FINNVERA

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

Q4/2022 and 1 Jan–31 Dec 2022

Finnvera Group, Stock Exchange Release 16 February 2023

# Report of the Board of Directors and Financial Statements 2022

## Finnvera's domestic and export financing reached a high level despite uncertainty in the operating environment - the Group result was EUR 55 million

**Finnvera Group, summary, year 2022 (vs. 2021)**

- Result 55 Me (153) – The loss provisions for exposure in Russia remained unchanged, the loss provisions made in the cruise shipping sector were reduced and the loss provisions for the domestic financing increased in the last quarter of the year.
- Result by segment: result of the parent company Finnvera plc's SME and midcap business stood at MEUR -54 (34) and that of Large Corporates business at MEUR 78 (73). The subsidiaries' impact on the Group's profit was MEUR 32 (45).
- The parent company Finnvera plc's result for domestic operations was MEUR -25 (33) including a profit of MEUR 8 from the merger of the subsidiary Veraventure Ltd. The separate result for the parent company's export credit guarantee and special guarantee operations MEUR 56 (79).
- Total liabilities of the parent company Finnvera plc increased by 4% to EUR 26.6 bn (25.6).
- Balance sheet total EUR 12.6 bn (12.2) increased by 3%.
- Contingent liabilities EUR 16.6 bn (15.9) increased by 4%.
- Non-restricted equity and the State Guarantee Fund (the buffer reserves) increased by 4% to EUR 1.4 bn (1.4) in total.
- Expected credit losses on the balance sheet EUR 1.5 bn (1.4) increased by 10%.
- Equity ratio improved by 0.1 pp to 7.2% (7.1).
- The expense-income ratio improved by 2.8 pp to 20.7% (23.5).
- The NPS index improved by 5 points to 72 (67).

**CEO Pauli Heikkilä:**

"Despite the impacts of the coronavirus pandemic, the war launched by Russia and the uncertain operating environment as well as inflation, Finnish companies were very active in 2022, and the demand for Finnvera's financing remained at a high level. The reasons for this include Finnish industry's focus on investments and the post-cyclical response of Finnish economy. Companies continued to carry out ongoing large-scale projects.

Finnvera granted domestic loans and guarantees amounting to EUR 1.0 billion (1.5). More than 90% of the financing was allocated to Finnvera's strategic priorities, that are start-ups, companies aiming for growth and internationalisation and, for example, transfers of ownership. The level of financing remained higher than in the pre-pandemic era or at any time in the 2010s. Finnvera financed large corporates in Finland within the framework of the European Investment Bank's EGF guarantee programme.

Finnvera granted EUR 5.9 billion (4.6) in export credit guarantees and special guarantees, and EUR 0.9 billion (0.7) in export credits. The largest individual financing projects concerned forest sector deliveries to Brazil and telecommunications sector deliveries to the United States and Japan. The annual volume of export financing is always influenced by the timing of individual major export transactions. No new vessel orders were made in cruise shipping. The German shipyard MV Werften and its owners were placed in liquidation. In 2019, Finnvera guaranteed the deliveries made by Finnish companies to the shipyard, and Finnvera has paid a total of EUR 100 million in compensation for liabilities at the beginning of February 2023. The final amount of Finnvera's losses will be determined later. However, it is estimated that, due to the loss provisions in place, the losses will no longer have a profit impact. Globally, however, there are signs of recovery in the cruise shipping sector.

The Finnvera Group's result for 2022 was EUR 55 million (153). The result was impacted by changes in the amounts of credit and guarantee loss provisions, in particular. The business outlook of cruise shipping

**Finnvera Group, year 2022 (vs. 2021)**

| | |
|---|---|
| Result for the period<br>**55 MEUR**<br>(153), change -64% | Balance sheet total<br>**EUR 12.6 bn**<br>(12.2), change 3% |
| Total exposure, the parent company's domestic, export credit guarantee and special guarantee operations<br>**EUR 26.6 bn**<br>(25.6), change 4% | Non-restricted equity and The State Guarantee Fund after result for the period<br>**EUR 1.4 bn**<br>(1.4), change 4% |
| Expense-income ratio<br>**20.7%**<br>(23.5), change −2.8 pp | Equity ratio<br>**7.2%**<br>(7.1), change 0.1 pp |
| NPS index (net promoter score)<br>**72**<br>(67), change 5 points | Expected credit losses based on the balance sheet items<br>**EUR 1.5 bn**<br>(1.4), change 10% |

companies has improved, and the credit risk of Finnvera's liabilities is believed to have decreased. On these grounds, EUR 150 million of the extensive loss provisions for export guarantee and special guarantee operations made in 2020 were reduced. Due to the war and arrangements necessitated by sanctions, Finnvera's exposure relating to Russia more than halved to EUR 422 million during the year, but the credit risk and the need for loss provision are not expected to have decreased significantly. The result for domestic financing in 2022 showed a loss as a result of

Finnvera Group, Stock Exchange Release, 16 February 2023

the State's credit and guarantee loss compensation being reduced back to 50% from the beginning of 2023. In the early stages of the coronavirus pandemic in 2020, this compensation was temporarily increased to 80%.

Finnvera has achieved cumulative self-sustainability, taking into account the assets of the State Guarantee Fund accumulated by Finnvera's predecessor organisations. However, the buffer for covering potential future losses has been reduced significantly. The task of the State Guarantee 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.

In line with our strategy, we are diversifying our financing solutions in support of business growth and promote exports through our financing. Sustainability and especially climate change mitigation are at the centre of our strategy. We develop our operations and bring new financing solutions available to companies, including direct export credits for foreign buyers intended for accelerating export transactions as well as a climate and environment loan and a digitalisation and innovation loan backed by the InvestEU Programme."

**Finnvera Group**
**Financing granted in 2022 (vs. 2021)**

- Domestic loans and guarantees granted: EUR 1.0 bn (1.5), change -32%
- Export credit guarantees and special guarantees granted, incl. SME and midcap export credit guarantees: EUR 5.9 bn (4.6), change 29%
- Export credits granted: EUR 0.9 bn (0.7), change 35%
  - 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.

| Finnvera Group Financial performance | Q4/2022 MEUR | Q4/2021 MEUR | Change % | 1-9/2022 MEUR | 2022 MEUR | 2021 MEUR | Change % |
|---|---|---|---|---|---|---|---|
| Net interest income | 19 | 15 | 27% | 50 | 69 | 55 | 24% |
| Net fee and commission income | 49 | 49 | 0% | 155 | 204 | 167 | 22% |
| Gains and losses from financial instruments carried at fair value through P&L and foreign exchange gains and losses | -10 | 0 | - | 3 | -6 | 2 | - |
| Other operating income | -41 | 4 | - | 42 | 0 | 4 | -94% |
| Operational expenses | -14 | -14 | 1% | -35 | -49 | -46 | 8% |
| Other operating expenses and depreciations | -1 | -2 | -24% | -5 | -6 | -8 | -27% |
| Realised credit losses and change in expected credit losses, net | 74 | -2 | - | -222 | -148 | -11 | - |
| Operating profit/loss | 76 | 51 | 50% | -12 | 64 | 164 | -61% |
| Profit/loss for the period | 75 | 47 | 60% | -19 | 55 | 153 | -64% |

**Exposure, 31 December 2022 (vs. 31 December 2021)**

- Exposure, drawn domestic loans and guarantees: EUR 2.7 bn (3.0), change -10%
- Exposure, export credit guarantees and special guarantees, incl. SME and midcap export credit guarantees: EUR 23.9 bn (22.6), change 6%
  - Drawn exposure: EUR 14.1 bn (12.1), change 16%, of which Large Corporates' cruise shipping exposure EUR 6.6 bn (5.4)
  - Undrawn exposure: EUR 7.9 bn (7.4) and binding offers EUR 1.9 bn (3.1), in total EUR 9.8 bn (10.5), change -7%, of which Large Corporates' cruise shipping exposure in total EUR 6.1 bn (6.4).
- Exposure, export credits drawn: EUR 7.5 bn (7.9), change -6%

**Financial performance**

The Finnvera Group's result for January–December 2022 was EUR 55 million (EUR 153 million). The result was affected by the fact that the extensive loss provisions for export credit guarantee and special guarantee operations relating to cruise shipping made in 2020 were reduced by EUR 150 million in the last quarter of the year. While shipping companies' business outlook has improved and the credit risk of Finnvera's exposure is expected to have decreased, significant risks persist. Total exposure relating to Russia decreased from EUR 977 million to EUR 422 million due to arrangements made during the year and repayments, but the credit risk of these liabilities and the need for loss provisions are not believed to have decreased significantly. No significant individual final credit losses were realised in 2022.

The result for domestic financing in 2022 showed a loss as a result of the State's credit and guarantee loss compensation being reduced back to 50% as from 1 January 2023. In the early stages of the coronavirus pandemic in 2020, this compensation was temporarily increased to 80%. An exception to this rule in the new credit and guarantee loss compensation commitment that entered into force on 8 December 2022 is financing granted on special industrial policy grounds, in which the loss compensation rate may still be 80% by decision of the Ministry of Economic Affairs and Employment.

The net interest income and net fee and commission income improved in January–December compared to the previous year and also compared to the pre-pandemic years. The net interest income was EUR 13 million higher than in the previous year, especially as a result of increase in the market interest rate and investment position. Correspondingly, net fee and commission income increased by EUR 37 million compared to the previous year, in particular due to the fee and commission income from arrangements made and recognition of guarantee premiums received in advance from early repayments of liabilities.

Taking into account the result for 2022, Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,260 million (1,224) at the end of December. The non-restricted equity for domestic financing was EUR 374 million (399) and the non-restricted equity for export credit and special guarantee financing as well as assets in the State Guarantee Fund for covering a loss-making result totalled EUR 886 million (825). The domestic and export financing reserves can not subsidise each other.

**Outlook for financing**

The uncertain economic outlook may affect the demand for Finnvera's financing and, in particular, the financing of SME investments in 2023. Finnvera will be able to meet the financing needs of companies within its financing authorisations. Finnvera has prepared for a need for flexibilities and instalment-free arrangements arising from the challenges in the operating environment for companies that have the prerequisites for profitable business.

Rising energy prices and interest rates will affect both consumers and companies, especially from the perspective of domestic financing. Banks have access to a higher number of EU financial instruments than before, which may reduce demand for domestic financing from Finnvera. Backed by the InvestEU guarantee programme, Finnvera will introduce a new climate and environment loan as well as a digitalisation and innovation loan for companies' sustainability and business development projects in the first half of 2023. Through our financing, we encourage companies to seize the business opportunities created by climate action.

By diversifying the financing offered, we will strengthen further the support we are providing for the establishment, transfers of ownership, growth and internationalisation of Finnish companies. In particular, direct export credits intended to accelerate SMEs' exports and smaller export transactions will improve the availability of financing for export transactions worth less than EUR 20 million.

The overall demand for export credit guarantees and export credits is expected to remain at previous years' levels. The overall demand will be affected by the realisation of individual major projects. It is likely that the challenges in the operating environment will appear in different ways in the financing situation of different sectors, and geographically, the tougher financing situation will probably have a particular impact on emerging markets. The focus of demand for export financing will probably be on the forest and telecommunications sectors. The outlook for cruise shipping and the demand for export financing are strongly influenced by how the shipping companies recover from the impacts of the coronavirus pandemic.

While no material individual export credit guarantee losses were realised in 2022, the Finnvera Group's credit risk level remains very high due to the unstable geopolitical situation and uncertain economic outlook. In particular, cruise shipping and exposure relating to Russia are associated with uncertainties, causing significant uncertainty to Finnvera Group's result development in 2023. The Group's profit or loss will be determined by realised credit losses and changes in loss provision amounts.

**Further information:**

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Finnvera publishes the Report of the Board of Directors and the Financial Statements as an XHTML file according to the European Single Electronic Format (ESEF) reporting. Authorised Public Accountant company KPMG Oy has provided an independent auditor's reasonable assurance report on Finnvera's ESEF financial statements. The XHTML file is available in Finnish and English. In addition, Finnvera publishes the Report of the Board of Directors and the Financial Statements as a pdf report.

Finnvera Group's Report of the Board of Directors and Financial Statements 1 January – 31 December 2022 (PDF)

The documents and the Annual Report are available in Finnish and English at www.finnvera.fi/financial_reports

**Distribution:**

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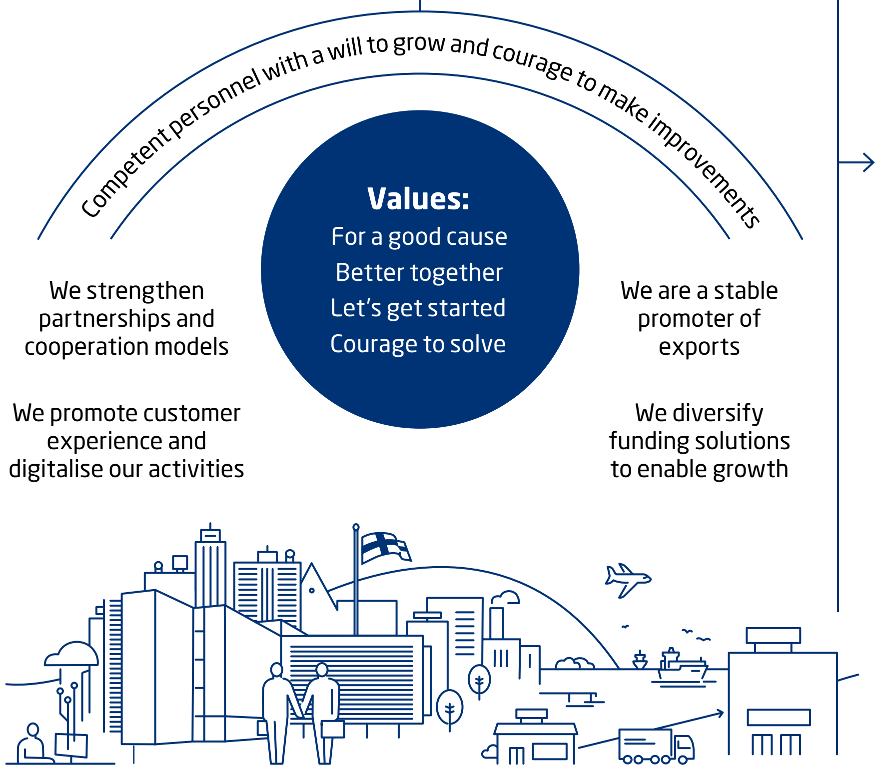
Finnvera publishes quarterly reports.

# How Finnvera creates value

**Our vision is:**

Our clients' success strengthens the Finnish economy

**Impact**




**Basis of strategy:**

Environmental sustainability, social responsibility, good governance, financial responsibility, risk management

## Number of clients 31 Dec 2022: 24,400

- Micro-enterprises: 86%
- SMEs and midcap enterprises: 13%
- Large corporates: 1%

## Products and services 1-12/2022

**Loans and guarantees granted**
- EUR 1.0 billion in total

**Export credit guarantees and special guarantees granted**
- EUR 5.9 billion in total

**Export credits granted**
- EUR 0.9 billion in total

## Authorisations and exposures 31 Dec 2022

Exposures include credit commitments as well as guarantee receivables

**Loans and guarantees**
- authorisation EUR 12 billion
- exposure EUR 2.7 billion

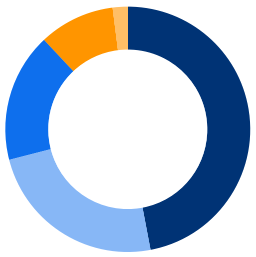
**Export credit guarantees**
- authorisation EUR 38 billion
- exposure EUR 23.5 billlion

**Export credits**
- authorisation EUR 33 billion
- exposure EUR 12.6 billion of which
- drawn EUR 7.5 billion

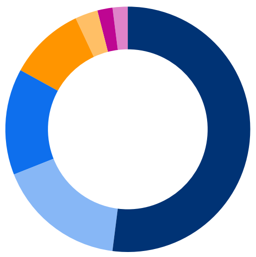
**Special guarantees**
(shipping and environmental guarantees and raw material guarantees)
- authorisation EUR 3.15 billion
- exposure EUR 0.5 billion

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 19.6 billion on 31 December 2022. Of the authority for domestic loans and guarantees EUR 2.4 billion was used and of the authority for export credits EUR 12.0 billion was used on December 2022.

**Exposure by sector 31 Dec 2022, %**
**Loans, guarantees and export guarantees, in total 2,603 MEUR**

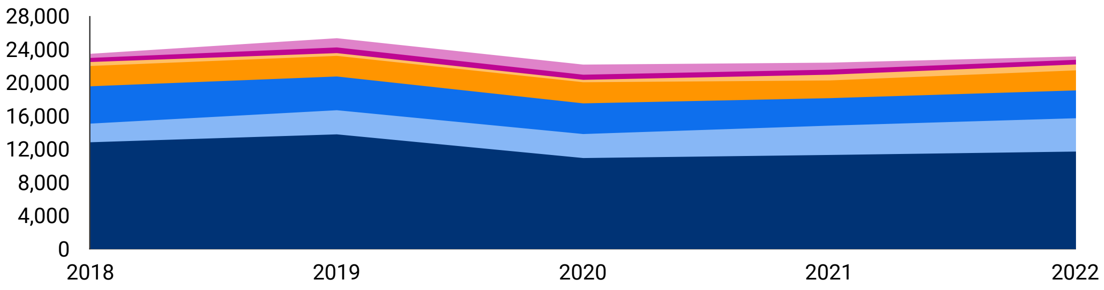



**Exposure by sector 31 Dec 2022, %**
**Export credit guarantees and special guarantees, in total 23,697 MEUR**




*Including other risks such as state and bank risks and reinsurance risk transfer.

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




| Exposure on 31 Dec | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Cruise shipping | 12,835 | 13,786 | 10,938 | 11,308 | 12,262 |
| Pulp and paper | 2,243 | 2,901 | 2,886 | 3,526 | 4,008 |
| Telecommunications | 4,487 | 4,055 | 3,688 | 3,303 | 3,345 |
| Others* | 2,440 | 2,478 | 2,539 | 2,129 | 2,409 |
| Mining and metals | 478 | 332 | 290 | 693 | 707 |
| Energy | 492 | 684 | 616 | 606 | 559 |
| Other industries | 497 | 1,108 | 1,215 | 840 | 407 |
| **Total** | **23,473** | **25,344** | **22,172** | **22,405** | **23,697** |

*Including other risks such as state and bank risks and reinsurance risk transfer.

# 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



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

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.

# Report of the Board of Directors

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

## Finnvera Group

Result for the period

**55 MEUR**

(2021: 153 MEUR)

Balance sheet total

**EUR 12.6 bn**

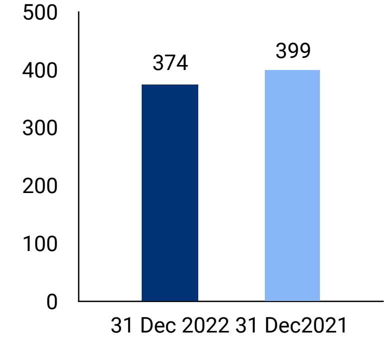
(31 Dec 2021: EUR 12.2 bn)

Contingent liabilities

**EUR 16.6 bn**

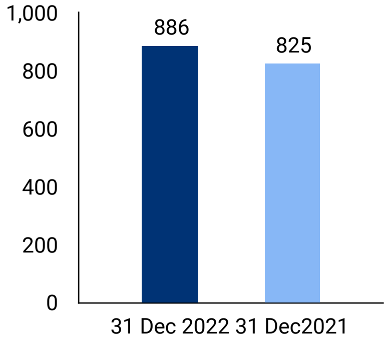
(31 Dec 2021: EUR 15.9 bn)

**Reserve for domestic financing, MEUR***




* includes the result of the period

**Reserves for export financing, MEUR***




* includes the result of the period

Expense-income ratio

**20.7%**

(2021: 23.5%)

Equity ratio

**7.2%**

(31 Dec 2021: 7.1%)

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

**EUR 1.4 bn**

(2021: EUR 1.4 bn)

## Capital adequacy, Tier 1

Domestic operations

**25.7%**

(31 Dec 2021: 23.9%)

Export financing

**3.2%**

(31 Dec 2021: 3.4%)

# Report of the Board of Directors

**Year 2022 was marked by the war launched by Russia, the uncertainty in the operating environment and high inflation. The coronavirus pandemic also continued to have significant impacts on the global economy. Despite the uncertainty and newly weakened economic outlook, Finnish economy grew in 2022, supported by consumption and investments. Finnish companies were very active, and Finnvera's financing remained at a high level. While the outlook is cautious, the energy crisis is opening up new growth opportunities for companies, including in green transition projects. In line with its strategy, Finnvera developed financing products for projects relating to solutions for climate change mitigation as well as digitalisation and exports. Mounting expectations and transparency requirements are associated with sustainability, and Finnvera responds to this challenge by developing its operations, product range and responsibility reporting.**

**Total exposure increased, companies' solvency remained good**

Finnvera's total exposure increased in 2022 as a result of large individual projects in export financing. Total exposure at year end, including binding financing offers and agreements, totalled EUR 26.6 billion, whereas they amounted to EUR 25.6 billion at the end of the previous year.

The domestic loan and guarantee exposure decreased by 10% to EUR 2.7 billion during the year, mainly due to some individual large repayments. The exceptional situation caused by the coronavirus pandemic that began in 2020 was no longer reflected in credit arrangements, and the unstable geopolitical situation has so far had no major impacts on SMEs' credit arrangements. The export credit guarantee and special guarantee exposure increased by 6% to EUR 23.9 billion during the year. At the end of 2022, binding financing offers or agreements related to future deliveries by export companies accounted for around 40% of the export credit guarantee and special guarantee exposure.

**The Group turned a profit and achieved cumulative self-sustainability**

The Finnvera Group's result for 2022 was EUR 55 million (153). Compared to the previous year the result was affected particularly by changes in the amounts of loss provisions for export financing as well as the fact that the State's credit and guarantee loss compensation for Finnvera's domestic financing was reduced back to the pre-pandemic level from the beginning of 2023, which increased the amount of loss provisions for domestic financing.

Finnvera turned a profit in export financing in 2022. This situation was affected by the dissolution of extensive loss provisions made in the cruise shipping sector in 2020 for export credit guarantees and special guarantees by EUR 150 million in the last quarter of 2022. Shipping companies' business outlook has improved and the credit risk of Finnvera's liabilities is expected to have decreased but significant risks persist. While total exposure relating to Russia decreased from EUR 977 million to EUR 422 million due to arrangements made in 2022 and repayments, the credit risk of the exposure is not expected to have decreased significantly, and the loss provisions of EUR 210 million made at the beginning of the year were not reversed. No significant individual final losses were realised in export financing in 2022.

A loss was made in domestic financing in 2022 as a result of the State's credit and guarantee loss compensation being reduced back to 50% as of 1 January 2023. In the early stages of the coronavirus pandemic in 2020, this compensation was temporarily increased to 80%. An exception to this rule after the beginning of 2023 is financing granted on special industrial policy grounds, in which the loss compensation may be 80% by decision of the Ministry of Economic Affairs and Employment.

Finnvera is expected to attain financial self-sustainability in its operations. This means that in the long term, the company must be able to cover its operating expenses with income from the operations, taking into account the assets of the State Guarantee Fund accumulated from the operations of Finnvera's predecessor organisations. This cumulative self-sustainability has been achieved. However, the large loss provisions have significantly reduced the buffer for covering potential future losses.

**Pre-pandemic levels exceeded in domestic financing despite uncertainty**

In its 2022 strategy, Finnvera once again emphasised new business growth, investments and internationalisation. The unstable geopolitical situation, energy crisis and accelerating inflation changed the economic outlook globally and for Finland, but in the long term the focus is on enabling sustainable growth.

While the volume of domestic financing was extremely high in early 2022, the change in the operating environment and uncertainty that followed from the war in Ukraine reduced the demand for financing. At yearly level, Finnvera granted a total of EUR 1.3 (1.7) billion in domestic financing to companies, including domestic loans and guarantees as well as export credit guarantees and export guarantees granted in the SME and midcap business. The level of financing remained higher than in the pre-pandemic era or at any time in the 2010s.

Of the domestic financing, 90% went to companies and target groups identified in Finnvera's strategy: start-ups and companies seeking growth and internationalisation as well as investments, transfers of ownership, export and delivery projects and SME guarantee projects.

The uncertain outlook slowed down transfers of ownership that are vital for the regeneration of the business structure and business sector vitality in 2022. Financing for transfers of ownership fell to EUR 130 million (174), and Finnvera was involved in the transfers of ownership of 771 companies (813).

Uncertainty in the operating environment had a negative impact on investment financing towards the end of the year. On a positive note, previously launched investments went ahead during the year. Measured in euros, the share of investments out of all projects financed was 34% (31%), which was higher than in 2021. Companies seeking growth and internationalisation, which are crucial for boosting economic growth and important for Finnvera's strategy, accounted for 51% (52%) of the SME and midcap financing.

In late 2022, Finnvera prepared for potential increase in needs for instalment-free periods and future demand for working capital financing, especially in smaller companies.

The total amount of domestic loans and guarantees as well as export credit and export guarantees granted in SME and midcap business includes EUR 196 (516) million of financing granted to large corporates. Finnvera granted working capital loans to large corporates within the framework of the European Investment Bank's (EIB) Pan-European Guarantee Fund (EGF). This guarantee programme continued until the end of 2022 and within the programme Finnvera granted loans totalling EUR 301 million in 2021–2022 to different companies.

**Financing diversified with new products**

Finnvera sought to diversify its financing options, for example by seeking out new partners that can grant financing to companies with a Finnvera guarantee.

Finnvera updated the terms and conditions of its entrepreneur loan at the beginning of October 2022 to increase its flexibility and suitability for corporate acquisitions in the future. No self-financing share is now required, and five per cent is accepted as the entrepreneur's shareholding in the target company. This reform has made it possible to use the loan in larger projects and in acquisitions of companies larger than an SME.

Background studies produced by Finnvera have found that SMEs struggle to obtain financing for their export transactions, which slows down export development. During the year, Finnvera prepared to launch direct export credits to Finnish export companies' foreign buyers for transactions worth less than EUR 20 million. This means that Finnvera gives a guarantee for an export credit granted by its subsidiary, Finnish Export Credit Ltd, and the arrangement does not involve a bank. Direct export credits to buyers will become available in 10 February 2023, as the legislative amendment enabling this entered into force.

Finnvera made versatile use of EU financing. Finnvera concluded an agreement on partnering the European Investment Fund in the InvestEU Programme. Bolstered by the InvestEU guarantee, Finnvera will launch a climate and environment loan intended for companies' climate and environment positive investments, and a digitalisation and innovation loan for business development in the first half of 2023.

Finnvera granted two loans under the Alternative Fuels Infrastructure Facility (AFIF) of the European Commission's Connecting Europe Facility (CEF), enabling investments totalling more than EUR 30 million in low-emission transport.

The agreement on the European Investment Fund's COSME LGF counter-guarantee, which enables Finnvera to provide unsecured SME Guarantees, continues.

**Steady demand for export financing reflects the long time span of exports**

The demand for export financing remained stable in 2022. This reflects the structure of Finnish industry and exports with large investments and long time spans. Finnvera granted export credit guarantees and special guarantees amounting to a total of EUR 5.7 (4.3) billion, mainly for large corporates' export transactions. This represented a year-on-year increase of 31%.

Finnvera grants export credit guarantees for export transactions financed by banks. Some of the projects are financed with export credits guaranteed by Finnvera and granted by its subsidiary, Finnish Export Credit Ltd. Export credits granted by Finnvera amounted to EUR 0.9 (0.7) billion. While export credits showed an increase of 35% from the year before, they remained clearly below the pre-pandemic levels.

The direct export credits to Finnish export companies' foreign buyers discussed above will make export credits for transactions of less than EUR 20 million available to both SMEs and large corporates.

The annual volume of export financing is influenced by the timing of individual major export transactions. As in previous years, telecommunications and the pulp and paper sector were prominent in export credit guarantees granted by Finnvera. The largest individual financing project in 2022 was the USD 800 million export credit and guarantee for Andritz's deliveries to Brazil. In the pulp and paper sector, Finnvera also granted an export credit guarantee of around USD 450 million for joint deliveries by Valmet and Andritz to Brazil. The largest export credit guarantee amounts in the telecommunications sector were USD 500 million granted to Nokia's telecom equipment deliveries to operators in the United States and EUR 250 million for exports to Japan.

No new vessel orders were made in cruise shipping, which has been impacted by the coronavirus pandemic in the last few years. The German shipyard MV Werften and its owners were placed in liquidation. In 2019, Finnvera guaranteed the deliveries made by Finnish companies to the shipyard, and Finnvera has paid a total of EUR 100 million in compensation for liabilities at the beginning of February 2023. The final amount of losses will become clear later. However, it is estimated that, due to the loss provisions in place, the losses will no longer have a result impact.

Globally, however, there were signs of recovery in cruise shipping, even if the unstable geopolitical situation and uncertain economic outlook cause uncertainty in cruise demand.

Finnvera stopped granting export credit guarantees to Russia on 22 February 2022 and the Russian export market, which previously had been quite important for Finland, practically ceased to exist. This had concrete impacts on Finnish exporters. Companies have been quite successful in finding replacement markets, however.

The suspension of export credit guarantees for Russia was reflected in the number of these guarantees granted in 2022, which decreased clearly from the previous year. This reduction was also influenced by the expiry of the European Commission's derogation associated with the coronavirus pandemic, after which Finnvera could no longer grant short-term export credit guarantees without restrictions to EU countries and other Western industrialised countries.

Finnvera typically promotes small and medium-sized export transactions by means of credit insurance and documentary credit guarantees. The demand for documentary credit guarantees increased in 2022, especially as a result of forest industry exports to Turkey and North Africa. The use of documentary credit guarantees reflects Finnvera's role in sharing the political risks associated with export trade and is a sign of banks wishing to rely, to an increasing extent, on Finnvera as a guarantor of risks.

At the end of 2022, Finnvera had exposures for export credit guarantees and special guarantees relating to 94 countries, and in 17 countries, the exposure exceeded EUR 100 million.

**Risk protection through reinsurance**

For several years, Finnvera has actively developed the hedging of the risks it carries. The maximum indemnity amount of Finnvera's reinsurance arrangements at the end of 2022 was EUR 1.4 (1.2) billion, or 10% of the drawn guarantees. The value of new reinsurance cover in 2022 was approximately EUR 600 million. Due to the coronavirus pandemic, some of the planned reinsurance was not needed.

**Finnvera issued a EUR 1 billion bond**

The funding amount for 2022 estimated in Finnvera's funding plan was EUR 1.0–1.5 billion. In September 2022, Finnvera issued a EUR 1 billion bond that will mature in March 2028. The bond attracted more than 115 investors and was oversubscribed four times. This great interest indicates investors' strong trust in Finnvera's creditworthiness and the State of Finland's guarantee despite a challenging market situation.

Finnvera uses the acquired funds for financing export credits. The goal of the funding is making competitive financing available for the customers of Finnish export companies.

Finnvera issues long-term debts, mainly under the EUR 15 billion EMTN debt programme. From the beginning of 2022, short-term funding has been obtained under the EUR 3 billion ECP debt programme. Both loan programmes are guaranteed by the State of Finland. At the end of 2022, the outstanding bonds issued under the EMTN programme amounted to approximately EUR 10.1 (10.0) billion.

**A high level of satisfaction for Finnvera's 24,400 customers**

Finnvera's number of customers decreased, totalling around 24,400 at year end (25,800). The customers were highly willing to recommend Finnvera's services, and the net promoter score (NPS) was better than ever at 72 (67).

The customers were also highly satisfied with the information they received through Finnvera about the growth and internationalisation services provided by the Team Finland network. Finnvera continued to develop and step up the Team Finland cooperation, which celebrated its tenth anniversary.

**Tighter integration of corporate responsibility and climate action into financing, risk management and management**

Finnvera's strategy and mission are based on corporate responsibility: environmental and social sustainability, good governance, financial responsibility and risk management.

In recent years, corporate responsibility and, in particular, measures to combat climate change have increased in importance in Finnvera's strategy. The strategy defines Finnvera's position in relation to climate change mitigation. The aim is to help companies seize the business opportunities generated by climate change actions. Finnvera's financing mainly targets new investments, which typically replace old and more polluting technologies. We encourage our clients to carry through these projects.

Finnvera started measuring and reporting the climate impacts of its operations. Finnvera reported for the first time the $CO_2$ emissions of its own operations and of the projects it financed in accordance with the Greenhouse Gas Protocol Scope 1–3. For financing exposure related to energy production, the division into renewable and fossil fuels was reported. For the second time, Finnvera calculated the emissions from exposure related to ship financing in line with the Poseidon Principles climate alignment agreement. While Finnvera's ship financing emissions clearly exceeded the international alignment in 2022, over the long term this figure is expected to reflect better the impacts of Finnvera's financing portfolio, as cruise shipping returns to normal and vessels operate fully. 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 their 2008 levels.

Sustainability is also essentially linked to risk management. Our aim is to safeguard the preconditions for our operation by identifying the risks and opportunities brought about by climate change in credit risk assessments and asset management. From the beginning of 2023, environmental impacts will also be considered in the risk classifications of large financing projects, in particular.

In 2022, a framework for sustainable financing was approved for Finnvera's funding and investments. It meets investors' sustainability requirements and needs for information on ESG indicators and, on the other hand, defines the criteria for sustainable investment as part of Finnvera's investment plan. This framework will determine the criteria for sustainable and responsible investments and systematically allocate capital to investments that meet these criteria.

In 2022, Finnvera commissioned an external evaluation from Sustainalytics, a Morningstar group company, of compliance with the ESG criteria in Finnvera's operations from the perspective of investors. According to the evaluation Finnvera's ESG risk level is low.

As part of climate change mitigation measures, Finnvera restricts the financing granted for the most harmful projects. In 2022, we placed restrictions on granting export credit guarantees for oil and gas projects. This is consistent with the policies of the E3F (Export Finance for Future) Coalition. Finland joined the E3F Coalition, 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 in 2021. Finnvera's sectoral policies on coal-fired power plants had already been updated in 2021. Additionally, Finnvera no longer finances peat power plant projects abroad.

Decisions on the framework conditions for export financing are made in international forums. Finnvera actively influences export financing rules and reporting practices not only within the framework of the E3F but also through its chairmanship in the OECD Arrangement negotiations, the key theme of which in 2022 was providing additional incentives for climate-friendly projects in export financing. Finnvera joined the EU's Export Credit Agency (ECA) summit, a cooperative body whose objectives include agreeing on common $CO_2$ calculation practices for export financing.

**Sustainability goals were crystallised**

Finnvera will start developing measures and setting targets for climate change mitigation for the years to come by means of financing, risk management and asset management. Measuring the impacts of and developing Finnvera's own operations on combating climate change will also increase in importance.

Corporate responsibility and impact are at the core of Finnvera's strategy as the company's mission is, through its financing, to help its customers succeed and expand their business while ensuring responsible action towards the environment and humans. Corporate responsibility concerns all Finnvera employees, and the attainment of responsibility goals is promoted through systematic management practices. The company has set the aim of building up competence related to corporate responsibility and sustainability throughout the organisation.

The Ministry of Economic Affairs and Employment guides corporate responsibility at Finnvera through its ownership steering policies. These principles guiding the company's operations stress responsibility in dealings with all stakeholders as well as compliance with laws, regulations, recommendations issued by different authorities and international commitments in the company's operation. The policies on corporate responsibility at Finnvera are prepared by the Management Group, the Credit Committee and the Asset Management, and these policies as well as the goals set for corporate responsibility at Finnvera are approved by the company's Board of Directors. The overall responsibility for achieving the goals rests with the Board of Directors and the Managing Director. Progress towards the goals in different units is monitored by Finnvera's Management Group, which reports to the Board of Directors at minimum once a quarter. The ownership steering policy ties performance associated with the responsibility goals to the rewarding of the Management Group.

Significantly more stringent international obligations concerning corporate responsibility reporting will be introduced in the next few years. In 2022, Finnvera investigated the most effective organisational models related to responsibility and reporting and identified key business areas in terms of the company's impact. Reporting on these areas will be developed in the future. In 2023, Finnvera will establish a cross-administrative group consisting of persons responsible for different areas led by the Corporate Responsibility Manager.

## Financial performance

**Summary of Finnvera Group's operations in 2022**

In recent years, the global and Finnish economies have faced exceptional crises. While the economy showed a strong recovery from the impacts of the coronavirus pandemic in 2021, Russia's invasion of Ukraine in February 2022 changed the situational picture of the global economy and economic development started declining once more. Hampered by inflation, tighter monetary policy, the energy crisis and the unstable geopolitical situation and its indirect impacts, economic growth was slow in 2022. The coronavirus pandemic also continued to have significant impacts on the global economy.

According to a forecast published by the International Monetary Fund (IMF) in January 2023, the world economy was estimated to grow by 3.4% globally and by 2.7% in developed countries in 2022. In its Economic Survey published in December 2022, the Ministry of Finance expected the GDP in Finland to grow by 1.9%, and in its forecast released in autumn 2022, the Research Institute of the Finnish Economy predicted a GDP growth of 2.0%. The IMF's forecasts for the Finnish economy have also grown more pessimistic since last year.

The Finnvera Group's result for January–December 2022 was EUR 55 million (153). Of the result, EUR 75 million was accumulated in October–December. In January–September, the result showed a loss of EUR 19 million. The result for 2022 was, in particular, affected by changes in the amounts of loss provisions for export financing as well as the fact that the State's credit and guarantee loss compensation for Finnvera's domestic financing was reduced back to the pre-pandemic level from the beginning of 2023.

EUR 150 million of the extensive loss provisions made in the shipping sector for export credit guarantees and special guarantees in 2020 were reduced in the last quarter of the year. While cruise shipping companies' business outlook has improved and the credit risk of Finnvera's liabilities is expected to have decreased, significant risks persist. If the recovery of this sector slows down and the business of Finnvera's risk objects face new difficulties, the loss provisions for export credit guarantee and special guarantee operations may have to be increased, or final losses may need to be recognised again. Total exposure relating to Russia decreased from EUR 977 million to EUR 422 million due to arrangements made in 2022 and repayments, but the credit risk of the exposure is not expected to have decreased significantly, and the loss provisions of EUR 210 million made at the beginning of the year were not reversed.

The company made a loss in its domestic financing in 2022, which reduced the Finnvera Group's result. This resulted from the State's credit and guarantee loss compensation being reduced back to 50% as from 1 January 2023. In the early stages of the coronavirus pandemic, this compensation was temporarily increased to 80% in 2020. An exception to this rule after the beginning of 2023 is financing granted on special industrial policy grounds, in which the loss compensation may be 80% by decision of the Ministry of Economic Affairs and Employment.

No significant individual final credit losses were realised in 2022. The Group's realised credit losses amounted to EUR 39 million (45) in total.

The net interest income and net fee and commission income improved in January–December compared to the previous year and also compared to the pre-pandemic years. The net interest income was EUR 13 million higher than in the previous year, especially as a result of increase in the market interest rate and investment position. Correspondingly, net fee and commission income increased by EUR 37 million compared to the previous year, in particular due to the fee and commission income from arrangements made and recognition of guarantee premiums received in advance from early repayments of liabilities.

Changes in the value of items recognised at fair value through profit or loss were EUR -10 million in the last quarter of the year, whereas this figure in January–September was EUR 3 million. The negative change in value towards the end of the year was influenced especially by a negative change in the fair value of debts, debt securities and interest rate and currency swaps caused by significant changes in interest rates.

The merger of the subsidiary Veraventure Ltd, which administered venture capital investments, with the parent company took place on 31 July 2022, generating a profit of EUR 8 million for the parent company. This sale finalised Finnvera's withdrawal from venture capital financing in line with the Ministry of Economic Affairs and Employment's policy. At the time of the merger, Veraventure Ltd had no employees.

Taking into account the result for 2022, Finnvera's domestic and export financing reserves for covering potential future losses amounted to a total of EUR 1,260 million (1,224) at the end of December. The non-restricted equity for domestic financing was EUR 374 million (399) and the non-restricted equity for export credit and special guarantee financing as well as assets in the State Guarantee Fund for covering a loss-making result totalled EUR 886 million (825). The domestic and export financing reserves can not subsidise each other.

**Financial performance of Finnvera plc and the Group companies**

The parent company Finnvera plc turned a profit of EUR 31 million (EUR 111 million) in 2022. Of this amount, the result of the Large Corporates business accounted for EUR 78 million (73) and SME and Midcap business for EUR -47 million (34).

Due to the increase in the market interest rates, the net interest income of the Large Corporates business reached EUR 11 million, whereas in the previous year it had been slightly negative. The net fee and commission income stood at EUR 139 million (95) and grew by 46% from the previous year as a result of an increase in the exposure, restructurings of the financing and repayments. The change in loss provisions in the Large Corporates business was EUR 58 million (8). No significant individual final losses were realised in 2022.

The net interest income of the SME and midcap business was EUR 23 million (25) and the net fee and commission income was EUR 51 million (52). 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 40 million (45). Loss provisions increased by EUR 80 million (1) as the State's credit and guarantee loss compensation was reduced to its pre-pandemic level of 50%. The higher rate of the State's credit and guarantee loss compensation, which had been increased to 80% at the beginning of 2020 due to the coronavirus pandemic, remained in force in 2022, and the loss compensation for realised losses totalled EUR 29 million (35) in the period under review.

The result of Finnvera's subsidiary, Finnish Export Credit Ltd, was EUR 32 million (43) in 2022. Veraventure Ltd, a subsidiary that managed venture capital investments, merged with the parent company and no longer operated in 2022.

**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 in 2022 was EUR 56 million (79).

**Analysis of financial performance in January–December 2022**

**Interest income and expenses**

The Finnvera Group's net interest income in January–December came to EUR 69 million (55). Of this, the net interest income of the export credit business amounted to EUR 35 million (30), net interest income of the SME and midcap business to EUR 23 million (25), and net interest income of the Large Corporates business to EUR 11 million (0). The Group's net interest income was 24% higher than in 2021, especially due to the increase in the market interest rate and investment positions.

Due to higher market interest rates, the interest income increased to EUR 389 million (222) compared to the previous year. The most significant factors in the increased interest income were export financing interest income from lending to customers and interest income from derivatives. At the end of December, outstanding export credits granted by Finnish Export Credit Ltd were at a 6% lower level year-on-year, but due to an increased market interest rate level, the interest income was EUR 70 million higher than in 2021. On the other hand, outstanding loans in domestic financing provided by the parent company increased by 5% cent year on year and, similarly, interest income increased by 7%. Interest income from derivatives increased by EUR 85 million from the previous year.

The increased market interest rate affected also the interest expenses that increased to EUR 321 million (167). In 2022, the amount of funds acquired by Finnvera from the market was EUR 1,000 million (861). The amount of debt securities in issue at the end of December was EUR 9,663 million (10,285).

**Fee and commission income and expenses**
The net value of the Group's fee and commission income, EUR 204 million (167), increased by 22% from the previous year.

The fee and commission income was EUR 214 million (181), showing a year-on-year increase of 18%. Fee and commission income from export credit guarantee and special guarantee operations grew by 34%, which was due to the early repayments as well as the restructurings and increase of the exposure. Fee and commission income from domestic financing guarantees similarly decreased by 3% due to repayments of coronavirus financing and other large repayments. During the period under review, Finnish Export Credit Ltd entered 25% less fee and commission income from contract changes and commitment fees in its outstanding credits than in 2021.

The share of the parent company's export credit guarantee and special guarantee operations in fee and commission income was 70% (62%). Domestic loans and guarantees accounted for 21% (26%), and export credits for 9% (12%) of the fee and commission income.

Fee and commission expenses totalled EUR 10 million (15), showing a year-on-year decrease of 33%. The fee and commission expenses consisted mainly of the costs of reinsurance taken out by the parent company. At year end, the maximum indemnity amount of reinsurance arrangements was EUR 1,446 million (1,209).

**Gains and losses from financial instruments carried at fair value through profit or loss and foreign exchange gains and losses**
The Group's negative changes in the value of items recognised at fair value through profit or loss and net income from foreign currency operations for the period under scrutiny totalled EUR -6 million (2), of which the change in the fair value of liabilities, interest rate and currency swaps as well as debt securities accounted for EUR -9 million (0). Net income from foreign currency operations was EUR 3 million (-1).

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 7,904 million ( 7,897). The liabilities are hedged from changes caused by market interest rates. Credit risk changes are not part of the hedging relation.

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 share of the credit risk in the value change of liabilities is presented in other comprehensive income. At the end of the financial year, the carrying amount of these liabilities was EUR 1,204 million (2,388).

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 was less than EUR 1 million (4) during the period under review. In the previous year, other operating income included an operating grant of EUR 4 million received by Finnvera from the State for the development of domestic financing.

**Operating expenses, other operating expenses, and depreciation and amortisation on tangible and intangible assets**
The Group's operating expenses were EUR 49 million (46), of which personnel expenses accounted for EUR 30 million (30) and other operating expenses for EUR 19 million (16). Depreciation and amortisation amounted to EUR 6 million (8) and other operating expenses to less than EUR 1 million (0).

The total of operating expenses and depreciation was 3% higher than in the previous year. This change was impacted by an increase in other operating expenses, in particular due to increased IT expenses and an ongoing financial system upgrade project. As a result of a change in accounting practices used for IT expenses and investments carried out in the previous year, SaaS service procurements are recognised as expenses unless the acquisition means gaining control over the object of the procurement or other assets to be activated. 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 economic situation, which deteriorated once again as a result of the coronavirus pandemic and an unstable geopolitical situation, treated different export sectors in very different ways. Many export sectors have been successful, but exceptional crises have hit cruise shipping

extremely hard. While cruise shipping companies' business outlook has improved and the credit risk of Finnvera's liabilities is expected to have decreased, significant risks persist. If the recovery of this sector slows down and the business of Finnvera's risk objects face new difficulties, the loss provisions for export credit guarantee and special guarantee operations may have to be increased, or final losses may need to be recognised again. The company actively monitors any changes in risk subjects.

The calculation of expected losses is, in particular, influenced by macroeconomic forecasts and a significant change in credit risk between the reporting date and the initial granting date. Among others, factors impacting credit risk include the client's financial situation, 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. In the early stages of the coronavirus pandemic in 2020, this compensation was temporarily increased to 80%, and the increase remained valid in 2022. At the beginning of 2023, the loss compensation was reduced back to 50%. By decision of the Ministry of Employment and the Economy, however, a loss compensation rate of 80% is still possible in financing granted on special industrial policy grounds. The change in the loss compensation rate increased Finnvera's liabilities for losses and the amount of expected losses.

The Group's realised credit losses and change in expected credit losses totalled EUR 176 million (46) in 2022. Provisions for credit losses increased by EUR 137 million (0) and the realised losses were EUR 39 million (45). The coronavirus pandemic and the newly deteriorated cyclical situation have not significantly affected the amount of realised credit losses. The State's loss compensations amounted to EUR 29 million (35), and after the loss compensations, the Group's liability for the losses was EUR 148 million (11).

Expected losses of loans, guarantees and export guarantees increased by a total of EUR 78 million in 2022. Loss provisions stood at EUR 135 million at the end of December, while the corresponding amount was EUR 57 million at the end of the previous year. The fact that the State's credit and guarantee loss compensation was reduced back to 50% from the beginning of 2023 for financing granted on other than special industrial policy grounds increased the expected losses.

In 2020, major credit loss provisions totalling EUR 1,222 million had to be made for export credit guarantee and special credit guarantee operations. Of the loss provisions made, the share of cruise shipping sector accounted for approximately 90%. The business outlook of cruise shipping companies has improved, and the credit risk of Finnvera's liabilities is believed to have decreased. Therefore EUR 150 million of the extensive loss provisions made in 2020 were reduced in the last quarter of the year. Significant risks persist, however, and if the recovery of this sector slows down and the business of Finnvera's risk objects is hit by new difficulties, the loss provisions for export credit guarantee and special guarantee operations may have to be increased, or final losses recognised. Total exposure relating to Russia decreased from EUR 977 million to EUR 422 million due to arrangements made in 2022 and repayments, the credit risk of the liabilities is not expected to have decreased significantly, and the loss provisions of EUR 210 million made in the first quarter of the year were not reversed. The net amount of loss provisions for export credit guarantee and special guarantee operations increased by EUR 60 million during the period under review, amounting to EUR 1,355 million at the end of December (1,295).

**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 143 million at the end of December (112). When the impairment losses recognised are considered, non-performing exposure accounted for 5.5% of total exposure. This was 1.6 percentage points higher than the amount of non-performing exposure at the end of 2021 (3.9%). The ratio of non-performing exposure to total exposure was 1.1% (0.8%) 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 16 million at the end of December (7). Non-performing exposure accounted for 0.07% of total exposure. This was 0.04 percentage points greater than the amount of non-performing exposure at the end of the previous year (0.03%).

**Long-term economic self-sustainability**

Finnvera is expected to attain financial 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.

While the company made a loss in its domestic operations in 2022, self-sustainability was achieved over a ten-year period when calculated cumulatively until the end of 2022.

As a result of the coronavirus pandemic, significant loss provisions were made for the export credit guarantee and special guarantee operations in 2020 in accordance with IFRS 9. Due to these provisions, the result of export financing showed a considerable loss. Loss provisions for cruise shipping were reduced in 2022, whereas the loss provisions for exposure relating to Russia were increased. However, self-sustainability in export credit guarantee and special guarantee operations was achieved when the result is calculated cumulatively up till the end of 2022. This calculation takes into account 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.

**Balance sheet and contingent liabilities 31 December 2022**
At the end of December, the consolidated balance sheet total was EUR 12,635 million (12,220), while the balance sheet total of the parent company, Finnvera plc, came to EUR 13,660 million (13,242). The Group's balance sheet total grew by 3% during the year. At the end of December, the balance sheet total of Finnish Export Credit Ltd was EUR 7,753 million (8,146).

The Group's outstanding credits came to EUR 6,893 million (7,306) at the end of December. The outstanding credits increased by 6% during the year. The outstanding credits of the parent company, Finnvera plc, came to EUR 7,977 million (8,401), of which the receivables from the subsidiaries totalled EUR 7,445 million (7,867). Approximately 39% 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 6% in 2022, resulting in an increase in the EUR value of dollar denominated loans.

The parent company's outstanding guarantees in domestic financing decreased by 16% in 2022 due to large repayments and instalments of the coronavirus pandemic financing. The outstanding guarantees totalled EUR 1,729 million at the end of December (2,056).

The liabilities 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) were EUR 19,552 million (19,195) 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 23,928 million (22,637), of which drawn guarantees amounted to EUR 14,121 million (12,136). The maximum indemnity amount of reinsurance arrangements valid at the end of the year was EUR 1,446 million, or 10% of drawn guarantees.

The Group's long-term liabilities at the end of December totalled EUR 9,700 million (10,360), of which EUR 9,663 million (10,285) consisted of bonds.

At the end of December, the Group's non-restricted equity amounted to EUR 682 million (626), of which the reserve for domestic operations accounted for EUR 399 million (366), and the reserve for export credit guarantee and special guarantee operations for EUR 79 million (0). Retained earnings were EUR 204 million (260) at the end of December.

The accumulated reserves for export credit guarantee and special guarantee operations were EUR 886 million (825) at the end of 2022, when the State Guarantee Fund assets of EUR 751 million (747) are taken into account in addition to the separate result for 2022 of EUR 56 million (79). The State Guarantee Fund's assets include recapitalisation of EUR 400 million made by the State in the Fund in 2021. 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 was recorded in the financial statements as a receivable from the State Guarantee Fund. The State Guarantee Fund pays this receivable to Finnvera when loss provisions are realised as compensation.

The separate profit for export credit guarantee and special guarantee operations can, under the Act on the State Guarantee Fund, be transferred to the State Guarantee Fund as a fund reimbursement. Finnvera has been released from the obligation to reimburse the fund payment based on separate 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 of EUR 829 million. The final decision on the release from the repayment obligation will be taken at the Annual General Meeting.

| Finnvera Group<br>Balance sheet, equity | 31 Dec 2022<br>MEUR | 31 Dec 2021<br>MEUR | Change<br>MEUR | Change<br>% |
|---|---|---|---|---|
| Share capital | 197 | 197 | 0 | 0% |
| Share premium and fair value reserve | 30 | 41 | -11 | -26% |
| Non-restricted equity, in total | 682 | 626 | 56 | 9% |
| Reserve for domestic operations | 399 | 366 | 33 | 9% |
| Reserve for export credit guarantees and special guarantees | 79 | 0 | 79 | - |
| Retained earnings | 204 | 260 | -56 | -21% |
| Equity attributable to the parent company's shareholders | 909 | 863 | 45 | 5% |

**Funding**
The Group's long-term acquisition of funds amounted to EUR 1,000 million (861), while the short-term funding totalled EUR 1,784 million (0) in 2022. EUR 1,037 million (750) in long-term loans and EUR 1,232 million (0) in short-term loans were repaid.

**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 State Guarantee Fund is an off-budget entity, the funds of which have been accumulated in the activities of Finnvera's predecessor organisations.

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 of Finland, the owner of Finnvera, the Group's capital adequacy ratio for domestic operations should be at least 15.0%. Finnvera's capital adequacy is calculated in accordance with 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 25.7% (23.9) and the leverage ratio was 23.3% (21.0). The risk-weighted receivables in the Finnvera Group's domestic operations totalled EUR 2,400 million at the end of December (2,727) and the capital for calculating capital adequacy was EUR 618 million (651).

| Finnvera Group Domestic operations | 31 Dec 2022 | 31 Dec 2021 | Change | Change |
|---|---|---|---|---|
| **Capital for calculating capital adequacy** | **MEUR** | **MEUR** | **MEUR** | **%** |
| Equity for domestic operations | 625 | 658 | -33 | -5% |
| Intangible assets | -8 | -7 | -1 | -10% |
| **Total** | **618** | **651** | **-33** | **-5%** |

| Finnvera Group Domestic operations | 31 Dec 2022 | 31 Dec 2021 | Change | Change |
|---|---|---|---|---|
| **Risk-weighted items** | **MEUR** | **MEUR** | **MEUR** | **%** |
| Receivables from credit institutions | 2 | 4 | -2 | -55% |
| Receivables from clients | 1,974 | 2,318 | -344 | -15% |
| Investments and derivatives | 24 | 23 | 1 | 6% |
| Interest receivables, other receivables, prepayments, other assets | 13 | 14 | -1 | -6% |
| Binding credit commitments | 177 | 162 | 15 | 9% |
| Operational risk | 210 | 206 | 4 | 2% |
| **Total** | **2,400** | **2,727** | **-326** | **-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 applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports. However, if a similar method for calculating capital adequacy were applied and the assets in the reserve for export credit guarantee and special guarantee operations and the State Guarantee Fund were factored in, the estimated capital adequacy of export financing in accordance with Tier 1 would be 3.2% (3.4).

**Risk position**

At the end of 2022, the exposure relating to drawn loans and guarantees in domestic financing amounted to EUR 2,335 million (2,649), or EUR 314 million less than at the end of 2021. This decrease in exposure was due to repayments of pandemic financing and other large repayments.

The distribution of the domestic financing credit portfolio met the targets during the year. After the pandemic years, the situation of Finnish companies was largely back to normal in 2022, and Russia's invasion of Ukraine had no significant direct impacts on the credit risk rate of the domestic financing. Risks associated with individual customers increased slightly from the previous year, which added to the number of non-performing credits at the end of the year. Expected loss (EL) for outstanding commitments decreased and was 3.04% (3.55) of total liabilities at the end of the period under review. This decrease in expected loss was due to repayments of liabilities and changes to the risk model.

Altogether, 89% (84) of Finnvera's exposure fell into the credit rating category B or better. Finnvera applies an insolvency definition consistent with the one used by the EBA. Credit and guarantee losses in domestic operations amounted to EUR 104 million (52). The increase in losses was due to a significant increase in the IFRS impairment, which was influenced by a decrease in the State's credit and guarantee loss compensation rate at the beginning of 2023.

At the end of 2022, the export credit guarantee and special guarantee exposure was EUR 23,383 million (22,637), which is EUR 746 million more than in the previous year. The greatest share of the outstanding guarantees totalling EUR 21,485 million (19,500) and binding offers totalling EUR 1,897 million (3,137) 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 82% (81) of the total liabilities. Altogether, 30% (30) of the liabilities were in risk category BBB-, which reflects investment grade, or in better risk categories.

While no significant final export credit guarantee losses were realised in 2022, the calculated expected loss (ECL) remains significantly high. Originally, the increase in loss provisions was mainly due to a strong deterioration of the economic outlook resulting from the coronavirus pandemic and the impairment of shipping companies' risk ratings.

The exposure related to the export credit financing of Finnvera's subsidiary, Finnish Export Credit Ltd., totalled EUR 12,559 million at year end (13,141), which represents a year-on-year reduction of EUR 581 million. The exposure includes outstanding credits and binding credit commitments. Offers amounted to EUR 48 million. The credit risks for export credits are covered by means of export credit guarantees granted by the parent company Finnvera plc, which 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 3,931 million (3,836) at the end of December 2022. All investments were at minimum 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 96% (95%) of assets were in investments or account banks with a minimum rating of A (Finnvera's risk category). Expected credit loss (EL) for deposits and investments was EUR 1.7 million (1.7), or 0.04% (0.04%).

The company hedges interest rate and currency risks using derivatives, the nominal value of which was EUR 18,259 million (13,771) at the end of 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 premiums of which are agreed on a daily basis.

At the end of December, the market risks related to asset management were in line with the risk limits set by the Board of Directors. Of the most significant risks, the funding-related cost risk due to structural underfunding was EUR 77 million and the market value risk of the investment portfolio was EUR 77 million. The balance sheet's interest rate sensitivity was EUR -18 million for a 200-basis-point change, and the open foreign exchange position was EUR 14 million.

## Corporate governance

### Personnel

At the end of the financial period, the Group had 365 employees (369), of whom 345 (346) held a permanent post and 20 (23) a fixed-term post. The Group's average number of employees during the period under review was 368 (366), and the personnel expenses totalled EUR 30 million (30).

### Supervisory Board, Board of Directors and auditor

On 25 March 2022, Finnvera's Annual General Meeting appointed Elina Piispanen, M.Sc. (Econ.) and Petri Viertiö, M.Sc. (Tech.), new members to Finnvera's Board of Directors. Petri Ekman, M.Sc. (Eng.), continued as Chairman of the Board of Directors. Antti Neimala, Director General, continued as First Vice Chairman of the Board of Directors and Terhi Järvikare, Director General, continued as Second Vice Chairman. Hannu Jaatinen, M. Sc. (Econ.), eMBA, and Ritva Laukkanen, M.Sc. (Econ.), continued as members of the Board of Directors.

Entrepreneur Anne Nurminen was appointed a member of Finnvera's Board of Directors on 13 October 2022.

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

Katja Syvärinen, Director, the Central Organisation of Finnish Trade Unions SAK, and Seppo Nevalainen, Economist, the Finnish Confederation of Professionals STTK, were appointed new members to Finnvera's Supervisory Board at the Annual General Meeting on 25 March 2022.

Sofia Vikman, Member of Parliament, continued as Chairman of the Supervisory Board and Johannes Koskinen, Member of Parliament, continued as Vice Chairman. Members of Parliament Eeva-Johanna Eloranta, Mari Holopainen, Anne Kalmari, Juho Kautto, Juha Pylväs, Lulu Ranne, Wille Rydman and Joakim Strand; as well as 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); Martin Paasi, Chairman (Finnish Business School Graduates); Arja Parkkinen, Development Manager (Finnvera); and Tommi Toivola, Director (Confederation of Finnish Industries) continued as members of the Supervisory Board.

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

### Preparations for the transfer of Finnvera's financial supervision continued

Preparations for transferring Finnvera's financial supervision to the Financial Supervisory Authority continued in 2022. A government proposal on this matter was submitted to Parliament in December 2022. Finnvera has prepared for the transfer internally, for example by examining its internal risk management level processes in relation to valid guidelines under banking regulation.

### Under exceptional circumstances, Finnvera may insure short-term export transactions to Western industrial countries

The European Commission complemented and extended the special permission that allows Finnvera to guarantee export transactions with a risk period of less than two years to Western industrialised countries ("marketable risk" countries). The new special permission will be valid until the end of 2025. Within the scope of the special permission, Finnvera may only insure transactions for which no private credit insurance company has granted credit insurance.

### Finnvera continued to use the EU's Temporary Framework for State aid

Finnvera continued to use in its financing the European Commission's State aid COVID Temporary Framework, which was valid until the end of June 2022. In addition, the Commission approved a separate State aid programme in the context of Russia's invasion of Ukraine for Finnvera in July 2022. Temporary state aid programmes enable Finnvera to apply more favourable pricing to its financing in a situation where a company has suffered financial impacts due to the war in Ukraine or earlier due to the coronavirus pandemic.

### Amount of long-term funding for 2023

Finnvera issued a single EUR 1 billion five-and-a-half year bond in September 2022. The estimated amount of long-term funding needed for 2023 is EUR 1–2 billion. Due to the coronavirus pandemic and the newly deteriorated cyclical situation, the need for funding was lower than usual in 2020–2022.

### Attainment of industrial and ownership policy goals

The Ministry of Employment and the Economy sets the industrial and ownership policy goals for Finnvera. When determining these goals, the Finnish Government Programme, the ministry's corporate strategy, the policy objectives for the ministry's branch of administration, and the goals of EU programmes were taken into consideration. Of the 12 industrial and ownership policy goals set for 2022, 10 were realised and 2 were partially realised.

**Finnvera introduced quarterly reporting**
The Finnvera Group publishes its financial statements in Finnish in compliance with the European Single Electronic Format (ESEF) reporting requirements. From the beginning of 2022, Finnvera transferred to publishing its financial reviews on a quarterly basis. In 2023, Interim Management Statement Q1/2023 will be published on 5 May 2023, Half-Year Report 1 January–30 June 2023 on 17 August 2023, and Interim Management Statement Q3/2023 on 09 November 2023.

## Events after the period under review

**Finnvera launches direct export credit**
The Finnvera Group will launch direct export credits to Finnish export companies' foreign buyers for transactions worth less than EUR 20 million without a bank's involvement. Direct export credits became possible after Parliament passed an amendment to the Act on Officially Supported Export and Ship Credits and Interest Equalisation on 13 January 2023. The President of the Republic approved the Act on 3 February 2023. The aim of this amendment is to improve the availability of financing for smaller export projects and to promote the exports and growth of small and medium-sized enterprises. These export credits will be available once the legislative amendment enters into force on 10 February 2023.

**Compensation paid for deliveries to MV Werften Shipyard**
On 6 February 2023, Finnvera paid a total of EUR 100 million guarantee claim related to the export credit, which was used to pay deliveries made by Finnish SME exporters to the German shipyard MV Werften. The final amount of Finnvera's losses will be determined later. Loss provisions have already been recorded for the liabilities, and the losses are estimated to no longer have a result impact.

**The State's credit and guarantee loss compensation was reduced back to 50%**
The State's credit and guarantee loss compensation was reduced back to 50% by a government commitment adopted on 8 December 2022. The new rate entered into force on 1 January 2023. An exception to this rate is financing granted on special industrial policy grounds, in which the loss compensation rate may be 80% by decision of the Ministry of Economic Affairs and Employment.

In the early stages of the coronavirus pandemic, the credit and guarantee loss compensation was temporarily increased to 80% in 2020. This increase enabled Finnvera to reduce the price of our domestic financing in the pandemic situation that was critical for SMEs. The reduction of the loss compensation to 50% had an impact on the losses made in Finnvera's domestic financing in 2022. The new rate makes it necessary for Finnvera to bring some of the pricing back to the pre-pandemic levels to ensure our self-sustainability.

**Outlook for financing**
The uncertain economic outlook may affect the demand for Finnvera's financing and, in particular, the financing of SME investments in 2023. Finnvera will be able to meeting the financing needs of companies within its financing authorisations. Finnvera has prepared for a need for flexibilities and instalment-free arrangements arising from the challenges in the operating environment for companies that have the prerequisites for profitable business.

Rising energy prices and interest rates will affect both consumers and companies, especially from the perspective of domestic financing. Banks have access to a higher number of EU financial instruments than before, which may reduce demand for domestic financing from Finnvera. Backed by the InvestEU guarantee programme, Finnvera will introduce a new climate and environment loan as well as a digitalisation and innovation loan for companies' sustainability and business development projects in the first half of 2023. Through our financing, we encourage companies to seize the business opportunities created by climate action.

By diversifying the financing offered, we will strengthen further the support we are providing for the establishment, transfers of ownership, growth and internationalisation of Finnish companies. In particular, direct export credits intended to accelerate SMEs' exports and smaller export transactions will improve the availability of financing for export transactions worth less than EUR 20 million.

The overall demand for export credit guarantees and export credits is expected to remain at previous years' levels. The overall demand will be affected by the realisation of individual major projects. It is likely that the challenges in the operating environment will appear in different ways in the financing situation of different sectors, and geographically, the tougher financing situation will probably have a particular impact on emerging markets. The focus of demand for export financing will probably be on the forest and telecommunications sectors. The outlook for the cruise shipping sector and the demand for export financing are strongly influenced by how the shipping companies recover from the impacts of the coronavirus pandemic.

While no material individual export credit guarantee losses were realised in 2022, the Finnvera Group's credit risk level remains very high due to the unstable geopolitical situation and uncertain economic outlook. In particular, cruise shipping and exposure relating to Russia are associated with uncertainties, causing significant uncertainty to Finnvera Group's result development in 2023. The Group's profit or loss will be determined by realised credit losses and changes in loss provision amounts.

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

The parent company's profit for the financial period was EUR 31,191,902.30.

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 56,090,208.87

To the reserve for domestic operations; the share of domestic operations EUR -24,898,306.57

The share transferred to the reserve for domestic operations includes profit from merger of EUR 7,681,620.30 arising from the merger of Veraventure Oy, which engaged in venture capital investments, with Finnvera.

In addition, the remeasurement gains in defined benefit pension plans, EUR 245,339.00, were entered directly into retained earnings during the financial period.

# Key figures

| Finnvera Group | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Key P&L figures** | | | | | |
| Net interest income, MEUR | 69 | 55 | 51 | 41 | 42 |
| Net fee and commission income, MEUR | 204 | 167 | 143 | 141 | 135 |
| Other operating income, MEUR | 0 | 4 | 349 | 0 | 4 |
| - Of which fund payment from The State Guarantee Fund, MEUR | - | - | 349 | - | - |
| Operational expenses, MEUR | -49 | -46 | -44 | -42 | -46 |
| - Of which salaries including social security costs, MEUR | -30 | -30 | -29 | -29 | -28 |
| Realised credit losses and change in expected credit losses, MEUR | -176 | -46 | -1,269 | -60 | -45 |
| Credit loss compensation from the State, MEUR | 29 | 35 | 36 | 17 | 24 |
| Operating profit/loss MEUR | 64 | 164 | -740 | 100 | 100 |
| Profit/loss for the period MEUR | 55 | 153 | -748 | 94 | 98 |
| **Key balance sheet figures** | | | | | |
| Loans to and receivables from customers, MEUR | 6,979 | 7,404 | 7,088 | 8,083 | 6,876 |
| Investments, MEUR | 3,165 | 3,323 | 3,474 | 3,231 | 2,665 |
| Liabilities, MEUR | 11,726 | 11,356 | 11,946 | 11,202 | 9,681 |
| - of which debt securities in issue, MEUR | 9,663 | 10,285 | 10,379 | 10,138 | 8,783 |
| Shareholders' equity, MEUR | 909 | 863 | 727 | 1,463 | 1,358 |
| - of which non-restricted equity, MEUR | 682 | 626 | 473 | 1,221 | 1,126 |
| Balance sheet total, MEUR | 12,635 | 12,220 | 12,673 | 12,665 | 11,039 |
| **Key ratios** | | | | | |
| Return on equity, ROE, % | 6.3 | 19.2 | -68.3 | 6.7 | 7.4 |
| Return on assets, ROA, % | 0.4 | 1.2 | -5.9 | 0.8 | 0.9 |
| Equity ratio, % | 7.2 | 7.1 | 5.7 | 11.6 | 12.3 |
| Capital adequacy ratio, Tier 1, Domestic operations, % | 25.7 | 23.9 | 25.1 | 29.4 | 27.2 |
| Capital adequacy ratio, Tier 1, Export credit guarantee and special guarantee operations, %[1] | 3.2 | 3.4 | 1.3 | 6.9 | 6.8 |
| Expense-income ratio, % | 20.7 | 23.5 | 26.4 | 25.4 | 29.3 |
| Average number of employees | 368 | 366 | 360 | 364 | 372 |
| **Finnvera plc, domestic financing** | | | | | |
| Loans, guarantees and export credit guarantees offered, Billion EUR | 1.3 | 1.7 | 1.7 | 1.0 | 0.9 |
| Outstanding commitments, Billion EUR | 2.6 | 3.1 | 2.9 | 2.3 | 2.3 |
| Number of start-up enterprises financed | 1,900 | 2,400 | 2,700 | 2,400 | 2,600 |
| Number of new jobs created with the help of financing | 6,000 | 8,600 | 9,100 | 8,400 | 7,900 |
| **Finnvera plc, export financing** | | | | | |
| Export credit guarantees and special guarantees offered, Billion EUR | 5.7 | 4.3 | 2.9 | 5.2 | 3.0 |
| Outstanding commitments, Billion EUR | 23.7 | 22.2 | 22.0 | 25.2 | 23.3 |
| **Finnvera plc, clients** | | | | | |
| Number of clients, domestic financing and export financing together | 24,400 | 25,800 | 26,500 | 24,500 | 25,700 |

1 No specific requirement has been set for the capital adequacy ratio, Tier 1, for export credit guarantee and special guarantee operations 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

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). Notes to the financial statements also comply with the currently valid requirements of the Finnish Accounting and Limited Liability Companies Acts.

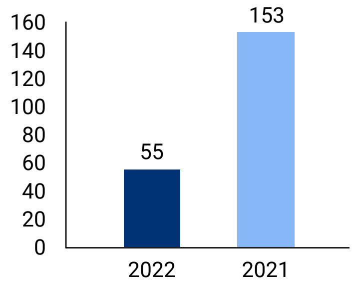
## Finnvera Group

Net interest income
**69 MEUR**
(2021: 55 MEUR)

Net fee and commission income
**204 MEUR**
(2021: 167 MEUR)

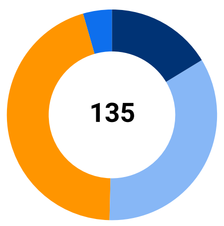
Operational expenses, depreciation and other operating expenses
**55 MEUR**
(2021: 54 MEUR)

Result for the period, MEUR



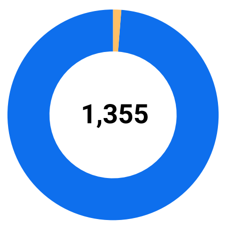

Realised credit losses and change in expected credit losses, net
**148 MEUR**
(2021: 11 MEUR)

**ECL based on the balance sheet items, domestic financing, incl. export guarantees 31 Dec 2022, MEUR***




- Locally operating small companies, 22 Me
- SMEs focusing on the domestic markets, 46 Me
- SMEs seeking growth and internationalisation, 61 Me
- Large corporates, 6 Me

**ECL based on the balance sheet items, export credit guarantees and special guarantees 31 Dec 2022, MEUR***




- SMEs seeking growth and internationalisation, 17 Me
- Export financing, 1,338 Me

*Excpected credit losses (ECL) according to IFRS 9 standard.

# Consolidated comprehensive income statement

| (EUR 1,000) | Note | Finnvera Group 1–12 2022 | Finnvera Group 1–12 2021 | Finnvera plc 1–12 2022 | Finnvera plc 1–12 2021 |
|---|---|---|---|---|---|
| Interest income | D1 | | | | |
| - Interest from loans passed on to customers | | 119,514 | 47,738 | 100,243 | 37,942 |
| - Subsidies passed on to customers | | - | 1 | - | 1 |
| - Other interest income | | 269,692 | 174,253 | 269,540 | 173,911 |
| **Total interest income** | | **389,206** | **221,993** | **369,783** | **211,854** |
| Interest expense | D1 | -320,626 | -166,549 | -327,316 | -167,018 |
| **Net interest income** | | **68,580** | **55,444** | **42,467** | **44,836** |
| Net fee and commission income | D2 | 204,075 | 166,672 | 188,785 | 159,107 |
| Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses | D3 | -6,384 | 1,565 | -100 | 2,681 |
| Net income from investments | D4 | 5 | 353 | 5 | 353 |
| Other operating income | D5 | 259 | 4,238 | 7,941 | 4,335 |
| Total operational expenses | D6 | -49,354 | -45,613 | -49,062 | -45,408 |
| - Personnel expenses | | -30,460 | -29,685 | -30,451 | -29,562 |
| - Other operational expenses | | -18,894 | -15,928 | -18,611 | -15,846 |
| Depreciation and amortisation on tangible and intangible assets | D7 | -5,510 | -7,624 | -5,510 | -7,624 |
| Other operating expenses | D8 | -413 | -500 | -5,624 | -36,277 |
| Realised credit losses and change in expected credit losses, net | D9 | -147,752 | -10,522 | -147,710 | -10,605 |
| - Realised credit losses | | -39,191 | -45,481 | -39,149 | -45,482 |
| - Credit loss compensations from the State | | 28,525 | 35,173 | 28,525 | 35,173 |
| - Expected credit losses | | -137,086 | -214 | -137,087 | -296 |
| **Operating profit/loss** | | **63,508** | **164,012** | **31,192** | **111,397** |
| Income tax | D10 | -8,019 | -11,466 | - | - |
| **Profit/loss for the period** | | **55,489** | **152,546** | **31,192** | **111,397** |

| (EUR 1,000) | Note | Finnvera Group 1–12 2022 | Finnvera Group 1–12 2021 | Finnvera plc 1–12 2022 | Finnvera plc 1–12 2021 |
|---|---|---|---|---|---|
| **Other comprehensive income** | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| - Revaluation of defined benefit pension plans | F5 | 245 | 99 | 245 | 99 |
| - Change in credit risk associated with liabilities carried at fair value | | 6,909 | -8,217 | - | - |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| - Change in fair value of investments | | -23,650 | -798 | -23,650 | -798 |
| - Change in expected credit losses of investments | | -302 | -1,978 | -302 | -1,978 |
| - Cash flow hedging | | 6,531 | -5,227 | 6,531 | -5,227 |
| **Total other comprehensive income** | | **-10,267** | **-16,122** | **-17,175** | **-7,905** |
| **Total comprehensive income for the period** | | **45,222** | **136,424** | **14,016** | **103,492** |
| **Distribution of the profit/loss for the period attributable to equity holders of the parent company** | | **55,489** | **152,546** | | |
| **Distribution of the total comprehensive income for the period attributable to equity holders of the parent company** | | **45,222** | **136,424** | | |

# Balance sheet

| (EUR 1,000) | Note | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Loans to and receivables from credit institutions | E1 | | | | |
| - Payable on demand | | 623,294 | 475,674 | 606,773 | 455,514 |
| - Investment accounts and deposits | | - | 88,245 | - | 88,245 |
| - Other | | 33,860 | 50,215 | - | - |
| | | **657,154** | **614,134** | **606,773** | **543,758** |
| Loans to and receivables from customers | E2 | | | | |
| - Loans | | 6,892,605 | 7,305,538 | 7,977,066 | 8,401,063 |
| - Debt Securities | | 29,664 | 42,679 | 29,664 | 42,679 |
| - Guarantee receivables | | 25,643 | 35,784 | 25,643 | 35,784 |
| - Receivables from export credit and special guarantee operations | | 31,264 | 20,049 | 31,264 | 20,049 |
| | | **6,979,176** | **7,404,051** | **8,063,638** | **8,499,576** |
| Investments | | | | | |
| - Debt securities | E3 | 3,151,323 | 3,309,090 | 3,151,323 | 3,309,090 |
| - Investments in group companies | | - | - | 20,182 | 30,078 |
| - Other shares and participations | | 13,723 | 13,723 | 13,723 | 13,723 |
| | | **3,165,045** | **3,322,812** | **3,185,227** | **3,352,890** |
| Derivatives | E10 | 166,298 | 370,910 | 166,298 | 370,910 |
| Intangible assets | E4 | 7,693 | 7,025 | 7,693 | 7,025 |
| Tangible assets | E4 | 1,906 | 3,923 | 1,906 | 3,923 |
| Other Assets | E5 | | | | |
| - Credit loss receivables from the state | | 16,282 | 24,305 | 16,282 | 24,305 |
| - Other | | 354,257 | 354,860 | 359,265 | 355,626 |
| | | **370,539** | **379,165** | **375,547** | **379,930** |
| Prepayments and accrued income | E6 | 1,285,962 | 117,690 | 1,252,852 | 84,323 |
| Tax assets | E7 | 795 | 46 | 31 | - |
| **Assets** | | **12,634,568** | **12,219,756** | **13,659,964** | **13,242,336** |

| (EUR 1,000) | Note | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| Liabilities to other institutions | E8 | 37,292 | 74,583 | 175,000 | 124,000 |
| Debt securities in issue | E9 | 9,662,606 | 10,284,982 | 9,662,606 | 10,284,982 |
| Derivatives | E10 | 1,180,392 | 35,278 | 1,180,392 | 35,278 |
| Provisions | E12 | 332,632 | 205,372 | 1,420,525 | 1,325,265 |
| Other liabilities | E11 | 13,370 | 36,856 | 18,523 | 72,633 |
| Accruals and deferred income | E13 | 496,310 | 711,543 | 463,914 | 675,191 |
| Tax liabilities | E7 | 3,418 | 7,817 | - | - |
| **Liabilities** | | **11,726,020** | **11,356,431** | **12,920,960** | **12,517,348** |
| **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 | | -20,733 | -10,221 | -18,447 | -1,026 |
| Non-restricted reserves | | | | | |
| - Reserve for domestic operations | | 399,211 | 366,373 | 399,211 | 366,373 |
| - Reserve for export credit guarantees and special guarantees | | 78,658 | - | 78,658 | - |
| Retained earnings | | 203,771 | 259,533 | 31,941 | 112,000 |
| Non-restricted equity | | **681,640** | **625,906** | **509,810** | **478,373** |
| Total equity, equity attributable to the parent company's shareholders | | **908,548** | **863,326** | **739,004** | **724,988** |
| **Total liabilities and equity** | | **12,634,568** | **12,219,756** | **13,659,964** | **13,242,336** |

# 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 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Current drawn commitments (A+D+G) | 7,484,491 | 5,716,253 | 15,849,823 | 14,191,951 |
| Current undrawn commitments (B+E+F+H) | 7,075,771 | 6,977,106 | 8,160,701 | 7,597,331 |
| Offers given (C+I) | 2,001,284 | 3,228,775 | 2,001,284 | 3,228,775 |
| **Contingent liabilities, total** | **16,561,546** | **15,922,133** | **26,011,808** | **25,018,057** |

### Table 2: Contingent liabilities by business area

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Domestic operations** | | | | |
| A) Valid guarantees | 1,729,058 | 2,056,102 | 1,729,058 | 2,056,102 |
| B) Binding credit commitments | 250,843 | 232,733 | 250,843 | 232,733 |
| C) Guarantee offers | 103,954 | 91,798 | 103,954 | 91,798 |
| **Domestic operations total** | **2,083,855** | **2,380,633** | **2,083,855** | **2,380,633** |
| **Export credit guarantees, special guarantees and export credit commitments** | | | | |
| Current commitments (drawn and undrawn) | | | | |
| D) Drawn export and special guarantees, not included export loans | 5,220,615 | 3,548,836 | 5,220,615 | 3,548,836 |
| E) Undrawn export and special guarantees, not included export loans | 2,412,463 | 2,179,804 | 2,412,463 | 2,179,804 |
| F) Export and special guarantees of the parent company on behalf of the subsidiary's drawn export credits, no parent company funding | - | - | 18,646 | 37,292 |
| G) Export and special guarantees of the parent company on behalf of the subsidiary's drawn export credits, parent company funding | - | - | 7,445,270 | 7,867,009 |
| H) The Group: undrawn export credits granted by the subsidiary (credit commitments) | 4,174,091 | 4,506,524 | 4,174,091 | 4,506,524 |
| I) Export and special guarantee interest commitments, drawn commitments | 534,818 | 111,314 | 1,436,235 | 682,712 |
| J) Export and special guarantee interest commitments, undrawn commitments | 238,375 | 58,045 | 1,323,305 | 678,271 |
| **Offers given** | | | | |
| K) Export and special guarantees | 1,897,329 | 3,136,977 | 1,897,329 | 3,136,977 |
| **Export credit guarantees, special guarantees and export credit commitments** | **14,477,690** | **13,541,500** | **23,927,953** | **22,637,424** |
| **Contingent liabilities, total[1]** | **16,561,546** | **15,922,133** | **26,011,808** | **25,018,057** |

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 23,928 million (EUR 22,637 million), of which drawn export credit guarantees are EUR 14,121 million (EUR 12,136 million).

### 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 2022 | 31 Dec 2021 |
| **Liability according to the Act on the State's Export Credit Guarantees** | 19,552,049 | 19,194,867 |

2 The total commitments of Finnvera's export credit guarantees and hedging arrangements may amount to EUR 38 billion (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 (33 billion).

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 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **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 |

No additional contingent liabilities were recorded during the reporting period. The possible obligation will be returned to The State Guarantee Fund once the reserve for export credit guarantees and special guarantees has funds of at least EUR 829 million consisting of future profits.

# 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 2022** | | | | | | | | | | |
| **Finnvera Group's equity, equity attributable to the parent company's shareholders** | | | | | | | | | | |
| Reported equity at 1 Jan | 196,605 | 51,036 | 12,942 | -13,968 | -9,195 | 366,373 | 0 | - | 259,533 | 863,326 |
| Profit/loss from the previous accounting period transfer to reserves | - | - | - | - | - | 32,839 | 78,658 | - | -111,496 | - |
| Reversal of reserve for venture capital financing | - | - | - | - | - | - | | - | - | - |
| Re-determination of defined benefit pensions recognised at fair value through comprehensive income | - | - | - | - | - | - | - | - | 245 | 245 |
| Change in credit risk associated with liabilities carried at fair value | - | - | - | - | 6,909 | - | - | - | - | 6,909 |
| Cash flow hedging | - | - | - | 6,531 | - | - | - | - | - | 6,531 |
| Change in fair value of investments recognised at fair value through comprehensive income | - | - | -23,650 | - | - | - | - | - | - | -23,650 |
| Change in ECL of investments recognised at fair value through comprehensive income | - | - | -302 | - | - | - | - | - | - | -302 |
| Profit/loss for the period | - | - | - | - | - | - | - | - | 55,489 | 55,489 |
| **Total equity at 31 December** | **196,605** | **51,036** | **-11,010** | **-7,437** | **-2,286** | **399,211** | **78,658** | **-** | **203,771** | **908,548** |
| | | | | | | | | | | |
| **31 Dec 2021** | | | | | | | | | | |
| **Finnvera Group's equity, 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 credit risk associated with liabilities carried at fair value | - | - | - | - | -8,217 | - | - | - | - | -8,217 |
| Cash flow hedging | - | - | - | -5,227 | - | - | - | - | - | -5,227 |
| Change in fair value of investments recognised at fair value through comprehensive income | - | - | -798 | - | - | - | - | - | - | -798 |
| Change in 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** |

| (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 2022** | | | | | | | | | | |
| **Finnvera plc's equity, Equity attributable to the parent company's shareholders** | | | | | | | | | | |
| Reported equity at 1 Jan | 196,605 | 51,036 | 12,942 | -13,968 | - | 366,373 | 0 | - | 112,000 | 724,988 |
| Profit/loss from the previous accounting period transfer to reserves | - | - | - | - | - | 32,839 | 78,658 | - | -111,496 | - |
| Reversal of reserve for venture capital financing | - | - | - | - | | - | - | - | | - |
| Impact of retained earnings due to sell of subsidiary | - | - | - | - | | | - | - | - | - |
| Re-determination of defined benefit pensions recognised at fair value through comprehensive income | - | - | - | - | - | - | - | - | 245 | 245 |
| Change it the credit risk associated with liabilities carried at fair value | - | - | - | - | - | - | - | - | - | - |
| Cash flow hedging | | | - | 6,531 | - | | | | | 6,531 |
| Change in the fair value of investments recognised at fair value through comprehensive income | - | - | -23,650 | - | - | - | - | - | - | -23,650 |
| Change in the ECL of investments recognised at fair value through comprehensive income | - | - | -302 | - | - | - | - | - | - | -302 |
| Profit/loss for the period | - | - | - | - | - | - | - | - | 31,192 | 31,192 |
| **Total equity at 31 Dec** | **196,605** | **51,036** | **-11,010** | **-7,437** | **-** | **399,211** | **78,658** | **-** | **31,941** | **739,004** |
| | | | | | | | | | | |
| **31 Dec 2021** | | | | | | | | | | |
| **Finnvera plc's equity, 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 | - | - |
| 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** |

# Statement of cash flows

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Withdrawal of loans granted | -1,320,949 | -1,424,437 | -1,320,949 | -1,424,237 |
| Repayments of loans granted | 1,979,336 | 1,395,228 | 1,940,816 | 1,396,975 |
| Purchase of investments | - | -1,734 | - | - |
| Proceeds from investments | - | 5,379 | - | - |
| Interest received | 256,956 | 229,461 | 235,658 | 218,019 |
| Interest paid | -195,180 | -165,687 | -198,611 | -166,171 |
| Net interest subsidy received (+) / repaid to the State (-) | - | 6 | - | 6 |
| Net payments received (+) / paid (-) from commission income and expense | 210,087 | 175,038 | 197,166 | 167,402 |
| Payments received from other operating income | 832 | 3,159 | 662 | 3,257 |
| Payments for operating expenses | -48,416 | -45,370 | -83,968 | -56,793 |
| Claims paid (-) and recovered amounts (+) | -41,106 | -34,683 | -41,106 | -34,684 |
| Net credit loss compensation from the State | 36,548 | 34,937 | 36,548 | 34,937 |
| Net taxes paid | -13,167 | -5,237 | - | - |
| **Net cash used in (-) / from (+) operating activities (A)** | **864,942** | **166,061** | **766,217** | **138,712** |
| **Cash flows from investing activities** | | | | |
| Purchase of property and equipment and intangible assets | -1,516 | -842 | -1,516 | -842 |
| Sale of property and equipment and intangible assets | - | - | - | - |
| Short-term and other liquid investments made | -4,804,597 | -4,919,635 | -4,804,597 | -4,919,635 |
| Proceeds and maturities of short-term and other liquid investments | 4,877,441 | 5,056,360 | 4,877,441 | 5,056,360 |
| Other investments | - | -234 | - | -234 |
| Proceeds from other investments | - | 16,356 | - | 18,356 |
| Dividends received from investments | - | 6 | - | - |
| **Net cash used in (-) / from (+) investing activities (B)** | **71,328** | **152,011** | **71,328** | **154,005** |
| **Cash flows from financing activities** | | | | |
| Proceeds from long-term loans | 1,000,000 | 860,807 | 1,000,000 | 860,807 |
| Repayment of long-term loans | -1,027,259 | -750,032 | -989,967 | -750,032 |
| Net proceeds (+) and repayments (-) of short-term loans | 547,865 | 0 | 598,865 | 38,000 |
| Payments of lease liabilities | -3,212 | -3,730 | -3,212 | -3,730 |
| Repayment of subordinated liabilities and repayable debt to the State | 0 | -17 385 | 0 | -17,385 |
| Payments (-) / receipts (+) from derivative collaterals | -1,402,520 | -481,270 | -1,402,520 | -481,270 |
| **Net cash used in (-) / from (+) financing activities (C)** | **-885,125** | **-391,610** | **-796,833** | **-353,610** |
| **Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)** | **51,145** | **-73,537** | **40,712** | **-60,892** |
| **Cash and cash equivalents at the beginning of the period[1]** | 564,159 | 620,469 | 543,991 | 588,500 |
| Translation differences[1] | 8,146 | 17,228 | 9,325 | 16,383 |
| **Cash and cash equivalents at the end of the period[1, 2]** | **623,451** | **564,159** | **606,925** | **543,991** |

1 Cash and cash equivalents comprise of cash and investment accounts held in credit institutions. 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".
2 Finnvera Plc's cash and cash equivalents at the end of the period 31 Dec 2022 include Veraventure Ltd's cash and cash equivalents transferred to Finnvera plc as a result of Veraventure Ltd's merger. Total of 12,896,937.23 euros.

## Changes in liabilities arising from financing activities

**Finnvera Group 2022**

| (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** | 493,212 | -530,504 | - | - | - | **37,292** |
| Short-term liabilities to other institutions | **-** | - | - | - | - | - | **-** |
| Debt securities in issue | **10,284,982** | 2,775,309 | -2,232,054 | -1,353,375 | 180,103 | 7,642 | **9,662,606** |
| Subordinated liabilities | **-** | - | - | - | - | - | **-** |
| Security given for derivatives[1] | **-** | - | -1,094,350 | - | - | - | **-1,094,350** |
| Security received for derivatives[2] | **370,440** | - | -308,170 | - | - | - | **62,270** |
| **Total** | **10,730,005** | **3,268,521** | **-4,165,078** | **-1,353,375** | **180,103** | **7,642** | **8,667,818** |

**Finnvera plc 2022**

| (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 | **124,000** | 828,326 | -777,326 | | | | **175,000** |
| Debt securities in issue | **10,284,982** | 2,775,309 | -2,232,054 | -1,353,375 | 180,103 | 7,642 | **9,662,606** |
| Subordinated liabilities | **-** | - | - | - | - | - | **-** |
| Security given for derivatives[1] | **-** | - | -1,094,350 | - | - | - | **-1,094,350** |
| Security received for derivatives[2] | **370,440** | - | -308,170 | - | - | - | **62,270** |
| **Total** | **10,779,422** | **3,603,635** | **-4,411,900** | **-1,353,375** | **180,103** | **7,642** | **8,805,526** |

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

| | 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

# Notes to the financial statements

Return on equity
**6.3%**
(31 Dec 2021: 19.2%)

Return on assets
**0.4%**
(31 Dec 2021: 1.2%)

Balance sheet total, change from previous year
**3.4%**
(31 Dec 2021: -3.6%)

## Finnvera Group's service concepts are based on the client segments

Finnvera Group's segments are based on the client segmentation and division into business areas that are the ground for management reporting. Assessment of the profitability of Finnvera's segments is based on the operating profit.

## 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:
**-11 MEUR**
(2021: 5)

### 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**
(2021: 15)

### SMEs seeking growth and internationalisation

Clients are SMEs and midcaps that have a growth strategy based on internationalisation.

Result:
**-28 MEUR**
(2021: 14)

**Export financing**

### Large corporates

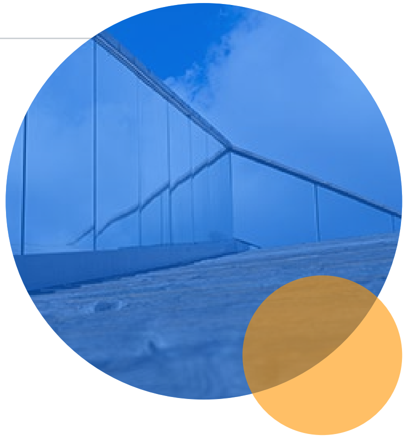
The clients are exporters operating in Finland, generally classified as large corporates, as well as domestic and foreign providers of financing for these.

Result:
**78 MEUR**
(2021: 73)

### 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:
**32 MEUR**
(2021: 43)



Notes to the financial statements

A B C D E F G H

# Notes concerning the presentation of the financial statements

## A Accounting principles

### A1 Basic information of the Group

The Finnvera Group's parent company is Finnvera plc (later Finnvera). It has one subsidiary, Finnish Export Credit Ltd. Finnvera provides financing for the business of small and medium-sized enterprises (SMEs), exports and internationalisation, and helps implement the Government's regional policy objectives. Finnish Export Credit focuses on financing export credits. 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 2023.

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.

**Basic information**

| | |
|---|---|
| Name of the reporting entity | Finnvera plc |
| Domicile | Kuopio, Finland |
| Legal form | Plc |
| Home country | Finland |
| Registered address | P.O. Box 1127, Kallanranta 11, Fi-70111 Kuopio |
| Main place of business | Helsinki |
| Description of the nature and main functions of the entity's operations | Finnvera provides financing for the business of small and medium-sized enterprises (SMEs), exports and internationalisation, and helps implement the Government's regional policy objectives. |
| Name of parent company | Finnvera plc |

### 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 2022 that 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.

In order to prepare IFRS compliant financial statements, the management must make estimates and use their judgement when applying the accounting principles. For a more detailed description of these assessments and the uncertainties associated with them, see section "*A11 Accounting principles requiring the management's judgement and the key sources of estimation uncertainty*".

The financial statements are presented in thousands of euros. The sums calculated from individual figures may therefore differ from the total sums presented on their own 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. The consolidated financial statements are published on a voluntary basis as a PDF report in Finnish and English. In case of discrepancies between different language versions, the Finnish version of the consolidated financial statements shall apply.

**New and revised standards and interpretations applied and changes in calculation methods**

No new or revised IFRS standards were introduced in 2022, nor were any changes made in accounting methods that would have had an impact on the accounting principles.

### 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 for the management. Finnvera's segmentation is underpinned by a division into business areas based on customer segmentation. The Group's business consists of SME and midcap financing and export financing. SME and midcap financing is monitored in three segments: 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. 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.

At the close of the financial period the Finnvera Group includes, in addition to the parent company Finnvera, only one subsidiary, Finnish Export Credit. At the beginning of the financial year, the Group also included the subsidiary Veraventure Ltd, which was engaged in venture capital investments. This subsidiary merged with the parent company Finnvera on 31 July 2022. Finnvera phased out its venture capital investment business in 2021, and Veraventure did consequently not engage in venture capital investments in the financial year of 2022.

In the parent company's financial statements, holdings in subsidiaries have been recognised at acquisition cost. The value of the subsidiary's 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 the subsidiary, and reciprocal shareholding has been eliminated using the acquisition method. When subsidiaries are acquired, they are consolidated from the date of acquisition up to the date when the control ceases.

**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. 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. 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 for guarantees and export guarantees during the financing process are recognised as revenue once the work has been performed or the transaction 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 the time elapsed and recognised in the Group's fee and commission income in accounting on the same basis.

**Gains and 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. Change in the fair value of investments recognised at fair value through other comprehensive income (OCI) is 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.

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

**Other operating income**
Under the Act on the State Guarantee Fund, the State covers as a fund payment those losses incurred from Finnvera's export credit guarantees and special guarantee operations that cannot be covered from the Reserve for export credit guarantee and special guarantee operations on Finnvera's balance sheet. Finnvera turned a profit in the export credit guarantee and special guarantee operations in 2022, and there was no need for a fund payment.

The fees Finnvera receives from administrating the State Guarantee Fund and rental income are also reported under 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 2022, Finnvera continued its upgrade projects of the online services as well as case management and financing systems with the aim of improving productivity and efficiency through the digitalisation of business and support processes. Digitalisation will be developed in stages over several years.

Intangible assets are recorded on the balance sheet at acquisition cost less amortisations and impairment losses accumulated after initial recognition. Starting from the date on which a product is taken in productive use, intangible assets are amortised over their estimated economic life, which is five years.

Expenses incurred from cloud services are not recognised as intangible assets if the service provider has partial or total control over the service or software in question. If the purchased cloud service is one in which the offered product/service is constructed specifically for Finnvera's needs and Finnvera is consequently the only party that receives economic benefits from its use, and in which Finnvera gains control over the software under the contract, the costs of constructing such a service are activated as intangible assets and amortised over their economic life, starting from the date on which the service is commissioned.

**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. Under IFRS 16, a lease is an agreement that generates the right to use an asset item subject to the agreement for an agreed period of time and against a specific consideration. Under IFRS 16, lessees record all leases on the balance sheet as an item under fixed assets and as a lease liability.

Assets and liabilities resulting from leases on the start date of the lease 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 fulfil the standard's definition for leases are excluded from the scope of the IFRS 16 standard.

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.

While the parent company Finnvera is exempted from tax, this exemption does not apply to its subsidiaries.

## A9 Financial assets and liabilities

### Determination of fair value

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).

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, Finnvera has estimated the Debit Valuation Adjustment (DVA) of its credit risk to be minor, based on the State's guarantee, but its impacts are monitored.

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.

### 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 other comprehensive income items or at fair value through profit or loss |
| Derivative contracts | At fair value through profit or loss (mandatory) |
| Shares and participations | At fair value through profit or loss |

Finnvera classifies its financial assets as those recognised at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and as amortised cost.

Financial assets recognised at fair value through profit or loss (FVTPL) include derivatives, shares and participations and some bond investments (see the business model). FVOCI items include investments in bonds in line with the business model based on collecting cash flows and sale of assets. Items included in amortised cost are receivables from credit institutions and customers, short-term debt securities and the State's debt obligations. 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 based on 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.

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 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 other comprehensive income items without implicit costs of trading (bid/ask spread). Recognising investments in bonds belonging to other business models at fair value through profit or loss is mandatory. Recognising investments in bonds and other receivables that do not meet the SPPI (*Solely Payments of Principal and Interest*) criteria of IFRS 9 at fair value through profit or loss is mandatory.

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. These financial assets were sold during the financial year and are consequently no longer on the balance sheet at the end of the financial year 2022.

**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 (EMTN debt programme) | 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 (EMTN debt programme) | Not included in hedge accounting; measured at fair value through profit or loss (fair value option) |
| Debt securities in issue (ECP debt programme) | Amortised cost |
| Derivative contracts | At fair value through profit or loss (mandatory) |

Financial liabilities carried at fair value through profit and loss include debt securities in issue that fall outside hedge accounting, and derivative contracts to which hedge accounting is not applied. 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, classification of bonds in issue was based on recognising issued bonds that fall outside hedge accounting at fair value through profit or loss to reduce asymmetry in accounting (the fair value option). This applies to 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 other comprehensive income items.

Short-term debt securities (ECP debt programme) are recognised at amortised cost using the effective interest rate method and generally held until maturity but may be repaid in the special case before the maturity date. The liabilities are recognised from the settlement date.

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.

**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 additionally applied to some of the debt securities.

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. For changes in investments recognised at fair value through other comprehensive income, other than those due to changes in market interest rates, are presented in other comprehensive income items.

Finnvera makes 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, is 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 recognised in the item "Cash flow hedging, cost of hedging reserve" of the balance sheet fair value reserve, and the changes are presented in other comprehensive income items.

Change in market interest rates, of which other change in the value of the hedging derivative is considered to be composed, is recognised in the item 'Hedging reserve' of the fair value reserve, and the changes are presented in other comprehensive income items.

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

**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 has significantly changed from the moment when it was originally granted. Factors that have an impact on the credit risk include the client's financial situation (e.g. bankruptcy), risk classification, payment behaviour and 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.

The speed of recovery in cruise shipping, the sector which has been the hardest hit by the pandemic, is very difficult to forecast, and the current unstable geopolitical situation adds to the difficulty of predicting the outlook.  A significant risk of the Group having to increase the loss provisions or record final losses from export financing persists.

**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 judgement. 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 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 (incl. domestic financing bonds), 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 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. While the credit and guarantee loss compensation rate for domestic financing was 80% in 2022, it will decrease to 50% as of 1 January 2023. An exception to this is financing granted on special industrial policy grounds, in which the loss compensation may also in the future be 80% by decision of the Ministry of Economic Affairs and Employment. Decisions on such projects will be made by the ministry on a case-by-case basis.

**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. A portfolio-based estimate is produced 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 50% of the actual credit losses incurred (from 1 January 2023). 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 receivables from both export financing and export credit guarantees are assessed for each financial instrument. 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. Guarantee premiums paid in advance, which reduce the expected credit losses, have been included in the ECL calculation.

In export financing, the LGD value and the risk category are updated at least once a year, and this has an essential impact on the 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 change in world GDP and GDP forecast. They increase or decrease expected losses, depending on the forecasts. The management's judgement especially covers macroeconomic scenarios. The principles of determining different stages for individual financial instruments are provided in Table 4. In export credit guarantee and special guarantee operations, as the macroeconomic forecast is used the GDP forecast for advanced countries published by the International Monetary Fund (IMF).

The negative impacts of the coronavirus pandemic and unstable geopolitical situation on the economy, particularly in certain sectors, are expected to continue. This is why the loss provisions for export credit guarantee and special guarantee operations have been kept at the high level of EUR 1,355 million, compared to the pre-pandemic level.

**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 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 judgements 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 judgement and the key sources of estimation uncertainty

Financial statements drawn up according to the International Financial Reporting Standards (IFRS) require the management's estimates and judgement that affect the items reported in the consolidated financial statements and in the Notes to the accounts. When preparing the financial statements, estimates and assumptions concerning the future are made, the conclusions of which may differ from the actual outcome. Key assumptions and judgements concern the assessment of expected losses from clients' loan and other receivables as well as liabilities for guarantees. Significant uncertainties are also associated with the assessment of the fair value of financial assets and liabilities.

**Uncertainties associated with the assessment of expected credit losses (ECL)**

At Finnvera, the essential assumptions and judgements 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 judgement 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 expected losses 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. The negative impacts of the coronavirus pandemic and unstable geopolitical situation on the economy, particularly in certain sectors, are expected to continue. This is why, by decision of the management, the loss provisions for export credit guarantee and special guarantee operations have been kept at the high level of EUR 1,355 million, compared to the pre-pandemic level.

**Uncertainties associated with the assessment of the fair value of financial assets and liabilities**

For more information on assessment of the fair value of financial assets and liabilities, see the section *Measurement of fair value of financial instruments of the accounting principles*.

To measure the fair value of financial assets and liabilities, the management must assess if there is a functional market for the financial instrument, if an individual financial instrument is traded, if price information available on the market is a reliable indication of fair value, and what valuation technique is used to measure each instrument.

**Provisions according to IAS 37**

Recording provisions for a known obligation requires the management's judgement 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, the existence of which will be ensured later and which is not completely in the entity's control, is reported as a provision referred to in IAS 37.

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.

During the financial year 2020, Finnvera received a fund payment of EUR 349 million from the State Guarantee Fund. Finnvera has been released from the obligation to repay the fund payment based on separate profit in future years until the Reserve for export credit guarantee and special guarantee operations has reached its pre-pandemic level of EUR 829 million. At the end of the financial year 2022, the reserve for export credit guarantee and special guarantee operations had assets amounting to EUR 78.7 million and, after the transfer of the positive result of export credit guarantee and special guarantee operations in 2022 (EUR 56.1 million), EUR 134.7 million.

As a provision referred to in IAS 37 is presented a fund payment of EUR 349 million received from the State Guarantee Fund due to losses made in export credit guarantee and special guarantee operations in 2020. This amount may be due for repayment to the State Guarantee Fund as a fund reimbursement based on profits made from export credit guarantee and special guarantee operations in future years, if the amount of the funds in the reserve for export credit guarantee and special guarantee operations exceeds EUR 829 million.

# 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 at times 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 the activities. Business risk is also considered a key risk.

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 and all other key risk policies as well as the authorisations to grant financing at least annually.

In internal control and risk management, Finnvera applies a "three lines of defence" model. In keeping with Finnvera's internal control and the "three lines of defence" model, the business units and support functions bear the primary responsibility for internal control and risk management. projects.

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 include the level of capital adequacy in domestic financing (using the standard method), 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 as well as regulations and guidelines issued by the Financial Supervisory Authority and the European Banking Authority. 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 domestic financing. During the economic cycle, the company must cover its share of domestic credit and guarantee losses incurred with cash flow financing. The State's responsibility for export credit guarantees and special guarantees is determined by the Act on the State Guarantee Fund (444/1998). Apart from the buffer of accumulated equity, the foreign country, bank and enterprise risks associated with export credit and export guarantee operations are secured by the State Guarantee Fund, with appropriations from the State Budget as the last resort. 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 domestic 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 subsidiary, Finnish Export Credit Ltd, is controlled by the parent company and falls within the scope of risk control, compliance function 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.

**Credit and guarantee risks and risk classification systems**
In Finnvera, credit risk arises from a contractual credit or guarantee counterparty as well as the counterparty risks of investments and

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derivatives. The reason for a credit loss may be the inability of the enterprise, bank or sovereign counterparty to fulfil their commitments.

Credit 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, in other words probability of default (PD). Risk classifications are updated regularly based on the financial statements information or other information at least once a year. Regarding minor liabilities, the classifications are updated based on external information, which the company monitors continuously. 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 risk indicators and qualitative objectives for the credit portfolio
- in risk reporting on the credit portfolio, internal assessment of capital adequacy and calculation of the expected loss.

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

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

Financing decisions are made by the Board of Directors or by the company's decision-making bodies and organisation 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. In 2022, classification updates based on external ratings were introduced in maintaining the risk classification of centralised service production and other minor liabilities in domestic financing. 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 on counterparties, sectors and countries is monitored regularly. Risk appetite defines, in principle, maximum exposures for corporate counterparties and for country-related concentration risks.

In domestic financing, credit policy defines the maximum exposure of an individual counterparty. Decisions greater than this limit must be justified separately to the company's Board of Directors and, whenever necessary, to the State owner. 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. A rating issued by an international credit rating agency is required of counterparties to investment and derivative contracts, and they are subject to a minimum risk appetite requirement.

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 domestic 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 investment portfolio are currency, interest rate and liquidity risks as well as concentration, credit, and counterparty risks (as described in the section on credit 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. As the Interest Rate Benchmark Reform enters into force, LIBOR will be replaced by SOFR/term-SOFR in USD denominated financing. 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 the corresponding USD-LIBOR/SORF), the reference rate is converted to the 6-month Euribor (or USD-LIBOR/SORF) 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 domestic financing is denominated in euros, whereas both euros and US dollars are used in export financing. 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 State 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 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 include those related to processes, personnel (including physical safety) and information systems (ICT). In addition, model risks, legal and compliance risks, reputational risks and information security and data protection risks are operational risks. A loss resulting from an operational risk may materialise as higher costs, lower profits, sanctions or lost reputation, for instance. The development of operational risk management is coordinated by the Risk Control function. The process teams and units are responsible for implementing the 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 and their mitigation measures 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 insuring the risks.

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**

The Finnvera Group no longer has venture capital investments.

**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. Because of the differentiated capital structure, capital adequacy is calculated separately for domestic and export financing. 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. Until the end of 2022, the compensation for credit and guarantee losses was 80% of the outstanding credit and guarantee exposure. From 2023 on, the compensation will be 50%, except in exceptional cases where it can still be 80%. 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.

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## B1 Credit risks

| | Finnvera Group | | | | | |
|---|---|---|---|---|---|---|
| | 31 Dec 2022 | | | 31 Dec 2021 | | |
| (EUR 1,000) | Gross | ECL | Net | Gross | ECL | Net |
| Receivables | | | | | | |
| Loans to and receivables from credit institutions – payable on demand | 623,451 | -156 | 623,294 | 475,867 | -193 | 475,674 |
| Loans to and receivables from credit institutions – other | 33,860 | - | 33,860 | 138,507 | -48 | 138,460 |
| Loans to and receivables from customers | 8,158,546 | -1,179,370 | 6,979,176 | 8,573,271 | -1,169,220 | 7,404,051 |
| Loans to and receivables from customers | 8,024,964 | -1,132,359 | 6,892,605 | 8,441,763 | -1,136,224 | 7,305,538 |
| Domestic financing debt securities | 29,664 | - | 29,664 | 42,679 | - | 42,679 |
| Guarantee receivables | 43,212 | -17,568 | 25,643 | 42,806 | -7,021 | 35,784 |
| Fee and commission receivables, export financing | 3,075 | - | 3,075 | 1,838 | - | 1,838 |
| Receivables from export credit guarantee and special guarantee operations | 57,631 | -29,442 | 28,189 | 44,187 | -25,975 | 18,212 |
| Debt securities | 3,151,642 | -319 | 3,151,323 | 3,309,408 | -319 | 3,309,090 |
| Derivatives[1] | -154 | - | -154 | 50 | - | 50 |
| Credit and Guarantee loss receivables from the State | 16,282 | - | 16,282 | 24,305 | - | 24,305 |
| Interest receivables | 157,887 | -767 | 157,120 | 85,807 | -213 | 85,594 |
| Fee and commission receivables | 7,071 | -575 | 6,495 | 7,793 | -819 | 6,974 |
| Trade receivables of venture capital investments | 4,698 | -94 | 4,604 | 4,698 | -94 | 4,604 |
| **Total** | **12,153,282** | **-1,181,281** | **10,972,001** | **12,619,706** | **-1,170,905** | **11,448,801** |
| **Contingent liabilities** | | **16,561,546** | | | **15,922,133** | |

1 The figure 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 62.1 million (EUR 370.5 million). Cash collateral received was EUR 62.3 million (EUR 370.4 million).

### Debt securities by credit rating grades and sector

| | Finnvera Group 31 Dec 2022 | | | | Finnvera Group 31 Dec 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| (EUR 1,000) | Credit institutions | Corporates | Governments/ Municipalities | Total[1] | Credit institutions | Corporates | Governments/ Municipalities | Total[1] |
| Risk class | | | | | | | | |
| AAA | 1,316,247 | - | 23,383 | **1,339,629** | 670,842 | - | - | **670,842** |
| AA | 240,434 | 50,014 | 609,224 | **899,673** | 561,474 | 50,029 | 919,681 | **1,531,184** |
| A | 597,683 | 57,791 | 41,176 | **696,649** | 819,134 | 31,648 | 45,792 | **896,574** |
| BBB | 86,176 | 129,196 | - | **215,371** | 90,475 | 119,997 | - | **210,472** |
| BB | - | - | - | **-** | - | - | - | **-** |
| B | - | | - | **-** | - | | - | **-** |
| **Total** | **2,240,540** | **237,000** | **673,783** | **3,151,323** | **2,141,924** | **201,674** | **965,474** | **3,309,072** |

1 Domestic financing debt securities EUR 29.7 million (EUR 42.7 million) are excluded from the figures presented above as they are included in the Note B2.

## Domestic financing

### B2 Loans and guarantees as well as guarantee and export guarantee receivables by risk category, gross

| | Finnvera plc | | | |
|---|---|---|---|---|
| | 31 Dec 2022 | | 31 Dec 2021 | |
| Credit rating (EUR 1,000) | € | % | € | % |
| AAA | - | 0% | - | - |
| AA | 1,676 | 0% | 722 | 0% |
| A | 18,977 | 1% | 27,762 | 1% |
| BBB | 149,134 | 6% | 178,570 | 7% |
| BB | 864,578 | 36% | 889,872 | 33% |
| B | 1,078,863 | 45% | 1,148,759 | 43% |
| CCC | 147,959 | 6% | 341,542 | 13% |
| D | 121,759 | 5% | 104,284 | 4% |
| **Total** | **2,382,946** | **100%** | **2,691,510** | **100%** |

### B3 Loans and guarantees as well as guarantee and export guarantee receivables by sector, gross

| | Finnvera plc | |
|---|---|---|
| Sector (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| Rural trades | 41,728 | 49,454 |
| Industry | 1,064,369 | 1,288,345 |
| Tourism | 270,033 | 298,959 |
| Services to business | 574,060 | 633,173 |
| Trade and consumer services | 432,756 | 421,579 |
| **Total** | **2,382,946** | **2,691,510** |

### B4 Loans and guarantees as well as guarantee and export guarantee receivables by region, gross

| | Finnvera plc | |
|---|---|---|
| Area (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| Finland | 2,382,946 | 2,691,510 |
| **Total** | **2,382,946** | **2,691,510** |

### B5 Loans and guarantees as well as guarantee and export guarantee receivables, gross, collateral shortage

| | Finnvera plc 31 Dec 2022 | | | |
|---|---|---|---|---|
| (EUR 1,000) | Amount of commitment | Amount of collaterals | Collateral shortage | Collateral shortage-% |
| **Total** | **2,382,946** | **382,109** | **2,000,837** | **84%** |

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

### B6 Doubtful receivables (gross) and ageing of past due receivables

#### B6.1 Doubtful receivables

| | Finnvera plc | |
|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| Receivables that are more than 90 days overdue | 77,754 | 71,015 |
| Other classified as insolvent | 44,006 | 33,269 |
| **Default receivables, total** | **121,760** | **104,284** |

| | Finnvera plc | |
|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| 0 interest credits | 14,453 | 15,227 |
| Debt holidays for debt repayments | 41,209 | 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.

#### B6.2 Ageing of past due receivables

| | Finnvera plc | |
|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| 1 days–30 days | 26,015 | 21,053 |
| 31 days–60 days | 7,329 | 6,526 |
| 61 days–90 days | 2,631 | 6,213 |
| over 90 days | 77,741 | 70,392 |
| **Total** | **113,716** | **104,184** |

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.

## Export and special guarantee financing

Notes B7–B9 include export guarantees.

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

| | Finnvera plc | |
|---|---|---|
| Credit rating (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| AAA | 0 | 105 |
| AA | 595 | 939 |
| A | 1,297 | 592 |
| BBB | 5,208 | 5,182 |
| BB | 2,580 | 2,949 |
| B | 10,285 | 10,100 |
| CCC | 3,157 | 1,685 |
| D | 220 | 88 |
| No credit rating | 40 | 968 |
| **Total** | **23,383** | **22,608** |

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

| | Finnvera plc | |
|---|---|---|
| Country risk classification (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| 0 – Advanced economy | 18,231 | 17,758 |
| 1 – Very low risks | 29 | - |
| 2 – Low risks | 580 | 827 |
| 3 – Relatively low risks | 574 | 754 |
| 4 – Intermediate risks | 65 | 1,000 |
| 5 – Relatively high risks | 2,974 | 1,495 |
| 6 – High risks | 140 | 403 |
| 7 – Very high risks | 739 | 123 |
| No classification | 51 | 250 |
| **Total** | **23,383** | **22,608** |

### B9 Enterprise, bank and sovereign exposure by sector, gross

| | Finnvera plc | |
|---|---|---|
| Sector (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| Telecommunications | 3,345 | 3,303 |
| Cruise shipping | 11,717 | 11,308 |
| Pulp and paper | 4,008 | 3,526 |
| Mining and metals | 707 | 693 |
| Energy | 559 | 606 |
| Other industries | 638 | 840 |
| Others | 2,410 | 2,332 |
| **Total** | **23,383** | **22,608** |

## B10 Liquidity risk, maturity of assets and liabilities

| | Finnvera Group | | | | | | |
|---|---|---|---|---|---|---|---|
| (EUR 1,000) | <3 months | 3–12 months | 1–5 years | 5–10 years | >10 years | Total | Carrying Amount |
| **31 Dec 2022** | | | | | | | |
| **Assets** | | | | | | | |
| Loans to and receivables from credit institutions – Payable on demand | 623,451 | - | - | - | - | 623,451 | 623,294 |
| Loans to and receivables from credit institutions – Export credit loand | - | 6,570 | 23,719 | 10,315 | - | 40,604 | 33,860 |
| Receivables from customers - Loans and debt securities[3] | 507,758 | 1,339,273 | 5,023,937 | 2,011,733 | 203,420 | 9,086,120 | 6,922,269 |
| Debt securities[3] | 770,096 | 309,895 | 2,053,211 | 269,782 | - | 3,402,984 | 3,151,323 |
| **Total assets** | **1,901,304** | **1,655,738** | **7,100,867** | **2,291,830** | **203,420** | **13,153,159** | **10,730,746** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Liabilities to other institutions | -8,042 | -7,920 | -23,077 | - | - | -39,039 | -37,292 |
| Debt securities in issue | -567,960 | -1,031,334 | -4,660,800 | -4,012,333 | -1,012,500 | -11,284,927 | -9,662,606 |
| **Total liabilities** | **-576,002** | **-1,039,255** | **-4,683,877** | **-4,012,333** | **-1,012,500** | **-11,323,967** | **-9,699,898** |
| **Derivatives** | | | | | | | |
| Derivatives – receivables | 7,815 | 19,582 | 54,618 | 836 | - | 82,851 | 166,298 |
| Derivatives – liabilities | -57,494 | -153,939 | -368,919 | -288,661 | -48,589 | -917,603 | -1,180,392 |
| **Derivatives, net** | **-49,679** | **-134,358** | **-314,300** | **-287,825** | **-48,589** | **-834,751** | **-1,014,093** |
| **Assets, liabilities and derivatives, net:** | **1,275,622** | **482,125** | **2,102,690** | **-2,008,327** | **-857,670** | **994,441** | **16,755** |
| | | | | | | | |
| Credit commitments[1] | -387,091 | -803,524 | -3,234,319 | - | - | -4,424,934 | |
| **Assets, liabilities, derivatives and credit commitments, net:** | **888,532** | **-321,399** | **-1,131,629** | **-2,008,327** | **-857,670** | **-3,430,493** | **16,755** |
| | | | | | | | |
| **Guarantees and export credit guarantees[2]** | | | | | | | |
| Guarantees | -453,203 | -637,006 | -638,848 | - | - | -1,729,058 | |
| Export credit guarantees and special guarantees | -213,934 | -1,490,462 | -2,149,069 | -1,333,938 | -3,218,867 | -8,406,270 | |
| **Total guarantees and export credit guarantees** | **-667,137** | **-2,127,468** | **-2,787,917** | **-1,333,938** | **-3,218,867** | **-10,135,328** | |

| | Finnvera Group | | | | | | |
|---|---|---|---|---|---|---|---|
| (EUR 1,000) | <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 loand | 1,034 | 5,932 | 26,981 | 19,298 | - | 53,245 | 50,215 |
| Receivables from customers - Loans and debt securities[3] | 436,735 | 1,204,463 | 4,721,069 | 2,060,175 | 219,563 | 8,642,005 | 7,348,217 |
| Debt securities[3] | 819,170 | 595,877 | 1,615,308 | 256,179 | - | 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 | -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** | **-** |

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), subsidiary's drawn export credit guarantees (drawn loans are included in Receivables from customers) or offer-stage guarantees (guarantee offers).
3 The SME and midcap financing debt securities have been transferred from "Investments" to "Receivables from customers". The comparative figures have been updated to reflect the new presentation method.

### B11 Total commitments from financing operations

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Domestic operations** | | | | |
| Contingent liabilities, drawn | 1,729,058 | 2,056,102 | 1,729,058 | 2,056,102 |
| Loans included in the balance sheet, gross[1] | 576,263 | 550,385 | 576,263 | 550,385 |
| Investments in domestic financing bonds included in the balance sheet | 29,664 | 42,679 | 29,664 | 42,679 |
| **Total drawn commitments** | **2,334,985** | **2,649,167** | **2,334,985** | **2,649,167** |
| Contingent liabilities, undrawn | 354,797 | 324,530 | 354,797 | 324,530 |
| **Total commitments, domestic operations[2]** | **2,689,782** | **2,973,697** | **2,689,782** | **2,973,697** |
| | | | | |
| **Export credit and special guarantees, financing** | | | | |
| Contingent liabilities, drawn[3] | 5,755,433 | 3,660,150 | 14,120,765 | 12,135,849 |
| Items included in the balance sheet, gross[1, 3] | 7,482,561 | 7,941,592 | - | - |
| **Total drawn commitments** | **13,237,994** | **11,601,742** | **14,120,765** | **12,135,849** |
| Contingent liabilities, undrawn | 8,722,258 | 9,881,350 | 9,807,188 | 10,501,576 |
| **Total export credit and special guarantees, financing[4]** | **21,960,252** | **21,483,093** | **23,927,953** | **22,637,424** |
| | | | | |
| **Total commitments from financing operations** | **24,650,034** | **24,456,790** | **26,617,735** | **25,611,121** |

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 43.2 million (42.8 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 7,620 million (EUR 7,991 million) in export credit guarantees financed by the parent company.
4 Total export credit and special guarantees do not include recovery receivables of EUR 57.6 million (EUR 44.2 million).

### B12 Market risk sensitivities

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 |
|---|---|---|
| **Interest rate risk** | | |
| Market interest increase 1% | | |
| - Change in net interest income during the next 12 months | 11,000 | 10,539 |
| - Changes in items carried at fair value | -12,388 | -13,144 |
| Market interest decrease 1% | | |
| - Change in net interest income during the next 12 months | -11,000 | -10,539 |
| - Changes in items carried at fair value | 12,388 | 13,144 |
| **Currency risk** | | |
| The USD strengthens by 10% against the euro | 1,024 | -294 |
| The USD weakens by 10% against the euro | -838 | 240 |

# 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. Assessment of the profitability of Finnvera's segments is based on the operating profit.

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

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 guaranties 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.

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.

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.

A B C D E F G H

## 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[1] | SME and midcap financing: SMEs seeking growth and internationalisation | Export financing: Large corporates | Export financing: Export credits | Venture capital financing[1] | Total |
|---|---|---|---|---|---|---|---|
| **Finnvera Group** | | | | | | | |
| **1–12/2022** | | | | | | | |
| Net interest income | 4,580 | 9,842 | 8,192 | 10,777 | 35,189 | - | **68,580** |
| Net fee and commission income | 8,842 | 20,759 | 20,917 | 138,567 | 14,990 | - | **204,075** |
| Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses | - | - | - | 181 | -6,565 | - | **-6,384** |
| Net income from investments | - | - | 43 | - | -38 | - | **5** |
| Other operating income | 72 | 40 | 14 | 134 | 0 | - | **259** |
| Administrative expenses | -7,710 | -12,535 | -11,303 | -13,646 | -4,160 | - | **-49,354** |
| Depreciation and amortisation on tangible and intangible assets | -1,016 | -1,945 | -1,485 | -836 | -227 | - | **-5,510** |
| Other operating expenses | -80 | -119 | -94 | -96 | -24 | - | **-413** |
| Realised credit losses and change in expected credit losses, net | -16,149 | -31,100 | -44,232 | -57,092 | 821 | - | **-147,752** |
| - Realised credit losses | -10,107 | -18,746 | -11,080 | 784 | -42 | - | **-39,191** |
| - Credit loss compensations from the State | 7,796 | 15,056 | 5,674 | - | - | - | **28,525** |
| - Change in expected credit losses (increase - / decrease +) | -13,837 | -27,410 | -38,826 | -57,877 | 863 | - | **-137,086** |
| Operating profit/loss | -11,461 | -15,058 | -27,947 | 77,989 | 39,986 | - | **63,508** |
| Income tax | - | -22 | - | - | -7,997 | - | **-8,019** |
| **Profit/loss for the period** | **-11,461** | **-15,080** | **-27,947** | **77,989** | **31,988** | **-** | **55,489** |
| | | | | | | | |
| **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** |

1 The venture capital financing segment merged with the SMEs focusing on the domestic markets segment as from 1 January 2022. Veraventure Ltd, a subsidiary that engaged in venture capital investments, merged with Finnvera plc on 31 July 2022. The profit (EUR 7.7 million) made from this subsidiary merger and the assets and liabilities of the merged subsidiary (see note D3.2) are presented under the SMEs focusing on the domestic markets segment.

| (EUR 1,000) | SME and midcap financing: Locally operating small companies | SME and midcap financing: SMEs focusing on the domestic markets[1] | SME and midcap financing: SMEs seeking growth and internationalisation | Export financing: Large corporates | Export financing: Export credits | Venture capital financing[1] | Total |
|---|---|---|---|---|---|---|---|
| **Finnvera plc** | | | | | | | |
| **1–12/2022** | | | | | | | |
| Net interest income | 4,580 | 9,829 | 8,192 | 10,777 | 9,089 | - | **42,467** |
| Net fee and commission income | 8,842 | 20,759 | 20,917 | 138,567 | -300 | - | **188,785** |
| Gains and losses from financial instruments carried at fair value through profit and loss and foreign exchange gains and losses | - | - | - | 181 | -282 | - | **-100** |
| Net income from investments | - | - | 43 | - | -38 | - | **5** |
| Other operating income | 72 | 7,721 | 14 | 134 | 0 | - | **7,941** |
| Operational expenses | -7,710 | -12,532 | -11,303 | -13,646 | -3,871 | - | **-49,062** |
| Depreciation and amortisation on tangible and intangible assets | -1,016 | -1,945 | -1,485 | -836 | -227 | - | **-5,510** |
| Other operating expenses | -80 | -119 | -94 | -96 | -5,236 | - | **-5,624** |
| Realised credit losses and change in expected credit losses, net | -16,149 | -31,102 | -44,232 | -57,092 | 865 | - | **-147,710** |
| - Realised credit losses | -10,107 | -18,746 | -11,080 | 784 | | - | **-39,149** |
| - Credit loss compensations from the State | 7,796 | 15,056 | 5,674 | - | - | - | **28,525** |
| - Change of expected credit losses (increase - / decrease + ) | -13,837 | -27,411 | -38,826 | -57,877 | 865 | - | **-137,087** |
| Operating profit/loss | -11,461 | -7,389 | -27,947 | 77,989 | - | - | **31,192** |
| Income tax | - | - | - | - | - | - | **-** |
| **Profit/loss for the period** | **-11,461** | **-7,389** | **-27,947** | **77,989** | **-** | **-** | **31,192** |
| | | | | | | | |
| **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 of 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** |

1 The venture capital financing segment merged with the SMEs focusing on the domestic markets segment as from 1 January 2022. Veraventure Ltd, a subsidiary that engaged in venture capital investments, merged with Finnvera plc on 31 July 2022. The profit (EUR 7.7 million) made from this subsidiary merger and the assets and liabilities of the merged subsidiary (see note D3.2) are presented under the SMEs focusing on the domestic markets segment.

## 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[1] | SME and midcap financing: SMEs seeking growth and internationalisation | Export financing: Large corporates | Export financing: Export credits | Venture capital financing[1] | Total |
|---|---|---|---|---|---|---|---|
| **Finnvera Group** | | | | | | | |
| **1–12/2022** | | | | | | | |
| **Assets** | **98,009** | **305,098** | **200,575** | **-460,696** | **12,491,583** | **-** | **12,634,568** |
| - of which loans to and receivables from credit institutions | 10,800 | 31,200 | 18,000 | 100,000 | 497,154 | - | **657,154** |
| - of which loans to and receivables from customers | 73,854 | 217,971 | 174,132 | -935,482 | 7,448,701 | - | **6,979,176** |
| - of which investments | - | 13,723 | - | 20,182 | 3,131,141 | - | **3,165,045** |
| **Liabilities** | **23,302** | **-113,045** | **113,453** | **-637,463** | **12,339,774** | **-** | **11,726,020** |
| - of which debt securities in issue | - | - | - | - | 9,662,606 | - | **9,662,606** |
| - of which provisions | 9,780 | 17,023 | 46,884 | 258,945 | - | - | **332,632** |
| **Equity** | **74,707** | **418,143** | **87,122** | **176,768** | **151,809** | **-** | **908,548** |
| - of which restricted equity | - | 159,660 | 67,799 | 19,469 | -20,021 | - | **226,908** |
| - of which non-restricted equity | 74,707 | 258,483 | 19,323 | 157,298 | 171,830 | - | **681,640** |
| | | | | | | | |
| **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** |

1 Venture capital financing segment has been included in the SMEs focusing on the domestic markets segment since 1st Jan 2022.

A B C D E F G H

| (EUR 1,000) | SME and midcap financing: Locally operating small companies | SME and midcap financing: SMEs focusing on the domestic markets[1] | SME and midcap financing: SMEs seeking growth and internationalisation | Export financing: Large corporates | Export financing: Export credits | Venture capital financing[1] | Total |
|---|---|---|---|---|---|---|---|
| **Finnvera plc** | | | | | | | |
| **1–12/2022** | | | | | | | |
| **Assets** | **98,009** | **305,098** | **206,114** | **621,657** | **12,429,086** | **0** | **13,659,964** |
| - of which loans to and receivables from credit institutions | 10,800 | 31,200 | 18,000 | 100,000 | 446,773 | - | **606,773** |
| - of which loans to and receivables from customers | 73,854 | 217,971 | 179,672 | 146,871 | 7,445,270 | - | **8,063,638** |
| - of which investments | - | 13,723 | - | 20,182 | 3,151,323 | - | **3,185,227** |
| **Liabilities** | **23,302** | **-113,045** | **118,992** | **444,890** | **12,446,821** | **0** | **12,920,960** |
| - of which debt securities in issue | - | - | - | - | 9,662,606 | - | **9,662,606** |
| - of which provisions | 9,780 | 17,023 | 52,424 | 1,341,298 | - | - | **1,420,525** |
| **Equity** | **74,707** | **418,143** | **87,122** | **176,768** | **-17,735** | **0** | **739,004** |
| - of which restricted equity | - | 159,660 | 67,799 | 19,469 | -17,735 | 0 | **229,194** |
| - of which non-restricted equity | 74,707 | 258,483 | 19,323 | 157,298 | - | 0 | **509,810** |
| | | | | | | | |
| **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 | 0 | **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** |

1 Venture capital financing segment has been included in the SMEs focusing on the domestic markets segment since 1st Jan 2022.

A B C D E F G H

# D Notes to the income statement

## D1 Interest income and expenses

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Interest income** | | | | |
| **Interests from loans passed on to the customers** | **119,514** | **47,738** | **100,243** | **37,942** |
| Domestic financing | 23,056 | 21,881 | 23,056 | 21,881 |
| - SME and midcap financing debt securities, FVOCI | 2,660 | 2,042 | 2,660 | 2,042 |
| - Export financing | 93,798 | 23,752 | - | - |
| - Venture capital financing | - | 63 | - | - |
| - Group internal interest income | - | - | 74,527 | 14,019 |
| **Subsidies passed on to customers** | **-** | **1** | **-** | **1** |
| **Other interest income** | **269,692** | **174,253** | **269,540** | **173,911** |
| - Interest on export credit guarantee and special guarantee receivables | 794 | 519 | 794 | 519 |
| - Interest on guarantee receivables | 1,500 | 1,393 | 1,500 | 1,393 |
| - On receivables from credit institutions and derivative collateral | 8,146 | 3,527 | 8,049 | 3,527 |
| - On debt securities, amortised cost | 2,718 | 443 | 2,718 | 443 |
| - On debt securities, FVOCI | 11,574 | 7,881 | 11,574 | 7,881 |
| - On debt securities, FVTPL (fair value option) | 182 | 284 | 182 | 284 |
| - On debt securities in issue, amortised cost (fair value hedging) | 3,444 | 3,444 | 3,444 | 3,444 |
| - On debt securities in issue, FVTPL (fair value option) | 214 | 207 | 214 | 207 |
| - On debt securities in issue, amortised cost | 139 | | 139 | |
| - On derivatives related to liquidity management, FVTPL (mandatorily) | 102,360 | 48,831 | 102,360 | 48,831 |
| - On derivatives hedging debt securities in issue | 126,995 | 107,382 | 126,995 | 107,382 |
| - On other funding related derivatives | 11,533 | | 11,533 | |
| - On other | 94 | 342 | 39 | - |
| **Total** | **389,206** | **221,993** | **369,783** | **211,854** |

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Interest expenses** | | | | |
| **On liabilities to credit institutions** | - | - | - | - |
| **On liabilities to other institutions** | **-2,019** | **-2,329** | **-** | **-** |
| - On liabilities to other institutions, amortised cost | -2,019 | -2,329 | - | - |
| **On debt securities in issue and hedges of funding** | **-307,612** | **-145,226** | **-307,612** | **-145,226** |
| - On debt securities in issue, amortised cost (fair value hedging) | -100,939 | -78,789 | -100,939 | -78,789 |
| - On debt securities in issue, FVTPL (fair value option) | -28,241 | -33,470 | -28,241 | -33,470 |
| - On debt securities in issue, amortised cost | -3,272 | | -3,272 | |
| - On derivatives hedging debt securities in issue | -142,310 | -23,197 | -142,310 | -23,197 |
| - On other funding related derivatives, FVTPL (mandatorily) | -32,849 | -9,771 | -32,849 | -9,771 |
| **Group internal interest expenses** | **-** | **-** | **-8,795** | **-2,936** |
| **Other interest expenses** | **-10,995** | **-18,994** | **-10,909** | **-18,856** |
| - Derivative collateral | -1,210 | -2,589 | -1,210 | -2,589 |
| - On debt securities, amortised cost | -1,959 | -3,571 | -1,959 | -3571 |
| - On debt securities, FVOCI | -6,262 | -9,620 | -6,262 | -9,620 |
| - On debt securities, FVTPL (fair value option) | -139 | -210 | -139 | -210 |
| - On other | -1,426 | -3,004 | -1,339 | -2,866 |
| **Total** | **-320,626** | **-166,549** | **-327,316** | **-167,019** |
| **Net interest income** | **68,580** | **55,444** | **42,467** | **44,835** |
| Interest accrued on impaired loans included in interest income | 228 | 2,265 | 228 | 2,265 |

**Interest income by class of financial assets and liabilities**

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| Interest income on items carried at amortised cost | 133,688 | 55,366 | 125,798 | 45,227 |
| Interest income on items carried at fair value through OCI | 14,234 | 9,923 | 14,234 | 9,923 |
| Interest income on items carried at fair value through profit or loss | 241,284 | 156,704 | 229,751 | 156,704 |
| **Total interest income** | **389,206** | **221,993** | **369,783** | **211,854** |
| | | | | |
| Interest expenses on items carried at amortised cost | -110,825 | -90,282 | -114,242 | -90,752 |
| Interest expenses on items carried at fair value through OCI | -6,262 | -9,620 | -6,262 | -9,620 |
| Interest expenses on items carried at fair value through profit or loss | -203,539 | -66,647 | -206,811 | -66,647 |
| **Total interest expenses** | **-320,626** | **-166,549** | **-327,316** | **-167,019** |

### D2 Fee and commission income and expenses by income statement items

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Fee and commission income from guarantees** | | | | |
| Export and credit guarantees and special guarantees | 139,833 | 110,347 | 139,833 | 110,347 |
| Domestic financing | 42,385 | 43,681 | 42,385 | 43,681 |
| **Sub total** | **182,219** | **154,028** | **182,219** | **154,028** |
| | | | | |
| **Delivery and handling fees** | | | | |
| Export and credit guarantees and special guarantees | 9,624 | 1,576 | 9,624 | 1,576 |
| Domestic financing | 3,036 | 2,959 | 3,036 | 2,959 |
| **Sub total** | **12,659** | **4,535** | **12,659** | **4,535** |
| | | | | |
| **Fee and commission income from loans** | | | | |
| Export loans | 15,192 | 20,291 | - | 13,016 |
| Commission income of domestic financing, loans | 3,687 | 1,895 | 3,687 | 2,895 |
| **Sub total** | **18,879** | **22,186** | **3,687** | **15,910** |
| | | | | |
| **Other fee and commission income** | | | | |
| Interest balancing, export credit guarantees and special guarantees | 103 | 294 | - | - |
| Other fee and commission income, domestic financing | 58 | 349 | 58 | 349 |
| **Sub total** | **161** | **643** | **58** | **349** |
| | | | | |
| **Grand total** | **213,918** | **181,392** | **198,623** | **174,822** |
| | | | | |
| **Other commission expenses** | | | | |
| Reinsurance, export and credit guarantees and special guarantees | -8,788 | -13,939 | -8,788 | -13,939 |
| Borrowing | -28 | -431 | -28 | -431 |
| Payment transactions | -335 | -351 | -330 | -346 |
| Other fee and commission expenses | -692 | 0 | -692 | 0 |
| **Grand total** | **-9,842** | **-14,720** | **-9,838** | **-14,715** |
| | | | | |
| **Net fee and commision income** | **204,075** | **166,672** | **188,785** | **160,107** |

## 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 carrie 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 2022** | | | | | | | | |
| **From financial instruments recognised through profit or loss** | | | | | | | | |
| Derivatives | - | - | -1,195,968 | -1,195,968 | - | - | - | - |
| Debt securities in issue | - | - | 1,346,467 | 1,346,467 | - | - | - | - |
| Investments in debt securities | - | -2,929 | -157,047 | -159,975 | - | -2,929 | - | -2,929 |
| Shares and participations | - | - | - | - | - | - | - | - |
| **Total for financial instruments recognised through profit or loss** | **-** | **-2,929** | **-6,548** | **-9,477** | **-** | **-2,929** | **-** | **-2,929** |
| **By categories of financial instruments, IFRS 9** | | | | | | | | |
| Items carried at amortised cost (fair value hedging) | - | - | 1,164,872 | 1,164,872 | - | - | - | - |
| Items carried at fair value through OCI (fair value hedging) | - | - | -156,103 | -156,103 | - | - | - | - |
| Items carried at fair value through profit and loss (fair value option) | - | -2,929 | 180,651 | 177,722 | - | - | - | - |
| Items carried at fair value through profit and loss (mandatory) | - | - | -1,195,968 | -1,195,968 | - | - | - | - |
| **Total** | **-** | **-2,929** | **-6,548** | **-9,477** | **-** | **-** | **-** | **-** |
| **Foreign exchange gains (+) and losses (-)** | | | | **3,093** | | | | **2,829** |
| **Total for financial instruments carried at fair value through profit or loss and foreign exchange gains and losses** | | | | **-6,384** | | | | **2,829** |

| | 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 | - | - | - | - |
| **Total** | **6** | **2,321** | **82** | **2,409** | **-** | **-** | **-** | **-** |
| **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** | | | | **-1,345** |

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

Veraventure Ltd, a subsidiary that handled Finnvera's venture capital investments, was dissolved after it merged with the parent company on 31 July 2022. The Finnvera Group gave up venture capital investment operations on 30 September 2021, after which date Veraventure did not actively engage in business. See the Table below for Veraventure Ltd's financial information at the time of the merger.

| (EUR 1,000) | Veraventure Ltd 31 July 2022 |
|---|---|
| Interest income | 55 |
| Interest expense | -42 |
| Net fee and comission income | 0 |
| Administrative expenses | -3 |
| Realised credit losses and change in expected credit losses, net | 2 |
| **Operating profit** | **12** |
| Income tax | -22 |
| **Profit/loss for the period** | **-10** |

### D3.3 The impact of the absorption for the result of the parent company

| (EUR 1,000) | Finnvera Group 31 Dec 2022 |
|---|---|
| Receivables from credit institutions | 12,889 |
| Receivables from customers | 4,689 |
| Equity entries | -9,897 |
| **Impact of the absorbtion for the parent company** | **7,681** |

### D3.4 The carrying amounts of assets and liabilities as at the date of absorption, Veraventure Ltd

| (EUR 1,000) | Veraventure Ltd 31 July 2022 |
|---|---|
| **ASSETS** | |
| Receivables from credit institutions | 12,889 |
| Other receivables | 4,689 |
| **Total** | **17,578** |

| (EUR 1,000) | 31 July 2022 |
|---|---|
| **EQUITY** | |
| Share capital | 3 |
| Reserve for invested non-restricted equity | 9,894 |
| Retained earnings | 7,682 |
| **Total** | **17,578** |

### D4 Net income from investments

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera plc 31 Dec 2022 |
|---|---|---|
| **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) | 2 | 2 |
| - Debt securities carried at amortised cost | 3 | 3 |
| **Total** | **5** | **5** |

| (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** |

### D5 Other operating income

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Grants received from the state | - | 4,000 | - | 4,000 |
| Management fees | 103 | 81 | 103 | 81 |
| Management fees from subsidiaries (internal charging) | - | - | - | 87 |
| Rental income | 22 | 21 | 22 | 21 |
| Rental income fees from subsidiaries (internal charging) | - | - | - | 10 |
| Other | 135 | 136 | 7,817 | 136 |
| **Total** | **259** | **4,238** | **7,941** | **4,335** |

### D6 Operational expenses

#### D6.1 Personnel expenses

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Wages and salaries | -24,791 | -24,624 | -24,782 | -24,518 |
| Pension costs | | | | |
| - Defined contribution plans | -4,302 | -4,189 | -4,302 | -4,176 |
| - Defined benefit plans | -190 | 192 | -190 | 192 |
| Other social security costs | -1,177 | -1,063 | -1,177 | -1,061 |
| **Total** | **-30,460** | **-29,685** | **-30,451** | **-29,562** |

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### D6.2 Other operational expenses

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Other voluntary staff expenses | -2,226 | -1,893 | -2,226 | -1,890 |
| IT expenses | -8,971 | -7,781 | -8,825 | -7,748 |
| Marketing and communication expenses | -980 | -1,018 | -980 | -1,018 |
| Data acquisition costs | -1,850 | -1,644 | -1,850 | -1,643 |
| Debt collections expenses | -914 | -831 | -914 | -831 |
| External services | -1,950 | -1,463 | -1,826 | -1,441 |
| - of which auditors's fees | -141 | -178 | -131 | -167 |
| Other operational expenses | -2,004 | -1,297 | -1,991 | -1,276 |
| **Total** | **-18,894** | **-15,928** | **-18,611** | **-15,846** |

### D6.3 Auditor's fees

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Fees for statutory audit | -123 | -128 | -114 | -117 |
| Fees for expert services provided by auditors | -17 | -50 | -17 | -50 |
| **Total** | **-141** | **-178** | **-131** | **-167** |

## 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 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| **Intangible assets** | **-3,491** | **-5,042** | **-3,491** | **-5,042** |
| - Amortisations, digitalisation | -1,396 | -1,914 | -1,396 | -1,914 |
| - Amortisations, IT applications and other intangible assets | -1,034 | -1,095 | -1,034 | -1,095 |
| - Amortisations, right-of-use assets (IFRS 16) | -1,062 | -599 | -1,062 | -599 |
| - Impairment losses, IT applications | 0 | -1,435 | 0 | -1,435 |
| | | | | |
| **Tangible assets** | **-2,018** | **-2,582** | **-2,018** | **-2,582** |
| - Depreciations, machinery and equipment | -83 | -244 | -83 | -244 |
| - Depreciations, cars | -17 | 0 | -17 | 0 |
| - Depreciations, right-of-use assets (IFRS 16) | -1,919 | -2,338 | -1,919 | -2,338 |
| **Total** | **-5,510** | **-7,624** | **-5,510** | **-7,624** |

### D7.2 IFRS 16 impact on the income statement

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| **Income statement item** | | | | |
| - Interest expenses, IFRS 16 | -45 | -99 | -45 | -99 |
| - Depreciation and amortisation, IFRS 16 | -2,997 | -2,937 | -2,997 | -2,937 |
| Other operational expenses | | | | |
| - Expenses relating to leases of low-value assets | -288 | -335 | -288 | -335 |
| **Operating profit/loss** | **-3,331** | **-3,371** | **-3,331** | **-3,371** |
| - Change in deferred taxes | - | - | - | - |
| **Profit (+) / loss (-) for the period** | **-3,331** | **-3,371** | **-3,331** | **-3,371** |
| **Cash outflow for leases** | **-3,413** | **-3,393** | **-3,413** | **-3,393** |

### D8 Other operating expenses

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Rental expenses | | | | |
| - Office rental expenses, gross | -2,398 | -2,342 | -2,398 | -2,342 |
| - Reversal entry of right-of-use assets (IFRS 16) | 2,260 | 2,141 | 2,260 | 2,141 |
| Expenses from property in own use | -274 | -299 | -274 | -299 |
| Return of the surplus in export credit financing to Finnish Export Credit Ltd | - | - | -5,212 | -35,778 |
| **Total** | **-413** | **-500** | **-5,624** | **-36,277** |

## 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 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| **Total realised credit losses** | **-39,191** | **-45,481** | **-39,149** | **-45,482** |
| - Loans | -5,611 | -19,455 | -5,569 | -19,456 |
| - Guarantees | -30,289 | -24,628 | -30,289 | -24,628 |
| - Export credit guarantees and special guarantees | -3,291 | -1,398 | -3,291 | -1,398 |
| **Credit loss compensation from the State** | **28,525** | **35,173** | **28,525** | **35,173** |
| **Change in expected credit losses (ECL) decrease (+) / increase (-)** | **-137,086** | **-213** | **-137,183** | **-296** |
| Expected credit losses at the beginning of the period, gross | 1,378,844 | 1,378,631 | 1,378,742 | 1,378,446 |
| Expected credit losses at the end of the period, gross | 1,515,930 | 1,378,844 | 1,515,926 | 1,378,742 |
| **Total, net** | **-147,752** | **-10,522** | **-147,807** | **-10,605** |

### D9.2 Changes in expected credit losses

| Financial assets (EUR 1,000) | Finnvera Group 2022 ECL 31 Dec 2021 | Finnvera Group 2022 ECL 31 Dec 2022 | Finnvera Group 2022 ECL-Change | Finnvera Group 2021 ECL 31 Dec 2020 | Finnvera Group 2021 ECL 31 Dec 2021 | Finnvera Group 2021 ECL-Change |
|---|---|---|---|---|---|---|
| Loans and receivables from credit institutions | -193 | -156 | **36** | -701 | -193 | **508** |
| Investment accounts and deposits | -48 | - | **48** | -369 | -48 | **321** |
| Loans and receivables from customers | -1,169,220 | -1,179,370 | **-10,149** | -1,167,447 | -1,169,220 | **-1,773** |
| Debt securities | -791 | -544 | **247** | -5,745 | -791 | **4,954** |
| Other assets | -94 | -94 | **-** | -132 | -94 | **38** |
| Prepayments and accrued income | -1,032 | -1,342 | **-310** | -851 | -1,032 | **-181** |
| **Change in expected credit losses: decrease (+) / increase (-)** | **-1,171,378** | **-1,181,506** | **-10,128** | **-1,175,249** | **-1,171,378** | **3,871** |
| **Financial liabilities (EUR 1,000)** | | | | | | |
| Provisions | -205,372 | -332,632 | **-127,260** | -199,309 | -205,372 | **-6,063** |
| Equity - Fair value | -2,094 | -1,792 | **302** | -4,072 | -2,094 | **1,978** |
| **Change in expected credit losses: decrease (+) / increase (-)** | **-207,466** | **-334,424** | **-126,958** | **-203,381** | **-207,466** | **-4,085** |
| **Change in expected credit losses: decrease (+) / increase (-), net** | | | **-137,086** | | | **-214** |

| Financial assets (EUR 1,000) | Finnvera plc 2022 ECL 31 Dec 2021 | Finnvera plc 2022 ECL 31 Dec 2022 | Finnvera plc 2022 ECL-Change | Finnvera plc 2021 ECL 31 Dec 2020 | Finnvera plc 2021 ECL 31 Dec 2021 | Finnvera plc 2021 ECL-Change |
|---|---|---|---|---|---|---|
| Loans and receivables from credit institutions | -185 | -152 | **33** | -652 | -185 | **467** |
| Investment accounts and deposits | -48 | - | **48** | -369 | -48 | **321** |
| Loans and receivables from customers | -49,327 | -91,477 | **-42,149** | -47,555 | -49,327 | **-1,772** |
| Debt securities | -791 | -544 | **247** | -5,745 | -791 | **4,954** |
| Other assets[1] | - | -94 | **-94** | - | - | **-** |
| Prepayments and accrued income | -1,032 | -1,342 | **-310** | -851 | -1,032 | **-181** |
| **Change in expected credit losses: decrease (+) / increase (-)** | **-51,383** | **-93,608** | **-42,225** | **-55,172** | **-51,383** | **3,789** |
| **Financial liabilities (EUR 1,000)** | | | | | | |
| Provisions | -1,325,265 | -1,420,525 | **-95,260** | -1,319,202 | -1,325,265 | **-6,063** |
| Equity - Fair value | -2,094 | -1,792 | **302** | -4,072 | -2,094 | **1,978** |
| **Change in expected credit losses: decrease (+) / increase (-)** | **-1,327,359** | **-1,422,317** | **-94,958** | **-1,323,274** | **-1,327,359** | **-4,085** |
| **Change in expected credit losses: decrease (+) / increase (-), net** | | | **-137,183** | | | **-296** |

1 The Other assets item includes expected credit losses from transaction price receivables transferred to Finnvera plc as a result of Veraventure Ltd's merger. For this reason, the ECL change in the table is not comparable to the corresponding figure in the parent company's profit and loss account.

### D9.3 Transfers in expected credit losses between stages

#### D9.3.1 Transfers in expected credit losses between stages - Receivables from credit institutions and from investments

| | Finnvera Group 31 Dec 2022 | | | | Finnvera Group 31 Dec 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **(EUR 1,000)** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **ECL at the beginning of the period** | **2,036** | **-** | **-** | **2,036** | **10,765** | **-** | **-** | **10,765** |
| Changes in ECL during the reporting period | -28 | - | - | **-28** | 30 | - | - | **30** |
| 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 | 1,312 | - | - | **1,312** | 3,710 | - | - | **3,710** |
| Decrease of receivables from credit institutions | -1,352 | - | - | **-1,352** | -8,125 | - | - | **-8,125** |
| Change in PD parameters | -800 | - | - | **-800** | -4,344 | - | - | **-4,344** |
| **ECL at the end of the period** | **1,168** | **-** | **-** | **1,168** | **2,036** | **-** | **-** | **2,036** |
| Net change in ECL during the reporting period | | | | **-868** | | | | **-8,729** |

| | Finnvera plc 31 Dec 2022 | | | | Finnvera plc 31 Dec 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **(EUR 1,000)** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **ECL at the beginning of the period** | **2,028** | **-** | **-** | **2,028** | **10,716** | **-** | **-** | **10,716** |
| Changes in ECL during the reporting period | -28 | - | - | **-28** | 26 | - | - | **26** |
| 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 | 1,304 | - | - | **1,304** | 3,697 | - | - | **3,697** |
| Decrease of receivables from credit institutions | -1,344 | - | - | **-1,344** | -8,093 | - | - | **-8,093** |
| Change in PD parameters | -797 | - | - | **-797** | -4,319 | - | - | **-4,319** |
| **ECL at the end of the period** | **1,164** | **-** | **-** | **1,164** | **2,028** | **-** | **-** | **2,028** |
| Net change in ECL during the reporting period | | | | **-865** | | | | **-8,688** |

### D9.3.2 Transfers in expected credit losses between stages – Loans and receivables from customers

| (EUR 1,000) | Finnvera Group 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera Group 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **ECL at the beginning of the period** | **677** | **1,127,386** | **43,374** | **1,171,436** | **434** | **1,126,512** | **41,607** | **1,168,554** |
| Changes in ECL during the reporting period | -236 | -33,008 | -2,447 | **-35,691** | -240 | -667 | -2,532 | **-3,439** |
| Transfers to stage 1 from stages 2 and 3 | - | -497 | -30 | **-527** | - | -519 | -78 | **-597** |
| Transfers to stage 2 from stages 1 and 3 | -240 | - | -235 | **-475** | -213 | - | -125 | **-338** |
| Transfers to stage 3 from stages 1 and 2 | -173 | -552 | - | **-725** | -165 | -569 | - | **-734** |
| Additions from stage 1 | - | 1,033 | 2,864 | **3,897** | - | 833 | 3,695 | **4,528** |
| Additions from stage 2 | 46 | - | 1,819 | **1,865** | 56 | - | 2,048 | **2,104** |
| Additions from stage 3 | 15 | 51 | - | **66** | 16 | 24 | - | **40** |
| ECL from new finances | 2,232 | 2,078 | 8,969 | **13,279** | 1,561 | 2,139 | 5,675 | **9,376** |
| Repayments/Expirations of guarantees | -585 | -400 | -7,571 | **-8,556** | -460 | -312 | -6,951 | **-7,723** |
| Change in PD parameters | 635 | 991 | 1 | **1,627** | -316 | -63 | 0 | **-379** |
| Change in State's credit loss compensation rate | 3,100 | 7,986 | 24,848 | **35,934** | 3 | 6 | 35 | **45** |
| **ECL at the end of the period** | **5,469** | **1,105,068** | **71,592** | **1,182,130** | **677** | **1,127,386** | **43,374** | **1,171,436** |
| Net change in ECL during the reporting period | | | | **10,694** | | | | **2,882** |

| (EUR 1,000) | Finnvera plc 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera plc 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **ECL at the beginning of the period** | **3,119** | **5,051** | **43,374** | **51,543** | **2,876** | **4,178** | **41,474** | **48,528** |
| Changes in ECL during the reporting period | -236 | -1,008 | -2,447 | **-3,691** | -240 | -667 | -2,400 | **-3,307** |
| Transfers to stage 1 from stages 2 and 3 | - | -497 | -30 | **-527** | - | -519 | -78 | **-597** |
| Transfers to stage 2 from stages 1 and 3 | -240 | - | -235 | **-475** | -213 | - | -125 | **-338** |
| Transfers to stage 3 from stages 1 and 2 | -173 | -552 | - | **-725** | -165 | -569 | - | **-734** |
| Additions from stage 1 | - | 1,033 | 2,864 | **3,897** | - | 833 | 3,695 | **4,528** |
| Additions from stage 2 | 46 | - | 1,819 | **1,865** | 56 | - | 2,048 | **2,104** |
| Additions from stage 3 | 15 | 51 | - | **66** | 16 | 24 | - | **40** |
| ECL from new finances | 2,232 | 2,078 | 8,969 | **13,279** | 1,561 | 2,139 | 5,675 | **9,376** |
| Repayments/Expirations of guarantees | -585 | -400 | -7,571 | **-8,556** | -460 | -312 | -6,951 | **-7,723** |
| Change in PD parameters | 635 | 991 | 1 | **1,627** | -316 | -63 | 0 | **-379** |
| Change in State's credit loss compensation rate | 3,100 | 7,986 | 24,848 | **35,934** | 3 | 6 | 35 | **45** |
| **ECL at the end of the period** | **7,911** | **14,734** | **71,592** | **94,237** | **3,119** | **5,051** | **43,374** | **51,543** |
| Net change in ECL during the reporting period | | | | **42,694** | | | | **3,015** |

### D9.3.3 Transfers in expected credit losses between stages – Provisions

| (EUR 1,000) | Finnvera Group 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera Group 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **ECL at the beginning of the period** | **40,291** | **137,648** | **27,433** | **205,372** | **35,749** | **138,616** | **24,944** | **199,309** |
| Changes in ECL during the reporting period | -1,750 | 91,657 | 42 | **89,949** | -1,922 | -514 | -241 | **-2,677** |
| Transfers to stage 1 from stages 2 and 3 | - | -980 | -84 | **-1,064** | - | -989 | - | **-989** |
| Transfers to stage 2 from stages 1 and 3 | -809 | - | -23 | **-832** | -485 | - | -72 | **-557** |
| Transfers to stage 3 from stages 1 and 2 | -211 | -65 | - | **-276** | -193 | -94 | - | **-288** |
| Additions from stage 1 | - | 3,194 | 2,185 | **5,378** | - | 1,653 | 2,112 | **3,765** |
| Additions from stage 2 | 112 | - | 229 | **341** | 149 | - | 312 | **461** |
| Additions from stage 3 | 4 | 6 | - | **10** | - | 6 | - | **6** |
| ECL from new finances | 15,649 | 484 | 3,128 | **19,260** | 15,807 | 68 | 899 | **16,774** |
| Repayments/Expirations of guarantees | -13,901 | -489 | -1,531 | **-15,921** | -10,074 | -1,042 | -521 | **-11,637** |
| Portfolio reinsurance | - | - | - | **-** | - | - | - | **-** |
| Change in PD parameters | 1,708 | 2,436 | - | **4,144** | 913 | -256 | - | **657** |
| Change in State's credit loss compensation rate | 14,332 | 6,181 | 5,758 | **26,270** | 347 | 200 | 1 | **548** |
| **ECL at the end of the period** | **55,426** | **240,071** | **37,135** | **332,632** | **40,291** | **137,648** | **27,433** | **205,372** |
| Net change in ECL during the reporting period | | | | 127,260 | | | | 6,063 |

| (EUR 1,000) | Finnvera plc 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera plc 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **ECL at the beginning of the period** | **41,165** | **1,263,297** | **20,803** | **1,325,265** | **36,623** | **1,264,265** | **18,314** | **1,319,202** |
| Changes in ECL during the reporting period | -1,750 | 59,657 | 42 | **57,949** | -1,922 | -514 | -241 | **-2,677** |
| Transfers to stage 1 from stages 2 and 3 | - | -980 | -84 | **-1,064** | - | -989 | - | **-989** |
| Transfers to stage 2 from stages 1 and 3 | -809 | - | -23 | **-832** | -485 | - | -72 | **-557** |
| Transfers to stage 3 from stages 1 and 2 | -211 | -65 | - | **-276** | -193 | -94 | - | **-288** |
| Additions from stage 1 | - | 3,194 | 2,185 | **5,378** | - | 1,653 | 2,112 | **3,765** |
| Additions from stage 2 | 112 | - | 229 | **341** | 149 | - | 312 | **461** |
| Additions from stage 3 | 4 | 6 | - | **10** | - | 6 | - | **6** |
| ECL from new finances | 15,649 | 484 | 3,128 | **19,260** | 15,807 | 68 | 899 | **16,774** |
| Repayments/Expirations of guarantees | -13,901 | -489 | -1,531 | **-15,921** | -10,074 | -1,042 | -521 | **-11,637** |
| Portfolio reinsurance | - | - | - | **-** | - | - | - | **-** |
| Change in PD parameters | 1,708 | 2,436 | - | **4,144** | 913 | -256 | - | **657** |
| Change in State's credit loss compensation rate | 14,332 | 6,181 | 5,758 | **26,270** | 347 | 200 | 1 | **548** |
| **ECL at the end of the period** | **56,299** | **1,333,721** | **30,506** | **1,420,525** | **41,165** | **1,263,297** | **20,803** | **1,325,265** |
| Net change in ECL during the reporting period | | | | **95,260** | | | | **6,063** |

## D9.4 Distribution of capital by credit ratings

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

| Credit rating (EUR 1,000) | Finnvera Group 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera Group 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 117,905 | - | - | **117,905** | 399,701 | - | - | **399,701** |
| A | 44,969 | - | - | **44,969** | 76,126 | - | - | **76,126** |
| BBB | 41,864 | - | - | **41,864** | - | - | - | **-** |
| BB | 33,860 | - | - | **33,860** | 36,442 | - | - | **36,442** |
| B | - | - | - | **-** | - | - | - | **-** |
| CCC | - | - | - | **-** | - | 13,773 | - | **13,773** |
| No credit rating | - | - | - | **-** | - | - | - | **-** |
| **Total** | **238,598** | **-** | **-** | **238,598** | **512,269** | **13,773** | **-** | **526,042** |
| Expected credit loss | 1,168 | - | - | **1,168** | 1,168 | - | - | **1,168** |

| Credit rating (EUR 1,000) | Finnvera plc 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera plc 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 104,962 | - | - | **104,962** | 385,560 | - | - | **385,560** |
| A | 44,969 | - | - | **44,969** | 70,099 | - | - | **70,099** |
| BBB | 41,864 | - | - | **41,864** | - | - | - | **-** |
| BB | 33,860 | - | - | **33,860** | 36,442 | - | - | **36,442** |
| B | - | - | - | **-** | - | - | - | **-** |
| CCC | - | - | - | **-** | - | 13,773 | - | **13,773** |
| No credit rating | - | - | - | **-** | - | - | - | **-** |
| **Total** | **225,656** | **-** | **-** | **225,656** | **492,100** | **13,773** | **-** | **505,873** |
| Expected credit loss | 1,164 | - | - | **1,164** | 1,164 | - | - | **1,164** |

### D9.4.2 Loans and receivables from customers by credit ratings and expected credit losses[1]

| Credit rating (EUR 1,000) | Finnvera Group 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera Group 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 209 | - | - | **209** | 358 | - | - | **358** |
| A | 3,541 | - | 76 | **3,617** | 6,899 | 57 | 188 | **7,143** |
| BBB | 3,007,683 | 176 | 78 | **3,007,937** | 2,783,871 | 230 | 641 | **2,784,742** |
| BB | 603,418 | 5,527 | 10,183 | **619,128** | 757,498 | 7,307 | 8,913 | **773,717** |
| B | 318,465 | 7,323,630 | 7,855 | **7,649,950** | 217,691 | 4,387,376 | 13,289 | **4,618,356** |
| CCC | 13,717 | 423,544 | 4,238 | **441,498** | 14,636 | 194,935 | 3,911 | **213,481** |
| D | 2,105 | 4,204 | 135,846 | **142,155** | 1,329 | 2,554 | 122,108 | **125,990** |
| No credit rating | 4,698 | - | - | **4,698** | 26,731 | - | - | **26,731** |
| **Total** | **3,953,836** | **7,757,081** | **158,276** | **11,869,193** | **3,809,013** | **4,592,459** | **149,048** | **8,550,520** |
| Expected credit loss | 5,469 | 1,105,068 | 71,592 | **1,182,130** | 583 | 1,127,386 | 43,467 | **1,171,436** |

| Credit rating (EUR 1,000) | Finnvera plc 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera plc 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 209 | - | - | **209** | 358 | - | - | **358** |
| A | 3,541 | - | 76 | **3,617** | 6,899 | 57 | 188 | **7,143** |
| BBB | 31,997 | 176 | 78 | **32,252** | 46,015 | 230 | 641 | **46,886** |
| BB | 149,215 | 5,527 | 10,183 | **164,925** | 166,450 | 7,307 | 8,913 | **182,669** |
| B | 278,684 | 34,920 | 7,855 | **321,460** | 217,691 | 33,953 | 13,289 | **264,933** |
| CCC | 13,717 | 29,946 | 4,238 | **47,901** | 14,636 | 36,620 | 3,911 | **55,167** |
| D | 2,105 | 4,204 | 135,846 | **142,155** | 1,329 | 2,554 | 122,108 | **125,990** |
| No credit rating | 4,698 | - | - | **4,698** | - | - | - | **-** |
| **Total** | **484,166** | **74,774** | **158,276** | **717,216** | **453,378** | **80,721** | **149,048** | **683,147** |
| Expected credit loss | 7,911 | 14,734 | 71,592 | **94,237** | 3,025 | 5,051 | 43,374 | **51,449** |

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

### D9.4.3 Off-balance sheet items by credit rating and expected credit losses

| Credit rating (EUR 1,000) | Finnvera Group 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera Group 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 11,001 | - | - | **11,001** | 14,395 | - | - | **14,395** |
| A | 33,676 | - | - | **33,676** | 42,357 | - | - | **42,357** |
| BBB | 2,797,481 | - | - | **2,797,481** | 1,812,775 | - | - | **1,812,775** |
| BB | 2,486,923 | - | - | **2,486,923** | 2,548,735 | 19,373 | - | **2,568,108** |
| B | 1,445,397 | 1,019,080 | - | **2,464,477** | 1,401,975 | 894,393 | - | **2,296,368** |
| CCC | 144,487 | 1,506,468 | - | **1,650,955** | 247,428 | 924,450 | - | **1,171,878** |
| D | 11,996 | - | 246,054 | **258,049** | 382 | 2 | 107,885 | **108,269** |
| No credit rating | 18,848 | 2,861 | - | **21,710** | 72,662 | 42,835 | - | **115,497** |
| **Total** | **6,949,809** | **2,528,410** | **246,054** | **9,724,272** | **6,140,708** | **1,881,052** | **107,885** | **8,129,646** |
| Expected credit loss | 55,426 | 240,071 | 37,135 | **332,632** | 40,291 | 137,648 | 27,433 | **205,372** |

| Credit rating (EUR 1,000) | Finnvera plc 31 Dec 2022 Stage 1 | Stage 2 | Stage 3 | Total | Finnvera plc 31 Dec 2021 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| AAA | - | - | - | **-** | - | - | - | **-** |
| AA | 11,001 | - | - | **11,001** | 14,395 | - | - | **14,395** |
| A | 33,676 | - | - | **33,676** | 42,357 | - | - | **42,357** |
| BBB | 5,773,167 | - | - | **5,773,167** | 4,754,418 | - | - | **4,754,418** |
| BB | 2,974,986 | - | - | **2,974,986** | 3,330,400 | 19,373 | - | **3,349,774** |
| B | 1,485,206 | 8,307,790 | - | **9,792,995** | 1,401,975 | 9,419,882 | - | **10,821,857** |
| CCC | 144,487 | 1,900,066 | - | **2,044,552** | 247,428 | 1,106,554 | - | **1,353,982** |
| D | 11,996 | - | 246,054 | **258,049** | 382 | 2 | 107,885 | **108,269** |
| No credit rating | 18,848 | 2,861 | - | **21,710** | 94,695 | 42,835 | - | **137,530** |
| **Total** | **10,453,366** | **10,210,716** | **246,054** | **20,910,136** | **9,886,050** | **10,588,645** | **107,885** | **20,582,581** |
| Expected credit loss | 56,299 | 1,333,721 | 30,506 | **1,420,525** | 41,165 | 1,263,297 | 20,803 | **1,325,265** |

### D9.5 Expected credit losses by balance sheet item

| Assets (EUR 1,000) | Finnvera Group 31 Dec 2022 Gross | ECL | Net | Finnvera Group 31 Dec 2021 Gross | ECL | Net |
|---|---|---|---|---|---|---|
| Loans and receivables from credit institutions | 657,311 | -156 | **657,154** | 614,326 | -193 | **614,134** |
| Loans and receivables from customers | 8,158,546 | -1,179,370 | **6,979,176** | 8,573,271 | -1,169,220 | **7,404,051** |
| Debt securities | 3,151,866 | -544 | **3,151,323** | 3,309,881 | -791 | **3,309,090** |
| Other assets | 370,633 | -94 | **370,539** | 379,259 | -94 | **379,165** |
| Prepayments and accrued income | 1,287,304 | -1,342 | **1,285,962** | 118,722 | -1,032 | **117,690** |
| **Total** | **13,625,660** | **-1,181,506** | **12,444,154** | **12,995,460** | **-1,171,330** | **11,824,130** |
| | | | | | | |
| **Liabilities (EUR 1,000)** | | | | | | |
| Provisions | | -332,632 | | | -205,372 | |
| Equity - Fair value | | -1,792 | | | -2,094 | |
| **Total** | | **-334,424** | | | **-207,466** | |

| Assets (EUR 1,000) | Finnvera plc 31 Dec 2022 Gross | ECL | Net | Finnvera plc 31 Dec 2021 Gross | ECL | Net |
|---|---|---|---|---|---|---|
| Loans and receivables from credit institutions | 606,925 | -152 | **606,773** | 543,991 | -232 | **543,758** |
| Loans and receivables from customers | 7,067,221 | -91,477 | **6,975,745** | 7,429,010 | -49,327 | **7,379,683** |
| Debt securities | 3,151,866 | -544 | **3,151,323** | 3,309,881 | -791 | **3,309,090** |
| Other assets | 375,641 | -94 | **375,547** | - | - | **-** |
| Prepayments and accrued income | 1,254,194 | -1,342 | **1,252,852** | 85,356 | -1,032 | **84,323** |
| **Total** | **12,455,848** | **-93,608** | **12,362,239** | **11,368,237** | **-51,383** | **11,316,854** |
| | | | | | | |
| **Liabilities (EUR 1,000)** | | | | | | |
| Provisions | | -1,420,525 | | | -1,325,265 | |
| Equity - Fair value | | -1,792 | | | -2,094 | |
| **Total** | | **-1,422,317** | | | **-1,327,359** | |

## D10 Income tax expense

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Current period tax | -9,528 | -11,178 |
| Deferred taxes (Note E7) | 1,509 | -289 |
| **Total** | **-8,019** | **-11,466** |

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

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| Payable on demand | 623,294 | 475,674 | 606,773 | 455,514 |
| Investment accounts and deposits | - | 88,245 | - | 88,245 |
| Export credit loans | 33,860 | 50,215 | - | - |
| Escrow accounts | - | - | - | - |
| **Total** | **657,154** | **614,134** | **606,773** | **543,758** |

### E2 Loans to and receivables from customers

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| **Loans** | **6,892,605** | **7,305,538** | **7,977,066** | **8,401,063** |
| - Subordinated loans | 1,841 | 3,347 | 1,841 | 3,347 |
| - Other loans | 8,023,123 | 8,438,416 | 574,421 | 547,038 |
| - Expected credit losses / Impairment losses | -1,132,359 | -1,136,224 | -44,466 | -16,331 |
| - Loans to Group companies | - | - | 7,445,270 | 7,867,009 |
| **Debt securities** | **29,664** | **42,679** | **29,664** | **42,679** |
| - Domestic financing bonds | 29,664 | 42,679 | 29,664 | 42,679 |
| **Guarantee receivables** | **25,643** | **35,784** | **25,643** | **35,784** |
| - Guarantee receivables, gross 31 Dec | 43,212 | 42,806 | 43,212 | 42,806 |
| - Expected credit losses | -17,568 | -7,021 | -17,568 | -7,021 |
| **Receivables from export credit and special guarantee operations** | **31,264** | **20,049** | **31,264** | **20,049** |
| - Fee and commission receivables | 3,075 | 1,838 | 3,075 | 1,838 |
| - Book value of recovery receivables on 31 Dec | 28,189 | 18,212 | 28,189 | 18,212 |
| - Nominal value of recovery receivables | 57,631 | 44,187 | 57,631 | 44,187 |
| - Impairment losses on recovery receivables | -29,442 | -25,975 | -29,442 | -25,975 |
| **Total** | **6,979,176** | **7,404,051** | **8,063,638** | **8,499,576** |

### E3 Investments

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** | **31 Dec 2022** | **31 Dec 2021** |
| **Debt securities** | | | | |
| Certificates of deposits and bonds | 2,240,540 | 2,141,924 | 2,240,540 | 2,141,924 |
| Commercial papers | 237,000 | 201,674 | 237,000 | 201,674 |
| Local authority papers | 673,783 | 965,492 | 673,783 | 965,492 |
| **Total** | **3,151,323** | **3,309,090** | **3,151,323** | **3,309,090** |
| **Investments in Group companies** | | | | |
| **Acquisition cost at 31 Dec** | **-** | **-** | **20,182** | **75,013** |
| - Acquisition cost at 1 Jan | - | - | 75,013 | 90,269 |
| - Investments | - | - | - | - |
| - Sales | - | - | - | -15,256 |
| - Decrease in equity | - | - | -9,897 | - |
| - Transfers between groups | - | - | -44,935 | - |
| **Accumulated impairment losses at 31 Dec** | **-** | **-** | **-** | **-44,935** |
| - Accumulated impairment losses at 1 Jan | - | - | -44,935 | -44,935 |
| - Impairment losses during the period | - | - | 44,935 | - |
| **Total** | **-** | **-** | **20,182** | **30,078** |
| **Investments in associated companies** | | | | |
| **Acquisition cost at 31 Dec** | **-** | **-** | **-** | **-** |
| - Acquisition cost at 1 Jan | - | 5,503 | - | - |
| - Investments | - | 453 | - | - |
| - Sales | - | -80 | - | - |
| - Transfers between groups | - | -5,691 | - | - |
| **Accumulated fair value adjustments at 31 Dec** | **-** | **-** | **-** | **-** |
| - Accumulated fair value adjustments at 1 Jan | - | 4,368 | - | - |
| - Fair value adjustments during the period | - | -4,368 | - | - |
| **Total** | **-** | **-** | **-** | **-** |
| **Other shares and participations** | | | | |
| **Acquisition cost at 31 Dec** | **13,723** | **13,723** | **13,723** | **13,723** |
| - Acquisition cost at 1 Jan | 13,723 | 43,903 | 13,723 | 25,698 |
| - Investments | - | 1,515 | - | 234 |
| - Sales | - | -17,508 | - | -12,209 |
| - Transfers between groups | - | -15,967 | - | - |
| **Accumulated fair value adjustments at 31 Dec** | **-** | **-** | **-** | **-** |
| - Accumulated fair value adjustments at 1 Jan | - | 5,356 | - | - |
| - Fair value adjustments during the period | - | -5,356 | - | - |
| **Total** | **13,723** | **13,723** | **13,723** | **13,723** |
| **Investments total** | **3,165,045** | **3,322,812** | **3,185,227** | **3,352,890** |

## E4 Intangible and tangible assets

### E4.1 Intangible assets

| (EUR 1,000) | Finnvera Group/Finnvera plc 2022 Digitalisation | IT applications and other intangible assets | Right-of-use-assets (IFRS 16) | Projects in progress | Total |
|---|---|---|---|---|---|
| **Carrying amount at 1 Jan** | **2,913** | **1,663** | **2,449** | **0** | **7,025** |
| - Acquisition cost at 1 Jan | 7,788 | 5,417 | 5,859 | - | **19,063** |
| - Additions | 648 | 225 | - | 604 | **1,477** |
| - Disposals | -409 | '- | 2,682 | - | **2,273** |
| **Acquisition cost at 31 Dec** | **8,027** | **5,642** | **8,541** | **604** | **22,813** |
| - Accumulated amortisation and impairment losses at 1 Jan | -4,875 | -3,753 | -3,410 | - | **-12,038** |
| - Accumulated amortisation on disposals | 409 | '- | - | - | **409** |
| - Amortisation for the period | -1,396 | -1,034 | -1,062 | - | **-3,491** |
| - Impairment losses | - | - | - | - | **0** |
| **Accumulated amortisation and impairment losses at 31 Dec** | **-5,862** | **-4,787** | **-4,471** | **-** | **-15,120** |
| **Carrying amount at 31 Dec** | **2,166** | **854** | **4,069** | **604** | **7,693** |

| (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** |

### E4.2 Tangible assets

| (EUR 1,000) | Finnvera Group/Finnvera plc 2022 Machinery and equipment | Cars | Right-of-use-assets (IFRS 16) | Total |
|---|---|---|---|---|
| **Carrying amount at 1 Jan** | **189** | **0** | **3,733** | **3,923** |
| - Acquisition cost at 1 Jan | 422 | - | 10,746 | **11,167** |
| - Additions | 39 | 213 | - | **252** |
| - Disposals | -6 | - | -251 | **-257** |
| **Acquisition cost at 31 Dec** | **455** | **213** | **10,495** | **11,163** |
| - Accumulated depreciation and impairment losses at 1 Jan | -232 | - | -7,012 | **-7,244** |
| - Accumulated depreciation on disposals | 6 | - | - | **6** |
| - Depreciation for the period | -83 | -17 | -1,919 | **-2,018** |
| **Accumulated depreciations and impairment losses at 31 Dec** | **-309** | **-17** | **-8,931** | **-9,257** |
| **Carrying amount at 31 Dec** | **145** | **197** | **1,564** | **1,906** |

| (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** |

### 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 2022 | 31 Dec 2021 |
| **Right-of-use-asset** | | |
| Intangible assets | | |
| - IT Applications | 4,069 | 2,449 |
| **Total** | **4,069** | **2,449** |
| Tangible assets | | |
| - Office properties | 1,491 | 3,564 |
| - Lease cars | 72 | 170 |
| **Total** | **1,564** | **3,733** |

| | Finnvera Group/Finnvera plc | |
|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| **Other liabilities** | | |
| Lease liabilities | | |
| - IT applications | 3,388 | 1,575 |
| - Office properties | 1,545 | 4,046 |
| - Lease cars | 95 | 188 |
| **Total** | **5,028** | **5,809** |

### E5 Other assets

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Credit loss receivables from the State[1] | 16,282 | 24,305 | 16,282 | 24,305 |
| Internal other receivables from subsidiaries[2] | - | - | 5,008 | 5,369 |
| Trade receivables of venture capital investments | 4,604 | 4,604 | 4,604 | - |
| Fund payment from The State Guarantee Fund | 349,023 | 349,023 | 349,023 | 349,023 |
| Other | 630 | 1,233 | 630 | 1,233 |
| **Total** | **370,539** | **379,165** | **375,547** | **379,930** |

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 2022, the accumulated fair value receivable from Finnish Export Credit Ltd amounted to EUR 5 million.

### E6 Prepayments and accrued income

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Interest and interest subsidy receivables | 157,120 | 85,594 | 87,967 | 50,136 |
| Group internal interest receivables | - | - | 38,254 | 2,133 |
| Fee and commission receivables | 6,495 | 6,974 | 4,121 | 4,716 |
| Group internal fee and commission receivables | - | - | - | 2,219 |
| Reinsurance premiums paid in advance | 27,307 | 23,514 | 27,307 | 23,514 |
| Cash collateral given for derivatives | 1,094,350 | - | 1,094,350 | - |
| Prepayments and other accrued income | 689 | 1,608 | 682 | 1,606 |
| Internal prepayments and other accrued income | - | - | 171 | - |
| **Total** | **1,285,962** | **117,690** | **1,252,852** | **84,323** |

### E7 Tax assets and liabilities

| | Finnvera Group | |
|---|---|---|
| (EUR 1,000) | 2022 | 2021 |
| Deferred tax assets at 1 Jan | 20 | 30 |
| Increase/decrease to income statement during the period | 744 | -10 |
| **Deferred tax assets at 31 Dec** | **764** | **20** |
| **Current income tax assets** | **31** | **26** |
| **Total tax assets** | **795** | **46** |

| | Finnvera Group | |
|---|---|---|
| (EUR 1,000) | 2022 | 2021 |
| Deferred tax liabilities at 1 Jan | 764 | 661 |
| Increase/decrease to income statement during the period | -764 | 279 |
| Sale of the subsidiary | 0 | -175 |
| **Deferred tax liabilities at 31 Dec** | **-** | **764** |
| **Total deferred tax liabilities** | **-** | **764** |
| **Current income tax liabilities** | **3,418** | **7,053** |
| **Total tax liabilities** | **3,418** | **7,817** |
| | | |
| **Deferred tax, net at 31 Dec** | **764** | **-745** |

By virtue of §20 of the Income Tax Act, Finnvera plc is exempt from income tax. Deferred tax liability that has arisen when Veraventure Ltd's investments are carried at fair value and Finnish Export Credit Ltd's the fair value of the derivative contracts of the subsidiary engaged in credit operations is measured according to IFRS regulations.

A B C D E F G H

## E8 Liabilities to credit and other institutions

| | Finnvera Group 2022 | | Finnvera plc 2022 | |
|---|---|---|---|---|
| (EUR 1,000) | Nominal value | Carrying amount | Nominal value | Carrying amount |
| **Liabilities to credit and other institutions** | | | | |
| **1 Jan 2022** | **74,583** | **74,583** | **124,000** | **124,000** |
| Loans withdrawn | 493,212 | 493,212 | 828,326 | 828,326 |
| Repayments | -530,504 | -530,504 | -777,326 | -777,326 |
| Net proceeds (+) and repayments (-) of short-term loans[1] | - | - | - | - |
| Early repayments | - | - | - | - |
| Fair value changes | | - | | - |
| Foreign exchange differences | - | - | - | - |
| **31 Dec 2022** | **37,292** | **37,292** | **175,000** | **175,000** |

| | Finnvera Group 2021 | | Finnvera plc 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** |

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

## E9 Debt securities in issue

### EMTN debt programme

| Issuer and ISIN | | | | | | Finnvera plc/ Finnvera Group Carrying amount | |
|---|---|---|---|---|---|---|---|
| (EUR 1,000) | Interest | Nominal (thousands) | Currency | Issue date | Maturity date | 31 Dec 2022 | 31 Dec 2021 |
| Finnvera plc - XS1951364915 | 2.800% | 30,000 | AUD | 14.2.2019 | 14.8.2029 | 16,845 | 20,033 |
| Finnvera plc - XS1951364915 | 2.800% | 30,000 | AUD | 13.11.2019 | 14.8.2029 | 16,845 | 20,033 |
| Finnvera plc - XS1294518318 | 0.625% | 1,000,000 | EUR | 22.9.2015 | 22.9.2022 | - | 1,009,030 |
| Finnvera plc - XS1392927072 | 0.500% | 1,000,000 | EUR | 13.4.2016 | 13.4.2026 | 913,407 | 1,018,678 |
| Finnvera plc - XS1613374559 | 1.125% | 750,000 | EUR | 17.5.2017 | 17.5.2032 | 628,805 | 811,681 |
| Finnvera plc - XS1613374559 | 1.125% | 100,000 | EUR | 3.7.2017 | 17.5.2032 | 83,841 | 108,224 |
| Finnvera plc - XS1613374559 | 1.125% | 150,000 | EUR | 6.9.2017 | 17.5.2032 | 125,761 | 162,336 |
| Finnvera plc - XS1791423178 | 1.250% | 1,000,000 | EUR | 14.3.2018 | 14.7.2033 | 838,516 | 1,107,984 |
| Finnvera plc - XS1904312318 | 0.750% | 500,000 | EUR | 7.11.2018 | 7.8.2028 | 438,598 | 522,558 |
| Finnvera plc - XS1979447064 | 0.375% | 1,000,000 | EUR | 9.4.2019 | 9.4.2029 | 845,274 | 1,018,315 |
| Finnvera plc - XS2230845328 | 0.000% | 1,000,000 | EUR | 15.9.2020 | 15.9.2027 | 861,918 | 995,383 |
| Finnvera plc - XS2529521283 | 2.125% | 1,000,000 | EUR | 8.9.2022 | 8.3.2028 | 952,982 | - |
| Finnvera plc - XS1538285807 | 1.910% | 1,500,000 | SEK | 20.12.2016 | 20.12.2028 | 122,588 | 153,156 |
| Finnvera plc - XS1538285807 | 1.910% | 1,500,000 | SEK | 23.1.2017 | 20.12.2028 | 122,588 | 153,156 |
| Finnvera plc - XS1538285807 | 1.910% | 500,000 | SEK | 23.1.2017 | 20.12.2028 | 40,863 | 51,052 |
| Finnvera plc - XS1241947768 | 2.375% | 500,000 | USD | 4.6.2015 | 4.6.2025 | 446,320 | 459,154 |
| Finnvera plc - XS1845379152 | 3.000% | 1,000,000 | USD | 27.6.2018 | 27.6.2023 | 927,870 | 910,867 |
| Finnvera plc - XS2068940753 | 1.625% | 1,000,000 | USD | 23.10.2019 | 23.10.2024 | 883,726 | 890,198 |
| Finnvera plc - XS2401591800 | 1.125% | 1,000,000 | USD | 27.10.2021 | 27.10.2026 | 840,454 | 873,144 |
| **Total** | | | | | | **9,107,199** | **10,284,982** |

### ECP debt programme

| Issuer and ISIN | | | | | Finnvera Group Carrying amount | |
|---|---|---|---|---|---|---|
| (EUR 1,000) | Nominal (thousands) | Currency | Issue date | Maturity date | 31 Dec 2022 | 31 Dec 2021 |
| Finnvera plc - XS2559492413 | 100,000 | EUR | 18.11.2022 | 9.1.2023 | 99,978 | - |
| Finnvera plc - XS2559896696 | 75,000 | USD | 21.11.2022 | 21.2.2023 | 69,872 | - |
| Finnvera plc - XS2562460829 | 130,000 | EUR | 29.11.2022 | 9.1.2023 | 129,967 | - |
| Finnvera plc - XS2562886643 | 130,000 | EUR | 30.11.2022 | 16.1.2023 | 129,935 | - |
| Finnvera plc - XS2570742184 | 35,000 | USD | 21.12.2022 | 21.3.2023 | 32,492 | - |
| Finnvera plc - XS2570749437 | 100,000 | USD | 21.12.2022 | 21.2.2023 | 93,164 | - |
| **Total** | | | | | **555,407** | **-** |

| (EUR 1,000) | Finnvera Group 2022 Nominal value | Finnvera Group 2022 Carrying amount | Finnvera plc 2022 Nominal value | Finnvera plc 2022 Carrying amount |
|---|---|---|---|---|
| **Debt securities in issue (EMTN debt programme)** | | | | |
| **1 Jan 2022** | **9,970,113** | **10,284,982** | **9,970,113** | **10,284,982** |
| Debt securities issued | 1,000,000 | 995,630 | 1,000,000 | 995,630 |
| Repayments at maturity | -1,000,000 | -1,000,000 | -1,000,000 | -1,000,000 |
| Fair value changes | - | -1,353,375 | - | -1,353,375 |
| Foreign exchange differences | 164,273 | 175,453 | 164,273 | 175,453 |
| Other changes | - | 4,509 | - | 4,509 |
| **31 Dec 2022** | **10,134,386** | **9,107,199** | **10,134,386** | **9,107,199** |
| Average interest rate[1] | | 2.6804% | | 2.6668% |

| (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 (EMTN debt programme)** | | | | |
| **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% |

1 The average interest rate is calculated as an average interest rate for all interest-bearing loans

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.

| (EUR 1,000) | Finnvera Group 2022 Nominal value | Finnvera Group 2022 Carrying amount | Finnvera plc 2022 Nominal value | Finnvera plc 2022 Carrying amount |
|---|---|---|---|---|
| **Debt securities in issue (ECP debt programme)** | | | | |
| **1 Jan 2022** | - | - | - | - |
| Debt securities issued | 1,784,318 | 1,779,679 | 1,784,318 | 1,779,679 |
| Repayments at maturity | -1,232,054 | -1,232,054 | -1,232,054 | -1,232,054 |
| Fair value changes | - | | - | |
| Foreign exchange differences | 4,624 | 4,649 | 4,624 | 4,649 |
| Other changes | - | 3,133 | - | 3,133 |
| **31 Dec 2022** | **556,887** | **555,407** | **556,887** | **555,407** |

| (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 (ECP debt programme)** | | | | |
| **1 Jan 2021** | - | - | - | - |
| Debt securities issued | - | - | - | - |
| Repayments at maturity | - | - | - | - |
| Fair value changes | - | - | - | - |
| Foreign exchange differences | - | - | - | - |
| Other changes | - | . | - | . |
| **31 Dec 2021** | - | - | - | - |

Short-term debt securities (ECP debt programme) have been recognised at amortised cost using the effective interest rate method.

## E10 Derivatives and hedge accounting

| (EUR 1,000) | Finnvera plc/Finnvera Group Fair value positive | Fair value negative | Nominal value Total |
|---|---|---|---|
| **31 Dec 2022** | | | |
| **Fair value hedges** | | | |
| - Interest rate swaps | 165,407 | 809,780 | 9,981,764 |
| **Cash flow hedges** | | | |
| - Cross-currency interest rate swaps | - | 117,705 | 2,313,061 |
| **Hedging derivatives not designated in hedge accounting relationships**[1] | | | |
| - Interest rate swaps | 288 | 28,122 | 934,032 |
| - Cross-currency interest rate swaps | - | 181,577 | 3,043,779 |
| - Forward foreign exchange contracts | 604 | 43,209 | 2,108,725 |
| **Total** | **166,298** | **1,180,392** | **18,381,361** |
| **31 Dec 2021** | | | |
| **Fair value hedges** | | | |
| - Interest rate swaps | 275,791 | 4,849 | 8,067,439 |
| **Cash flow hedges** | | | |
| - Cross-currency interest rate swaps | 12,078 | 29,287 | 2,228,378 |
| **Hedging derivatives not designated in hedge accounting relationships**[1] | | | |
| - Interest rate swaps | 21,261 | 829 | 1,576,462 |
| - Cross-currency interest rate swaps | 36,233 | | 879,603 |
| - Forward foreign exchange contracts | 25,547 | 312 | 1,029,918 |
| **Total** | **370,910** | **35,278** | **13,781,800** |

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 2022 | 31 Dec 2021 |
|---|---|---|
| Hedging derivatives, debt securities | 155,924 | 17,119 |
| Hedging derivatives, debt securities in issue | -1,166,691 | -318,668 |
| **Hedging instruments total** | **-1,010,766** | **-301,549** |
| Hedged items, debt securities | -156,103 | -17,120 |
| Hedged items, debt securities in issue | 1,164,872 | 317,082 |
| **Hedged items total** | **1,008,769** | **299,962** |
| **Hedge ineffectiveness recognised in the income statement**[2] | **-1,998** | **-1,587** |

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 2022 | 31 Dec 2021 |
|---|---|---|
| Debt securities carried at fair value through OCI | 1,941,450 | 1,308,158 |
| Of which accumulated amount of fair value hedge adjustments | -165,592 | -9,489 |

| **Accumulated fair value adjustments on liabilities** (EUR 1,000) | Finnvera plc/Finnvera Group 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Debt securities in issue, carried at amortised cost | 8,792,791 | 7,630,474 |
| Accumulated amount of fair value hedge adjustments | -894,046 | 271,513 |
| **Total** | **7,898,745** | **7,901,987** |

| **Maturity profile of the nominal amount of hedging instruments 31 Dec 2022** | <3 months | 3–12 months | 1–5 years | >5–10 years | >10 years | Total |
|---|---|---|---|---|---|---|
| Hedging instruments, interest rate risk, debt securities | - | 131,500 | 1,709,147 | 266,000 | - | 2,106,647 |
| Hedging instruments, interest rate risk, debt securities in issue | - | 937,559 | 3,797,404 | 3,000,000 | 1,000,000 | 8,734,963 |
| **Total** | **-** | **1,069,059** | **5,506,551** | **3,266,000** | **1,000,000** | **10,841,610** |

| **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 |
|---|---|---|---|---|---|---|
| Hedging instruments, interest rate risk, debt securities | 13,400 | 28,644 | 1,003,747 | 255,800 | - | 1,301,591 |
| Hedging 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** |

### 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 | Finnvera plc/Finnvera Group | |
|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 |
| Valuation gains and losses during the year | 6,288 | -5,471 |
| Cost of hedging portion of the valuation gains and losses | 10,323 | -6,710 |
| Valuation gains and lossed excl. Cost of hedging | -4,035 | 1,240 |
| Changes in fair value of hedged items used as basis for recognising hedge ineffectiveness | 3,792 | -1,483 |
| Hedge ineffectiveness recognised in the income statement[1] | -243 | -243 |
| Hedging gains or losses recognised in OCI | 6 531 | -5 227 |
| **Total** | **6 288** | **-5 471** |

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 | Finnvera plc/Finnvera Group | | |
|---|---|---|---|
| (EUR 1,000) | Hedging reserve | Cost of hedging | Total |
| **Balance at 1st Jan 2022** | **-467** | **-13,501** | **-13,968** |
| Fair value changes during the period | -3,792 | 10,323 | 6,531 |
| **Balance at 31 Dec 2022** | **-4,259** | **-3,178** | **-7,437** |

| | Finnvera plc/Finnvera Group | | |
|---|---|---|---|
| (EUR 1,000) | Hedging reserve | Cost of hedging | Total |
| **Balance at 1st Jan 2021** | **-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** |

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 2022 | <3 months | 3–12 months | 1–5 years | >5–10 years | >10 years | Total |
|---|---|---|---|---|---|---|
| Hegding instruments, interest rate risk | - | - | - | 937,559 | 515,657 | 1,453,216 |
| **Total** | **-** | **-** | **-** | **937,559** | **515,657** | **1,453,216** |

| 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** |

## E11 Other liabilities

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Grants under repayment obligation | 4,252 | 4,252 | 4,252 | 4,252 |
| Accounts payable for investments in debt securities | - | 23,018 | - | 23,018 |
| Lease liabilities according to IFRS 16 | 5,028 | 5,809 | 5,028 | 5,809 |
| Other | 4,090 | 3,777 | 4,032 | 3,776 |
| Group internal other liabilities | - | - | 5,212 | 35,778 |
| **Total** | **13,370** | **36,856** | **18,523** | **72,633** |

## E12 Provisions

### Provisions according to IFRS 9 standard

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| **Provisions for export finance at 1 Jan** | 182,427 | 180,459 | 1,302,320 | 1,300,352 |
| Provisions made during the period[1] | - | - | 66,335 | 1,968 |
| Reversal of provisions | 98,335 | -5,275 | - | - |
| **Provisions for export credit financing at 31 Dec** | **280,762** | **182,427** | **1,368,655** | **1,302,320** |
| | | | | |
| **Provisions for domestic financing at 1 Jan** | 22,945 | 18,850 | 22,945 | 18,850 |
| Provisions made during the period | 28,925 | 4,095 | 28,925 | 4,095 |
| Reversal of provisions | - | - | - | - |
| **Provisions for domestic financing at 31 Dec** | **51,870** | **22,945** | **51,870** | **22,945** |
| | | | | |
| **Total provisions for IFRS 9 at 1 Jan** | 205,372 | 199,309 | 1,325,265 | 1,319,202 |
| Provisions made during the period | 28,925 | 4,095 | 95,260 | 6,063 |
| Reversal of provisions | 98,335 | -5,275 | - | - |
| **Total provisions for IFRS 9 at 31 Dec** | **332,632** | **205,372** | **1,420,525** | **1,325,265** |
| | | | | |
| **Total provisions at 31 Dec** | **332,632** | **205,372** | **1,420,525** | **1,325,265** |

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

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | Finnvera Group 31 Dec 2021 | Finnvera plc 31 Dec 2022 | Finnvera plc 31 Dec 2021 |
|---|---|---|---|---|
| Interest | 146,368 | 65,884 | 118,686 | 34,345 |
| Interest liabilities to subsidiaries | - | - | 1,109 | -81 |
| Advance interest payments received | 5 | 4 | 5 | 4 |
| Guarantee premiums paid in advance[1] | 275,687 | 264,617 | 275,687 | 264,617 |
| Cash collateral received for derivatives | 62,270 | 370,440 | 62,270 | 370,440 |
| Other accruals and deferred income | 11,980 | 10,597 | 6,156 | 5,866 |
| **Total** | **496,310** | **711,543** | **463,914** | **675,191** |

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

## E14 Financial instruments classification and fair values

**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 2022** | | | | | | |
| Loans to and receivables from credit institutions | 657,154 | - | - | - | **657,154** | 658,047 |
| Loans to and receivables from customers | 6,949,512 | - | - | 29,664 | **6,979,176** | 7,101,666 |
| Investments in debt securities – Short term debt securities | 751,962 | - | - | - | **751,962** | 751,962 |
| Investments in debt securities – Bonds | - | - | - | 2,399,361 | **2,399,361** | 2,399,361 |
| Derivatives | - | 166,298 | - | - | **166,298** | 166,298 |
| Other shares and participations | - | 13,723 | - | - | **13,723** | 13,723 |
| Other financial assets | 1,211,792 | - | - | - | **1,211,792** | 1,211,792 |
| **Total** | **9,570,420** | **180,021** | **-** | **2,429,025** | **12,179,466** | **12,302,849** |

| 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 |
| Other financial assets | 443,643 | - | - | - | **443,643** | 443,643 |
| **Total** | **9,425,019** | **384,632** | **136,240** | **2,209,659** | **12,155,550** | **12,311,427** |

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 2022** | | | | | |
| Liabilities to credit institutions | - | - | - | **-** | - |
| Liabilities to other institutions | 37,292 | - | - | **37,292** | 37,365 |
| Debt securities in issue | | | | | |
| - EMTN debt programme | 7,903,531 | - | 1,203,667 | **9,107,199** | 9,080,181 |
| - ECP debt programme | 555,407 | | | **555,407** | 555,407 |
| Derivatives | - | 1,180,392 | - | **1,180,392** | 1,180,392 |
| Other financial liabilities | 236,644 | - | - | **236,644** | 236,644 |
| **Total** | **8,732,874** | **1,180,392** | **1,203,667** | **11,116,933** | **11,089,989** |

| 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 | | | | | |
| - EMTN debt programme | 7,897,102 | - | 2,387,880 | **10,284,982** | 10,290,624 |
| - ECP debt programme | - | | | **-** | - |
| Derivatives | - | 35,278 | - | **35,278** | 35,278 |
| Subordinated liabilities | 464,874 | - | - | **464,874** | 464,874 |
| **Total** | **8,436,559** | **35,278** | **2,387,880** | **10,859,717** | **10,870,694** |

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 2022** | | | | | | |
| Loans to and receivables from credit institutions | 606,773 | - | - | - | **606,773** | 606,773 |
| Loans to and receivables from customers[1] | 8,033,973 | - | - | 29,664 | **8,063,638** | 8,086,386 |
| Investments in debt securities – Short term debt securities | 751,962 | - | - | - | **751,962** | 751,962 |
| Investments in debt securities – Bonds[1] | - | - | - | 2,399,361 | **2,399,361** | 2,399,361 |
| Derivatives | - | 166,298 | - | - | **166,298** | 166,298 |
| Other shares and participations | - | 13,723 | - | - | **13,723** | 13,723 |
| Other financial assets | 408,059 | - | - | - | **408,059** | 408,059 |
| **Total** | **9,800,768** | **180,021** | **-** | **2,429,025** | **12,409,813** | **12,432,561** |

| 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 | 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 | - | - | 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 |
| 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** |

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 assets (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 2022** | | | | | |
| Liabilities to credit institutions | - | - | - | **-** | - |
| Liabilities to other institutions | 175,000 | - | - | **175,000** | 175,000 |
| Debt securities in issue | | | | | |
| - EMTN debt programme | 7,903,531 | - | 1,203,667 | **9,107,199** | 9,080,181 |
| - ECP debt programme | 555,407 | | | **555,407** | 555,407 |
| Derivatives | - | 1,180,392 | - | **1,180,392** | 1,180,392 |
| Other financial liabilities | 433,334 | - | - | **433,334** | 433,334 |
| Subordinated liabilities | - | - | - | **-** | - |
| **Total** | **9,067,273** | **1,180,392** | **1,203,667** | **11,451,332** | **11,424,314** |

| Financial assets (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 | | | | | |
| - EMTN debt programme | 7,897,102 | - | 2,387,880 | **10,284,982** | 10,290,624 |
| - ECP debt programme | - | - | - | **-** | - |
| Derivatives | - | 35,278 | - | **35,278** | 35,278 |
| Subordinated liabilities | 433,334 | - | - | **433,334** | 433,334 |
| Subordinated liabilities | - | - | - | **-** | - |
| **Total** | **8,454,436** | **35,278** | **2,387,880** | **10,877,594** | **10,883,235** |

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. 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 2022** | | | | | | | | |
| Financial instruments carried at fair value through profit and loss | | | | | | | | |
| - Investments in debt securities – Bonds | - | - | - | **-** | - | - | - | **-** |
| - Derivatives | - | 166,298 | - | **166,298** | - | 166,298 | - | **166,298** |
| - Other Shares and participations | - | - | 13,723 | **13,723** | - | - | 13,723 | **13,723** |
| Financial instruments carried at fair value through other compreherensive income (OCI) | | | | | | | | |
| - Loans to and receivables from customers - debt securities | - | 29,664 | - | **29,664** | - | 29,664 | - | **29,664** |
| - Investments in debt securities – Bonds | - | 2,399,361 | - | **2,399,361** | - | 2,399,361 | - | **2,399,361** |
| **Total** | **-** | **2,595,323** | **13,723** | **2,609,046** | **-** | **2,595,323** | **13,723** | **2,609,046** |
| **Financial liabilities 31 Dec 2022** | | | | | | | | |
| Financial instruments carried at fair value through profit and loss | | | | | | | | |
| - Debt securities in issue | - | 1,203,667 | - | **1,203,667** | - | 1,203,667 | - | **1,203,667** |
| - Derivatives | - | 1,180,392 | - | **1,180,392** | - | 1,180,392 | - | **1,180,392** |
| **Total** | **-** | **2,384,059** | **-** | **2,384,059** | **-** | **2,384,059** | **-** | **2,384,059** |
| **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** |
| Financial instruments carried at fair value through other compreherensive 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** |

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 9.

**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 | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| (EUR 1,000) | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Financial assets carried at fair value** | | | | |
| **Balance at 1 Jan 1** | **13,723** | **59,130** | **13,723** | **25,698** |
| Profits and losses recognised in the income statement, total | 0 | 1,915 | - | - |
| Acquisitions | 0 | 1,968 | 0 | 234 |
| Sales | - | -17,588 | - | -12,209 |
| Other | - | -31,702 | - | - |
| **Balance at end of period** | **13,723** | **13,723** | **13,723** | **13,723** |
| Profits and losses recognised in the income statement for the instruments held by the Group/Finnvera plc | 0 | -400 | - | - |

### 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 2022** | | | | | | | |
| Derivatives | 166,298 | - | 166,298 | -1,180,371 | - | 1,032,080 | 18,007 |
| **Total** | **166,298** | **-** | **166,298** | **-1,180,371** | **-** | **1,032,080** | **18,007** |
| **Financial liabilities 31 Dec 2022** | | | | | | | |
| Derivatives | 1,180,392 | - | 1,180,392 | -1,180,371 | - | 0 | 21 |
| **Total** | **1,180,392** | **-** | **1,180,392** | **-1,180,371** | **-** | **0** | **21** |
| **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 | - | 0 | 71 |
| **Total** | **35,278** | **-** | **35,278** | **-35,206** | **-** | **0** | **71** |

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 -0.2 million (EUR 0.1 million) and EUR 5.0 million (EUR 0.0 million) for derivative liabilities.

## E18 Equity

| (EUR 1,000) | Finnvera Group 31 Dec 2022 | | Finnvera Group 31 Dec 2021 | | Finnvera plc 31 Dec 2022 | | Finnvera plc 31 Dec 2021 | |
|---|---|---|---|---|---|---|---|---|
| **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** | | **-20,733** | | **-10,221** | | **-18,447** | | **-1,026** |
| - Fair value changes in assets carried at fair value through OCI | -12,802 | | 10,848 | | -12,802 | | 10,848 | |
| - Expected credit losses (ECL) of assets at fair value through OCI | 1,792 | | 2,094 | | 1,792 | | 2,094 | |
| - Change in the credit risk associated with liabilities carried at fair value | -2,286 | | -9,195 | | - | | - | |
| - Cash flow hedging, hedging reserve | -4,259 | | -467 | | -4,259 | | -467 | |
| - Cash flow hedging, cost of hedging reserve | -3,178 | | -13,501 | | -3,178 | | -13,501 | |
| **Restricted equity, total** | | **226,908** | | **237,420** | | **229,194** | | **246,615** |
| **Non-restricted reserves** | | **477,869** | | **366,373** | | **477,869** | | **366,373** |
| - Reserve for domestic operations | 399,211 | | 366,373 | | 399,211 | | 366,373 | |
| - Reserve for export credit guarantees and special guarantees | 78,658 | | - | | 78,658 | | - | |
| **Retained earnings** | | **203,771** | | **259,533** | | **31,941** | | **112,000** |
| - Profit/loss for previous periods | 148,037 | | 106,888 | | 504 | | 504 | |
| - Profit/loss for the period | 55,489 | | 152,546 | | 31,192 | | 111,397 | |
| - Direct entries to retained earnings | 245 | | 99 | | 245 | | 99 | |
| **Non-restricted equity, total** | | **681,640** | | **625,906** | | **509,810** | | **478,373** |
| **Total equity, equity attributable to the parent company's shareholers** | | **908,548** | | **863,326** | | **739,004** | | **724,988** |

**Share capital and ownership:**

| Owner | 31 Dec 2022 Share capital (EUR 1,000) | 31 Dec 2022 Shares nb | 31 Dec 2022 Ownership | 31 Dec 2021 Share capital (EUR 1,000) | 31 Dec 2021 Shares nb | 31 Dec 2021 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 has been 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**: 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.

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.

# F Notes on personnel and management

## F1 Average number of employees

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| **Average number of employees** | | | | |
| - Permanent | 344 | 344 | 344 | 343 |
| - Temporary | 24 | 22 | 24 | 22 |
| **Total** | **368** | **366** | **368** | **365** |
| Personnel as person-years | 330 | 339 | 330 | 339 |

## 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 2022 | 31 Dec 2021 |
| Salaries and other short-term employee benefits | 1,948 | 1,788 |
| Supplementary pension commitments | 73 | 70 |
| Remuneration of the Board of Directors and Supervisory Board members | 253 | 281 |
| **Total** | **2,274** | **2,139** |

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%, 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 2022 | | | 31 Dec 2021 | | |
|---|---|---|---|---|---|---|
| | | 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 | 431 | 49 | 75 | 397 | 47 | 67 |
| Deputy CEO Executive Vice President Jussi Haarasilta | 237 | - | 41 | 223 | - | 38 |
| Other members of the Management Group | 1,280 | 23 | 223 | 1,168 | 22 | 197 |
| **Other members of the Management Group, total** | **1,948** | **73** | **339** | **1,788** | **69** | **302** |
| | | | | | | |
| **Members of the Board of Directors** | | | | | | |
| Pentti Hakkarainen, chairman until 12 March 2021 | - | - | - | 10 | - | - |
| Petri Ekman, chairman | 37 | - | - | 31 | - | - |
| Antti Neimala, I deputy chairman | 29 | - | - | 33 | - | - |
| Terhi Järvikare, II deputy chairman | 26 | - | - | 30 | - | - |
| Hannu Jaatinen, member | 23 | - | - | 21 | - | - |
| Ritva Laukkanen, member | 26 | - | - | 29 | - | - |
| Anne Nurminen, member as of 13 October 2022 | 3 | - | - | - | - | - |
| Juha-Pekka Nuuttila, member until 12 March 2021 | - | - | - | 7 | - | - |
| Elina Piispanen, member as of 25 March 2022 | 18 | - | - | - | - | - |
| Pirkko Rantanen-Kervinen, member until 25 March 2022 | 7 | - | - | 28 | - | - |
| Viertiö Petri, member as of 25 March 2022 | 15 | - | - | - | - | - |
| Antti Zitting, member until 25 March 2022 | 9 | - | - | 31 | - | - |
| **Board of Directors, total** | **194** | **-** | **-** | **220** | **-** | **-** |
| | | | | | | |
| **Members of the Supervisory Board, total** | **59** | **-** | **-** | **62** | **-** | **-** |

### 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 2022, there were 59 (68) 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 0.6% (0.8%) and, correspondingly, an equivalent decrease would have the opposite effect.

### Balance sheet items arising from the defined benefit:

| Finnvera plc | Finnvera Group/Finnvera plc | | | |
|---|---|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | | **31 Dec 2021** | |
| **Pension obligation** | | | | |
| **Present value of funded obligations 1 Jan** | | **1,817** | | **2,025** |
| **Total change** | | **-567** | | **-209** |
| Unrecognised actuarial gains or losses | 66 | | 47 | |
| Interest on obligation | 20 | | 10 | |
| Effect of fulfilling the plan an reducing the obligation | -279 | | -235 | |
| Revaluation of defined benefit plans | | | | |
| - Caused by changes in financial assumptions | -340 | | -44 | |
| - Caused by changes in demographic assumptions | - | | - | |
| - Based on experience | -33 | | 13 | |
| **Present value of funded obligations 31 Dec** | | **1,250** | | **1,817** |
| **Fair value of assets** | | | | |
| **Fair value of plan assets 1 Jan** | | **1,923** | | **2,180** |
| **Total change** | | **-506** | | **-257** |
| Interest income on assets | 21 | | 11 | |
| Effect of fulfilling the obligation | -279 | | -235 | |
| Return on plan assets, excluding items contained in interest expenses or income | -128 | | 68 | |
| Contributions paid to the plan | -120 | | -101 | |
| **Fair value of plan assets 31 Dec** | | **1,416** | | **1,923** |
| **Net liabilities+/Net receivables- (difference between obligations and assets)** | | **-168** | | **-107** |
| **Consolidated comprehensive income statement – pension costs** | | | | |
| Unrecognised actuarial gains or losses | | 66 | | 47 |
| Effect of fulfilling the obligation | | - | | - |
| Net interest expenses | | -1 | | -1 |
| **Consolidated income statement defined benefit pension costs** | | **65** | | **46** |
| **Items resulting from revaluation** | | **-245** | | **-99** |

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

| | Finnvera Group/Finnvera plc | |
|---|---|---|
| **(EUR 1,000)** | **31 Dec 2022** | **31 Dec 2021** |
| **Defined benefit net liabilities** | | |
| Pension debt (+) / Pension receivable (-) 1 Jan | -106 | -155 |
| Expenses recognised in the income statement | 65 | 46 |
| Paid pension contributions | 120 | 101 |
| Other items recognised in the consolidated statement of comprehensive income | -245 | -99 |
| **Pension debt (+) / Pension receivable (-) 31 Dec** | **-167** | **-106** |

The plan assets inclue 100% qualifying insurance policies.

| | Finnvera Group/Finnvera plc | |
|---|---|---|
| **Actuarial assumptions** | **31 Dec 2022** | **31 Dec 2021** |
| Discount rate | 3.80% | 1.10% |
| Future salary increases | 3.00% | 2.60% |
| Future pension increases | 2.80% | 1.50% |

The duration based on the weighted obligation average is 15.2 years. It is forecast that in 2023, making net payments will not be needed to defined benefit arrangements, taking into consideration payment refunds and reimbursements.

# G Shares and holdings

### G1 Shares and holdings in group companies

| | | Finnvera plc | | | | | |
|---|---|---|---|---|---|---|---|
| | | 31 Dec 2022 | | | 31 Dec 2021 | | |
| 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%)** | | | | | | | |
| 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 | 0.00% | 0.00% | 0 | 100.00% | 100.00% | 9,897 |

Veraventure Ltd merged with Finnvera in a subsidiary merger on 31 July 2022.

### 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 Precident 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 2022 | | 31 Dec 2021 | |
| **Relative party transactions, loans and receivables** | | | | |
| Services purchased | - | | 713 | |
| Interest subsidies, compensation for losses and other items from the State | | 28,628 | | 39,255 |
| Interest income | 83,322 | -52,138 | 16,955 | -107,065 |
| Fee and comission income | - | | 13,016 | |
| Interest expenses | 83,322 | 2,019 | 16,955 | 2,329 |
| Fee and comission expenses | - | | 13,016 | |
| | | | | |
| Loans | 7,445,270 | | 7,867,009 | |
| Other long-term receivables | | 349,023 | | 349,023 |
| Short-term receivables | 224,755 | 47,764 | 169,579 | 25,998 |
| Long-term liabilities | 7,445,270 | 37,292 | 7,867,009 | 74,583 |
| Short-term liabilities | 224,755 | 26,867 | 169,579 | 31,539 |
| Guarantees | 11,638,006 | | 13,259,625 | |

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### 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 2022 | | Activities referred to in the Fund Act and their share of the profit 31 Dec 2022 | | Finnvera plc's profit 31 Dec 2021 | | Activities referred to in the Fund Act and their share of the profit 31 Dec 2021 | |
|---|---|---|---|---|---|---|---|---|
| Net interest income | | **42,467** | | **5,742** | | **44,836** | | **-1,239** |
| - Interest income | 369,783 | | 794 | | 211,854 | | 519 | |
| - Interest expense | -327,316 | | 4,947 | | -167,018 | | -1,758 | |
| Net fee and commission income | | **188,785** | | **140,644** | | **159,107** | | **98,011** |
| - Fee and comission income | 198,623 | | 149,446 | | 173,823 | | 111,958 | |
| - Fee and comission expenses | -9,838 | | -8,802 | | -14,715 | | -13,946 | |
| Gains and losses from financial instruments carried at fair value through profit and loss | | **-100** | | **181** | | **2,681** | | **231** |
| Net income from investments | | **5** | | **-** | | **353** | | **-** |
| Other operating income | | **7,941** | | **133** | | **4,335** | | **107** |
| Operational expenses | | **-49,062** | | **-16,300** | | **-45,408** | | **-14,738** |
| - Personnel expenses | -30,451 | | -9,751 | | -29,562 | | -9,735 | |
| - Other operational expenses | -18,611 | | -6,549 | | -15,846 | | -5,004 | |
| Depreciation and amortisation on tangible and intangible assets | | **-5,510** | | **-1,067** | | **-7,624** | | **-1,808** |
| Other operating expenses | | **-5,624** | | **-120** | | **-36,277** | | **-140** |
| Realised credit losses and change in expected credit losses, net | | **-147,710** | | **-73,123** | | **-10,605** | | **-1,766** |
| - Realised credit losses | -39,149 | | -3,291 | | -45,482 | | -1,398 | |
| - Credit loss compensations from the State | 28,525 | | - | | 35,173 | | - | |
| - Change in expected credit losses | -137,087 | | -69,831 | | -296 | | -368 | |
| **Operating profit/loss** | | **31,192** | | **56,090** | | **111,397** | | **78,658** |

# H Key financial performance indicators

## H1 Key figures

| | Finnvera Group | | Finnvera plc | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Key P&L figures** | | | | |
| Net interest income, MEUR | 69 | 55 | 42 | 45 |
| Net fee and commission income, MEUR | 204 | 167 | 189 | 159 |
| Other operating income, MEUR | 0 | 4 | 8 | 4 |
| Operational expenses, MEUR | -49 | -46 | -49 | -45 |
| - of which salaries including social security costs, MEUR | -30 | -30 | -30 | -30 |
| Realised credit losses and change in expected credit losses, MEUR | -176 | -46 | -176 | -46 |
| Credit loss compensation from the State, MEUR | 29 | 35 | 29 | 35 |
| Operating profit/loss, MEUR | 64 | 164 | 31 | 111 |
| Profit/loss for the period, MEUR | 55 | 153 | 31 | 111 |
| **Key balance sheet figures** | | | | |
| Loans to and receivables from customers, MEUR | 6,979 | 7,404 | 8,064 | 8,500 |
| Investments, MEUR | 3,165 | 3,323 | 3,185 | 3,353 |
| Liabilities, MEUR | 11,726 | 11,356 | 12,921 | 12,517 |
| - of which debt securities in issue, MEUR | 9,663 | 10,285 | 9,663 | 10,285 |
| Shareholders' equity, MEUR | 909 | 863 | 739 | 725 |
| - of which non-restricted equity, MEUR | 682 | 626 | 510 | 478 |
| Balance sheet total, MEUR | 12,635 | 12,220 | 13,660 | 13,242 |
| **Key ratios** | | | | |
| Return on equity, ROE, % | 6.3 | 19.2 | 4.3 | 16.5 |
| Return on assets, ROA, % | 0.4 | 1.2 | 0.2 | 0.8 |
| Equity ratio, % | 7.2 | 7.1 | 5.4 | 5.5 |
| Expense-income ratio, % | 20.7 | 23.5 | 25.2 | 42.3 |
| Average number of employees | 368 | 366 | 368 | 365 |

## 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, %**

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

**Average number of employees**

based on monthly average for the whole period

# Signatures

Helsinki, 15 February 2023

Petri Ekman
Chairman of the Board of Directors

Antti Neimala
First Vice Chairman

Terhi Järvikare
Second Vice Chairman

Hannu Jaatinen

Ritva Laukkanen

Anne Nurminen

Elina Piispanen

Petri Viertiö

Pauli Heikkilä
CEO

## Auditor’s note

A report on the audit conducted was submitted today.

Helsinki, 15 February 2023

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 2022. 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.<br>– Income from guarantee premiums charged in advance is recognized over the guarantee period based on the recognition criteria entered into the system.<br>– Guarantee contracts entered into are client-specific and may be amended during the contract period.<br>– 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.<br>– We tested on a sample basis unrecognized guarantee-specific premiums paid in advance.<br>– We assessed and tested the control environment. of the IT system, emphasizing change management.<br>– Furthermore, we considered the appropriateness of the disclosures in respect of fee and commission income and guarantee premiums paid in advance. |

| The key audit matter | How the matter was addressed in the audit |
|---|---|
| **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.<br>– 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.<br>– 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.<br>– 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.<br>– 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.<br>– 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.<br>– 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, E10, E14-E17 to the balance sheet)** | |
| - At the financial year-end the Group had debt securities carried at fair value amounting to EUR 2.4 billion.<br>- At the financial year-end the Group had debt securities in issue amounting to EUR 9.7 billion. Debt securities in issue carried at fair value through profit or loss totaled EUR 1.2 billion and debt securities in issue carried at amortized cost totaled EUR 8.5 billion in the balance sheet as at 31 December 2021.<br>- 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.<br>- 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.<br>- 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.<br>- In respect of the hedge accounting we evaluated the appropriateness of the procedures and documentation by reference to the applicable international financial reporting standards.<br>- We assessed the classification principles for financial instruments.<br>- 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.<br>- 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 24 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 2023

KPMG OY AB

Marcus Tötterman
*Authorised Public Accountant, KHT*

# 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 2022, as well as the auditors' report issued on 15 February 2023.

We propose to the Annual General Meeting that the financial statements, in which the consolidated income statement shows a profit of EUR 55 489 079,83 and the parent company's income statement shows a profit of EUR 31 191 902,30, 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 2023

| | |
|---|---|
| Sofia Vikman | Johannes Koskinen |
| Eeva-Johanna Eloranta | Mari Holopainen |
| Anne Kalmari | Juho Kautto |
| Kari Luoto | Veli-Matti Mattila |
| Seppo Nevalainen | Anne Niemi |
| Martin Paasi | Arja Parkkinen |
| Juha Pylväs | Lulu Ranne |
| Wille Rydman | Joakim Strand |
| Katja Syvärinen | 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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