\text{net interest income + net fee and commission income + gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses + net income from investments + other operating income excl. fund payment from The State Guarantee Fund}} \times 100$$

Average number of employees based on monthly average for the whole period

Signatures

Helsinki, 15 February 2022

Petri Ekman
Chairman of the Board of Directors

Antti Neimala
First Vice Chairman

Terhi Järvikare
Second Vice Chairman

Hannu Jaatinen

Ritva Laukkanen

Pirkko Rantanen-Kervinen

Antti Zitting

Pauli Heikkilä
CEO

Auditor's note

A report on the audit conducted was submitted today.

Helsinki, 15 February 2022

KPMG Oy Ab

Marcus Tötterman
Authorised Public Accountant, APA

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

Auditor's Report

To the Annual General Meeting of Finnvera plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Finnvera plc (business identity code 1484332-4) for the year ended 31 December 2021. The financial statements comprise both the consolidated and the parent company's balance sheet, comprehensive income statement, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the group's and the parent company's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note D6.3 to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The Key Audit Matter	How the Matter Was addressed in the Audit
Fee and commission income from export credit guarantees and special guarantees and guarantee premiums paid in advance (A Accounting principles, note D2 to the income statement and note E13 to the balance sheet)	
- Guarantee fees are recognized over the maturity of a contract. These fees are charged using various methods and in different currencies based on the guarantee contracts. - Income from guarantee premiums charged in advance is recognized over the guarantee period based on the recognition criteria entered into the system. - Guarantee contracts entered into are client-specific and may be amended during the contract period. - Due to the significance of income from export credit and special guarantees (fee and commission income), reinsurance expenses (fee and commission expenses) and guarantee premiums paid in advance, as well as various bases on which they are determined, the related internal control and accounting are considered a key audit matter.	- We assessed the adequacy and functionality of application controls in the IT system and other internal controls in respect of the accounting for guarantee premiums. - We tested on a sample basis unrecognized guarantee-specific premiums paid in advance. - We assessed and tested the control environment of the IT system, emphasizing change management. - Furthermore, we considered the appropriateness of the disclosures in respect of fee and commission income and guarantee premiums paid in advance.
Expected credit losses on receivables from customers and on contingent liabilities (A Accounting principles, B Risk management, Contingent liabilities, note D9 to the income statement and notes E2 and E12 to the balance sheet)	
- The calculation of expected credit losses according to the IFRS 9 *Financial Instruments standard* involves assumptions, estimates and management judgment, for example in respect of the probability and amount of the expected credit losses as well as determining the significant increases in credit risk. - In particular, the export credit guarantee portfolio includes significant individual guarantees which may bear risks and involve loss provisions that are material for the financial statements. - The parameters for the accounting for expected credit losses are updated and specified based on macroeconomic forecasts and the development of realized credit losses, among other things. The risk rating of clients plays an essential role in the accounting for ECL. - Due to the significance of the carrying amounts involved, complexity of the accounting methods used for measurement purposes and management judgement involved, the ECL accounting is addressed as a key audit matter.	- We assessed risk management, monitoring systems and ECL accounting in respect of doubtful receivables and guarantees, and tested related internal controls. - Concerning significant individual loss provisions and recovery receivables we assessed the appropriateness of the assumptions and methods used for accounting purposes, the financial status of the counterparty and coverage of the company's reinsurance protection. - We assessed the models and the key assumptions for calculating expected credit losses, as well as tested the controls over the calculation process and credit risk models. Our IFRS and financial instruments specialists were involved in the audit. - We considered the impacts of the COVID-19 pandemic on the credit risk position and the accounting for expected credit losses. - Finally, we considered the appropriateness of the disclosures provided in respect of expected credit losses.

The Key Audit Matter	How the Matter Was addressed in the Audit
Debt securities, debt securities in issue and derivatives (A Accounting principles and notes E3, E9, E10, E14–E17 to the balance sheet)	
- At the financial year-end the Group had debt securities carried at fair value amounting to EUR 2.3 billion. - At the financial year-end the Group had debt securities in issue amounting to EUR 10.3 billion. Debt securities in issue carried at fair value through profit or loss totaled EUR 2.4 billion and debt securities in issue carried at amortized cost totaled EUR 7.9 billion in the balance sheet as at 31 December 2021. - Derivatives are used to hedge the Group's funding-related currency and interest rate risks and they are measured at fair value in preparing financial statements. - The company applies hedge accounting to fixed interest rate bonds and to related interest rate and currency swap derivatives when the criteria for hedge accounting are fulfilled. Concerning certain liabilities in foreign currencies, cash flow hedge accounting is applied. - Due to the significance of debt securities, debt securities in issue and derivatives, the related internal control and accounting are considered a key audit matter.	- We evaluated the company's principles for treasury operations, monitoring systems for investments and derivatives, related internal controls, risk management and valuation principles applied to financial assets and financial liabilities. - In respect of the hedge accounting we evaluated the appropriateness of the procedures and documentation by reference to the applicable international financial reporting standards - We assessed the classification principles for financial instruments. - As part of our year-end audit procedures we compared the fair values used in measurement of debt securities, debt securities in issue and derivatives to market quotations and other external price references. - In addition, we considered the appropriateness of the disclosures provided in respect of debt securities, debt securities in issue and derivatives.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting in 1999, and our appointment represents a total period of uninterrupted engagement of 23 years.

Other Information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other Opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit for the financial year is in compliance with the Limited Liability Companies Act. We support that the members of the Supervisory Board and of the Board of Directors as well as the CEO of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, 15 February 2022

KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, APA

Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including the consolidated financial statements, for the period 1 January–31 December 2021, as well as the auditors' report issued on 15 February 2022.

We propose to the Annual General Meeting that the financial statements, in which the consolidated income statement shows a profit of EUR 111,397,327.37 and the parent company's income statement shows a profit of EUR 152,545,946.17, be adopted and that the parent company's profit be used in accordance with the proposal made by the Board of Directors.

Helsinki 15 February 2022

Sofia Vikman	Johannes Koskinen
Eeva-Johanna Eloranta	Mari Holopainen
Anne Kalmari	Juho Kautto
Leila Kurki	Kari Luoto
Veli-Matti Mattila	Anni Marttinen
Anne Niemi	Martin Paasi
Arja Parkkinen	Juha Pylväs
Lulu Ranne	Wille Rydman
Joakim Strand	Tommi Toivola

Finnvera improves and diversifies financing opportunities available for Finnish enterprises by offering loans, guarantees and export credit financing. As a State-owned company, Finnvera supplements the financial market and with its operations, promotes the development of enterprises and exports.

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