



**Listing of
EUR 600,000,000 Notes due 2019
The Notes are represented by units in denominations of EUR 100,000.**

On 23 June 2015, the Unemployment Insurance Fund (in Finnish, *Työttömyysvakuutusrahasto*) (the '**Issuer**') issued senior unsecured notes with an aggregate nominal amount of EUR 600,000,000 (the '**Notes**') mainly to certain institutional investors. The Notes are represented by units in denominations of EUR 100,000. The rate of interest of the Notes is 0.375 per cent per annum. The maturity of the Notes is on 23 September 2019, unless the Issuer redeems the Notes in accordance with the terms and conditions of the Notes.

The Notes have been assigned a credit rating of 'AA+' by an internationally renowned credit rating agency Standard & Poor's Credit Market Services Europe Limited ('**S&P**'). The Issuer has a credit rating of 'AA+' long-term and 'A-1+' short-term from S&P. The rating report on the Issuer was issued by S&P on 21 May 2015.

This document, the terms and conditions of the Notes appended hereto as Annex A and the Issuer's financial statements (IFRS) for the financial periods ended 31 December 2014 and 31 December 2013 appended hereto as Annex B are jointly referred to herein as the '**Listing Prospectus**'. This Listing Prospectus has been prepared in accordance with (i) the Finnish Securities Markets Act (746/2012, as amended, the '**Finnish Securities Markets Act**'), (ii) the Finnish Ministry of Finance Decree on prospectuses referred to in Chapters 3 to 5 of the Finnish Securities Markets Act (1019/2012), (iii) the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, (Annexes IX and XIII) implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the '**Prospectus Directive**') and (iv) the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the '**FIN-FSA**') solely for the purpose of admission to listing of the Notes on NASDAQ OMX Helsinki Ltd (the '**Helsinki Stock Exchange**') (the '**Listing**') and does not constitute any offering of the Notes. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Finland, has approved this Listing Prospectus, (journal number FIVA 41/02.05.04/2015), but assumes no responsibility for the accuracy or completeness of the information contained herein.

Application has been made for the Listing which is expected to take place on or about 24 June 2015.

Besides filing this Listing Prospectus with the FIN-FSA and the application to the Helsinki Stock Exchange, neither the Issuer nor the Lead Managers (defined hereafter) have taken any action, nor will they take any action to render the public offer of the Notes or their possession, or the distribution of this Listing Prospectus or any other documents relating to the Notes admissible in any jurisdiction other than Finland requiring measures to be taken for the purpose of public offer.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the '**Securities Act**') and the Notes may not be offered or sold, directly or indirectly, within the United States, or to, or for the account or benefit of any U.S. persons (as such terms are defined in Regulation S under the Securities Act).

Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under '*Risk Factors*' below.

Lead Managers



INFORMATION ABOUT THE LISTING

This Listing Prospectus should be read in conjunction with all documents appended hereto (see Annexes A and B).

Danske Bank A/S, Nordea Bank Finland Plc, Pohjola Bank plc and Swedbank AB (publ) (the '**Lead Managers**') are acting for the Issuer as arrangers and lead managers of the Listing and are not acting for anyone else in connection with the Listing and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor for providing any advice in relation to the Notes, the Listing or the contents of this Listing Prospectus.

Investors should rely only on the information contained in this Listing Prospectus. Neither the delivery of this Listing Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Listing Prospectus or that the information herein is correct as of any time subsequent to the date of this Listing Prospectus. However, if an error or omission of information or material new information that may be of material importance to investors is discovered in the Listing Prospectus before the admission of the Notes for listing on the Helsinki Stock Exchange, the Listing Prospectus shall be supplemented in accordance with the Finnish Securities Markets Act.

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Issuer and the Terms and Conditions of the Notes, including the risks and potential benefits involved, and must not rely on any communication (whether written or oral), information or explanation of the Lead Managers and/or the Issuer as an advice or as a recommendation to enter into any transaction. Neither the Issuer, the Lead Managers nor any of their respective affiliated parties or representatives, are making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Listing Prospectus or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Lead Managers.

No representation or warranty is made by the Lead Managers as to the accuracy or completeness of the information of this Listing Prospectus. The Lead Managers accordingly disclaim to the fullest extent permitted by law any and all liability which they might otherwise be found to have in respect of this Listing Prospectus.

Nothing contained in this Listing Prospectus is, or shall be relied upon as, a promise or representation by the Issuer or the Lead Managers as to the future.

The distribution of this Listing Prospectus may, in certain jurisdictions, be restricted by law, and this Listing Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. The Issuer and the Lead Managers expect persons into whose possession this Listing Prospectus comes to inform themselves of and to observe all such restrictions. Neither the Issuer nor the Lead Managers accept any responsibility for any violation of those restrictions by any person, regardless of whether or not a prospective purchaser of Notes is aware of such restrictions. In particular:

- the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, Singapore, or to any resident thereof, or any other jurisdiction in which it would not be permissible to offer the Notes; and
- this Listing Prospectus may not be sent to any person in the aforementioned jurisdictions.

This Listing Prospectus has been prepared solely for the Listing. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

This Listing Prospectus has been prepared in English only.

The Notes are governed by Finnish law and any dispute arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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RISK FACTORS

Investors considering investment in the Notes of the Issuer should carefully review the information contained in this Listing Prospectus and, in particular, the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risk factors described herein materialise, it may have a material adverse effect on the Issuer's operations and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. As a result, investors may lose part or all of their investments. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are material in order to assess the market risk associated with the Notes. This description is based on information known and assessed at the time of preparing this Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Notes are not limited to the factors identified below and the sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers, if they consider it necessary.

It should be recalled at the outset that the Issuer, established by law through the Finnish Act on Financing of Unemployment Benefits (555/1998, as amended), is an independent institution governed by the social partners and supervised by the FIN-FSA. Therefore, the Issuer exhibits numerous specific features that distinguish it from corporate issuers, such as companies.

The capitalised words and expressions in this section shall have the meanings defined in section 'Terms and Conditions of the Notes'.

Risks Relating to the Issuer and Its Operations

Uncertain economic and financial market conditions may adversely affect the Issuer's operations and financial condition

The Issuer, as the manager of Finland's unemployment insurance scheme, is particularly sensitive to national and international macroeconomic trends. The Issuer conducts its operations exclusively in Finland and its operations rely on the prospects of the Finnish economy. Therefore, the macroeconomic factors relating to Finland, and more specifically its unemployment rate, GDP, inflation rate, interest rates, currency exchange rates and tax rates, together with various other factors, may have a material adverse impact on the Issuer's operations and financial condition.

The Issuer's finances are mainly managed through the regulation of unemployment insurance contribution amounts determined on an annual basis. The Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August and the percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits. Maintaining unemployment insurance contributions at an appropriate, steady level is one of the Issuer's core strategic goals. Whilst both the contributions and the unemployment benefits are based on legislation, the Issuer seeks to manage the risk related to change through competent anticipation of predictable changes in the operating environment.

However, failure in maintaining the unemployment insurance contributions at an appropriate level or in anticipating changes in its operating environment may have a material adverse effect on the Issuer's operations and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

During periods of recession, the Issuer's buffer fund may be negative

The Issuer proposes to the Ministry of Social Affairs and Health the rate of contributions to be collected annually, and the Issuer is not entitled to determine the rates independently. As the level of unemployment insurance contributions is determined only once a year based on forecasts, the actual funding needs of the Issuer may not correspond to the level of contributions paid as predicting the unemployment level is difficult. When unemployment increases, the Issuer's expenses increase and its income decreases. For this purpose the Issuer has a business cycle buffer to secure its liquidity and to balance the changes in the unemployment insurance contributions due to economic cycles.

The Issuer seeks to ensure the sufficiency of the buffer fund by proposing unemployment insurance contribution rates (see ‘– *Uncertain economic and financial market conditions could adversely affect the Issuer’s operations and financial condition*’ above) that are sufficient to provide security, using diverse forecasts. The amount of funds in the buffer fund is evaluated both absolutely and in relation to the Issuer’s expenses. During periods of recession, the buffer may be negative, in which case solvency must be ensured, at least in part, by loan financing. At the end of the 2014 financial period, the accumulated deficit in the buffer amounted to EUR 9 million (at the end of 2013, accumulated surplus of EUR 663 million), and the liquidity had to be improved by a short-term commercial paper program. Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer is entitled to incur debt in order to fulfil its obligations. The Issuer may also incur debt in order to secure its liquidity subject to the approval of the FIN-FSA. However, if the Issuer’s business cycle buffer turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA.

The forecasts used by the Issuer may turn out to be inaccurate and, should the buffer fund become negative, there can be no certainty that the Issuer succeeds in obtaining loan financing as expected, on favourable terms or at all. Such risks, if realised, may have a material adverse effect on the Issuer’s operations and financial condition and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer may not succeed in its investment operations as expected

In accordance with the Finnish Act on Financing Unemployment Benefits, the assets of the Issuer must be invested in a manner that generates and secures income while taking into account the Issuer’s liabilities. The Issuer seeks to limit investment risks to a level where their realisation will not result in significant losses for the Issuer, which would create pressure to increase contributions or endanger the liquidity of the Issuer. The investment operations and risk limits of the Issuer are provided for in more detail in the investment principles approved by the Issuer’s Supervisory Board and the investment plan approved by the Issuer’s Board of Directors. For more information, see ‘*Information about the Issuer – Funding of the Issuer’s Obligations – Investment operations*’.

In the 2014 financial period, the uncertainty on the financial markets was reflected in the Issuer’s investing activities, with a considerable amount of funds being directed into high-liquidity, low-yield investments. As a rule, the market risk of the Issuer’s investments is measured by the stress test method, in which a risk indicator expressed as annual volatility is assigned to each investment class on the basis of historical fluctuations in value. In 2014, the risk indicator for the Issuer’s investments was 25 per cent (2013: 25 per cent) for equity investments, 4 per cent (2013: 4 per cent) for bond investments and 1 per cent (2013: 1 per cent) for money-market investments. However, there can be no certainty that the Issuer succeeds in its investment operations as expected. Materialisation of the risks included in the Issuer’s investment decisions may have a material adverse effect on the Issuer’s operations and financial condition and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Any significant problems with information systems may have a material adverse effect on the Issuer’s operations

The Issuer’s operations rely on various applications and other information technologies, and in recent years, the significance of information management and information systems has increased in the Issuer’s operations. The Issuer manages its information internally and maintains the information systems used for critical functions, with the exception of a few outsourced functions and off-the-shelf software suites. The Issuer seeks to ensure continuity of its operations by locating its backup system in a separate, secure hardware room away from its offices, and a copy of the Issuer’s information systems is updated in the backup system in nearly real time. However, many of these applications and underlying infrastructure are vulnerable for failures and could result in operative interruptions. Any significant problems with information systems may have an adverse effect on the Issuer’s operations and on its ability to perform its day-to-day operations, including collection of contributions and payment of benefits, reliability of the forecasts used by the Issuer as well as management of the Issuer’s finances. Therefore, such problems may have a material adverse effect on the Issuer’s operations and financial condition and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Failure to attract qualified personnel or a loss of key personnel could disrupt the Issuer’s operations

The operations of the Issuer depend to a large extent upon the continued contributions of its personnel. Therefore, the Issuer depends on its ability to recruit, train, motivate and retain highly skilled employees, and the loss of key personnel who has specific knowledge of the Issuer’s operations may have a material adverse effect on the Issuer’s operations. The risk related to human capital is managed, for example, through deputy arrangements and up-to-date recovery and readiness plans. However, the Issuer may require additional resources in certain functions in the future, and it could become increasingly difficult for the Issuer to hire and retain personnel with the level of experience and qualifications the Issuer depends upon. Such risks, if realised, may have a material adverse effect on the Issuer’s operations and, thereby, on the Issuer’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer may not receive financing at competitive terms or at all

Uncertainty in the financial market may mean that the price of the financing needed to carry out the Issuer's tasks will increase. The Issuer aims to reduce the risk relating to the availability of financing by a material revolving credit facility agreed with six Nordic banks (see "*Financial and Trend Information, Prospects – Recent Events*").

The level of the Issuer's leverage may affect its ability to refinance its existing credits and could also affect its competitiveness and limit its ability to react to market conditions.

Should any of the above factors materialise, it may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer's incurrence of debt may adversely affect its operations

The Issuer aims to have an adequate level of liquidity under all conditions. The Issuer requires, and expects to continue to require, a significant amount of liquidity and capital resources to finance the performance of its statutory obligations. Extensive indebtedness may have a significant effect on the operations of the Issuer, such as (i) limiting the Issuer's ability to raise additional finance on corresponding or more favourable financial and other terms than currently in force; (ii) increased part of the funds of the Issuer being used for payments of the principle and interests of the debts, which would reduce the assets and cash flows available for the Issuer's other obligations; and (iii) exposing the Issuer to increases in interest rate levels.

If an event of default by the Issuer occurs under the terms and conditions of the revolving credit facility agreement signed on 29 April 2015, the lenders may cancel their commitments under the facilities or declare all or part of the loans then outstanding immediately due and payable. In addition, if in any applicable jurisdiction it becomes unlawful for any lender to perform any of its obligations as contemplated by the revolving credit facility agreement or to fund or maintain its participation in any loan or if the state guarantee ceases to be valid and enforceable, certain provisions on the mandatory prepayment and cancellation of the relevant facilities shall apply.

Should any of the above factors materialise, it may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer's operations may involve legal, regulatory and other risks

The Issuer is considered to be part of indirect public administration (in Finnish, *välillinen julkishallinto*) of Finland, and it was established by law through the Finnish Act on Financing of Unemployment Benefits. In addition, the operations of the Issuer are mainly governed by the Finnish Decree on Financing of Unemployment Benefits (1277/2014, as amended) and the Finnish Decree on Rules of Procedure of the Unemployment Insurance Fund (862/1998, as amended). Changes in the regulatory framework or government policies relating to the unemployment insurance system may require the Issuer to adapt its activities, assets, liabilities or strategy, possibly leading to a negative impact on the Issuer's operations, an increase in its expenses or a slowing or even halting of the development of certain activities. Further, in the course of its operations, the Issuer could be involved in legal proceedings and is subject to tax and administrative audits. Furthermore, in addition to legal, political and regulatory risks, the Issuer is increasingly exposed to economic risks. All such risks, if realised, may have a material adverse effect on the Issuer's operations and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

No assurance is made as to the impact of changes of laws or practices relating to the Issuer

The Issuer is established through specific parliamentary acts and exists as a public institution, the operations and functions of which are specified in the laws of Finland, and due to its legal status, the Issuer cannot be declared bankrupt pursuant to the Finnish Bankruptcy Act (110/2004, as amended) or enter into corporate reorganisation pursuant to the Finnish Corporate Reorganisation Act (47/1993, as amended). However, claims against the Issuer may be enforced through recovery procedures pursuant to the Finnish Enforcement Code (705/2007, as amended). Should the Issuer's legal status be amended during the term of the Notes, it might affect the investors' rights against the Issuer in respect of the Notes although the Noteholders are entitled to demand premature repayment of the Notes pursuant to Condition 8 (*Change in Status of the Issuer*).

Pursuant to an interpretation of the FIN-FSA stated in its Regulations and Guidelines 25/2013 on capital requirement calculation and large exposures, exposures to the Issuer shall be treated as exposures to public sector entities referred to

in Article 116 of the EU Regulation (575/2013) on prudential requirements for credit institutions and investment firms. There is, however, no assurance that the relevant EU regulations would not be changed in the future or that the FIN-FSA would maintain this interpretation so that the treatment of the exposure to the Issuer would not change in the future. Such change may have an adverse effect on certain investors, credit institutions in particular.

Should any of the above factors materialise, it may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Risks Relating to the Notes

The following risk factors are, among other things, material in order to assess the risks associated with the Notes. Words and expressions in this section shall have the meaning defined in Annex A *'Terms and Conditions of the Notes'*.

The Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Thus, each potential investor in the Notes must assess the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or referred to in this Listing Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; and
- (iv) be able to evaluate either alone or with the help of a financial adviser possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risk.

Credit ratings assigned to the Notes and the Issuer may not be accurate

The Notes have been assigned a credit rating of 'AA+' by S&P. The Issuer has a credit rating of 'AA+' long-term and 'A-1+' short-term from S&P. The rating report on the Issuer was issued by S&P on 21 May 2015. Such ratings do not necessarily reflect the potential impact of the risk factors described in this section, and other risk factors may affect the value of the Notes. Further, the credit ratings assigned by S&P to the Notes and the Issuer may not reflect the credit ratings that other credit rating agencies may assign to the Notes and/or the Issuer. A credit rating does not constitute a recommendation to buy, sell or hold Notes and may be revised, suspended, modified or withdrawn by S&P at any time.

There is no guarantee or security for the Notes

Unlike certain other debt obligations of the Issuer, which are secured by a guarantee issued by the Finnish Government, the Notes will not be guaranteed and will not be obligations of anyone other than the Issuer, and no one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

The Notes are unsecured debt instruments and the Noteholders are unsecured creditors if they are required to enforce their claims. Accordingly, in addition to that any adverse change in the financial condition of the Issuer may have a material adverse effect on the liquidity of the Notes and may result in a material decline in their market price, such adverse change may endanger the probability that the Noteholders will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Noteholders pursuant to the Notes from time to time. Further, the Noteholders may lose the invested amount partly or entirely.

Active trading market for the Notes may not develop

The Notes constitute a new issue of securities by the Issuer. Prior to the Listing, there is no public market for the Notes. Although an application will be made to list the Notes on the Helsinki Stock Exchange, no assurance can be given that such application will be approved. In addition, listing of the Notes will not guarantee that a liquid public market for the Notes will develop and even if such a market were to develop neither the Issuer nor the Lead Managers are under any obligation to maintain such market. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such factors may significantly affect the liquidity and the market prices of the Notes, which may trade at a discount to the price at which the Noteholders purchased the Notes.

If an active trading market for the Notes does not develop or is not maintained, it may result in a material decline in the market price of the Notes, and the liquidity of the Notes may be adversely affected. Therefore, investors may not be

able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, if additional and competing products are introduced in the markets, this may also result in a material decline in the market price and value of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates

The Notes bear interest on their outstanding principal at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, central banks' benchmark rates, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd.'s operations and systems

The Notes are issued in the book-entry securities system of Euroclear Finland Ltd ('Euroclear Finland'). Pursuant to the Finnish Act on the Book-Entry System and Clearing and Settlement (749/2012, as amended), the Notes will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator. The Notes are dematerialised securities and title to the Notes is recorded and transfers of the Notes are effected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland and its account operators. Therefore, timely and successful completion of transactions relating to the Notes, including but not limited to transfers of, and payments made under, the Notes, depend on the book-entry securities system being operational and that the relevant parties, including but not limited to the payment transfer bank and the account operators of the Noteholders, are functioning when transactions are executed. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Notes not taking place as expected or being delayed, which may cause financial losses or damage to the Noteholders whose rights depended on the timely and successful completion of the transaction.

The Issuer and third parties will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Notes will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Finland and the Terms and Conditions of the Notes. For purposes of payments under the Notes, it is the responsibility of each Noteholder to maintain with its respective book-entry account operator up-to-date information on applicable bank accounts.

Laws and practices applicable to the Notes may change

The Notes are governed by the laws of Finland, as in force from time to time. Finnish laws (including but not limited to tax laws) and regulations governing the Notes may change during the validity of the Notes, and new judicial decisions can be given and administrative practices take place. No assurance can be given as to the impact of any such possible change of laws or regulations, or new judicial decision or administrative practice taking place after the date of this Listing Prospectus. Hence, if materialised, such event may have a material adverse effect on the Issuer's operations and financial condition and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. Such event may also cause material financial losses or damage to the Noteholders.

If the Issuer redeems or purchases Notes prior to maturity, whether based on an obligation or a right, it may have a material adverse effect on the Issuer and on any Notes outstanding

As specified in the Terms and Conditions of the Notes, the Issuer will redeem all the Notes, if it becomes unlawful for the Issuer to perform its obligations under the Notes (see Condition 6.2 (*Early Redemption Due to Illegality*)). Furthermore, as specified in the Terms and Conditions of the Notes, the Noteholders are entitled to demand premature repayment of the Notes in case of an Event of Default (see Condition 11 (*Events of Default*)) or based on a change in the status of the Issuer, i.e. when the Issuer ceases to be a Finnish indirect public administration institution established by law or a Finnish government agency or public body or otherwise a public institution with a status of at least equivalent to the current (see Condition 8 (*Change in Status of the Issuer*)). Any such premature repayment may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes of such Noteholders who elect not to exercise their right to get their Notes prematurely repaid as well as the market price and value of such Notes.

As specified in the Terms and Conditions of the Notes, the Issuer may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made by a tender offer, such tender offer must be available to all Noteholders on equal terms. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases – whether by tender offer or otherwise – may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who do not participate in the purchases as well as the market price and value of such Notes.

In case at least 75 per cent of the aggregate volume of the Notes has been repaid pursuant to a demand by the Noteholders based on a change of status of the Issuer in accordance with Condition 8 (*Change in Status of the Issuer*), the Issuer is entitled to prepay also the remaining outstanding Notes by notifying the Noteholders of such prepayment. Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

Amendments to the Terms and Conditions of the Notes bind all Noteholders

The Terms and Conditions of the Notes may be amended in certain circumstances with the required consent of a defined majority of the Noteholders. The Terms and Conditions of the Notes contain provisions for Noteholders to call and attend meetings to consider and vote upon matters affecting their interests generally. Resolutions passed at such meetings can bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Noteholders, including such Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The right to payment under the Notes may become void due to prescription

In case any payment under the Notes has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three years.

There is no limitation on issuing additional debt

Except for the limitations set forth in the legislation applicable to the Issuer, there is no restriction on the amount of debt which the Issuer may raise or issue after the issuing of the Notes. Such further debt may reduce the amount recoverable by the Noteholders or may worsen the position and priority of the Noteholders when claiming recovery from the Issuer.

The Issuer is not obliged to compensate for withholding tax or similar on the Notes

In the event of any withholding tax, public levy or similar is imposed in respect of payments to Noteholders on amounts due pursuant to the Notes, the Issuer is neither obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding tax or similar nor entitled to a premature redemption of the Notes.

INFORMATION ABOUT THIS LISTING PROSPECTUS

Responsibility Statement

The Issuer accepts responsibility for the completeness and accuracy of the information contained in this Listing Prospectus. To the best knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Special Cautionary Notice Regarding Forward-Looking Statements

Certain statements in this Listing Prospectus, including but not limited to certain statements set forth under '*Risk Factors*', '*Information about the Issuer*' and '*Financial and Trend Information, Prospects*', are based on the beliefs of the Issuer's management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual financial condition or achievements of the Issuer or the state of the Finnish economy to differ materially from any future financial condition of achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, the risks described under '*Risk Factors*'. The forward-looking statements are not guarantees of the future operational performance or financial condition of the Issuer. In addition to factors that may be described elsewhere in this Listing Prospectus, the factors discussed under '*Risk Factors*' could cause the Issuer's actual financial condition to differ materially from that expressed in any forward-looking statement. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Issuer's actual financial condition or its ability to fulfil its obligations under the Notes could differ materially from that described herein as anticipated, believed, estimated or expected. The Issuer does not intend and does not assume any obligation to update any forward-looking statements contained herein unless required by applicable legislation. For additional information that could affect the financial condition of the Issuer, see '*Risk Factors*'.

Third-Party Information

This Listing Prospectus contains information about the Issuer's operating environment. Where certain information concerning the Issuer's operating environment contained in this Listing Prospectus have been derived from third party sources, such as government publications, the name of the source is given therein. Such publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Information compiled and published by the Finnish Ministry of Social Affairs and Health, the Finnish Ministry of Employment and the Economy and the Finnish Ministry of Finance has been referred to in this Listing Prospectus under '*Information about the Issuer*', '*The Finnish Unemployment Benefit System*' and '*Financial and Trend Information, Prospects*', among others. The Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer or the Lead Managers have not independently verified, and cannot give any assurances as to the appropriateness of, such information.

No Incorporation of Website Information

This Listing Prospectus will be published on the Issuer's website at <http://investors.tvr.fi/en/investors>. However, the contents of the Issuer's website or any other website, excluding this Listing Prospectus, do not form a part of this Listing Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Listing Prospectus has only been prepared for the Listing and does not constitute an offer to the public. Therefore, this Listing Prospectus has been prepared on the basis that all offers of the Notes in the European Economic Area (the 'EEA') will be made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the EEA, from the requirement to produce a prospectus under the Prospectus Directive for offers of securities. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for the Issuer or the Lead Managers to publish a prospectus under the Prospectus Directive for such offer. Neither the Issuer nor the Lead Managers have authorised, nor do they authorise, the making of any offer of securities through any financial intermediary. In relation to each member state of the EEA which has implemented the Prospectus Directive (each a '**Relevant Member State**'), an offer to the public of any Notes may not be made in that Relevant Member State, except that an offer of the Notes to the public in that Relevant Member State may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive by the Issuer or the Lead Managers.

For the purposes of this provision, the expression an 'offer to the public' in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of the Notes to be offered so as to enable an investor to decide to purchase any of the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Listing Prospectus has only been prepared for the Listing and does not constitute an offer to the public. Therefore, in the United Kingdom this Listing Prospectus may be distributed only to, and may be directed at, (a) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the '**Order**') or (b) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as '**relevant persons**'). Any person who is not a relevant person should not act or rely on this document or any of its contents.

INFORMATION ABOUT THE ISSUER

General

The official name of the Issuer is the Unemployment Insurance Fund (in Finnish, *Työttömyysvakuutusrahasto*). The Issuer is a Finnish public institution established by law on 1 December 1998. The Issuer is domiciled in Helsinki, Finland and registered under the identity code 1098099-7. The Issuer's registered address is Kansakoulukuja 1, FI-00121 Helsinki, Finland and telephone number is +358 9 6803 7380.

The Issuer is an independent institution funded by employers and employees, governed by social partners and supervised by the FIN-FSA. The main task of the Issuer is to finance unemployment benefits. The Issuer also steers, develops and monitors the implementation of the collection procedure of unemployment insurance contributions, and determines and collects the employer's liability component (in Finnish, *työnantajan omavastuumaksu*) within the unemployment insurance contribution. In addition, the Issuer processes employers' professional education allowances. All the Issuer's tasks are set forth in legislation, and the Issuer is not allowed to take on further tasks without express amendments to statutory provisions. Furthermore, the contributions collected cannot be used for any other purpose than statutory payments.

Legal Status of the Issuer

The Issuer was established by law through the Finnish Act on Financing of Unemployment Benefits in 1998. In addition, the operations of the Issuer are mainly governed by the Finnish Decree on Financing of Unemployment Benefits and the Finnish Decree on Rules of Procedure of the Unemployment Insurance Fund.

The Issuer is considered to be part of 'indirect public administration' (in Finnish, *välillinen julkishallinto*). Indirect public administration institutions are generally established by law and/or their functions are determined by law, and their administrative bodies are appointed, and their operations are supervised, by a governmental body. However, the Issuer is not considered as public authority (in Finnish, *viranomainen*) for the purposes of the Finnish Constitution (731/1999, as amended) that could exercise significant public authority. Therefore, for example, certain decisions regarding the Issuer are approved by the Finnish Parliament. For example, the Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August. The Ministry of Social Affairs and Health verifies the items of outflows to beneficiaries for the next calendar year by October and prepares the government proposal about the contribution rates for the Finnish Parliament in October. The percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits.

The Issuer is a legal person that has its own rights and obligations. It has the legal capacity to enter into contracts within the parameters set forth in the laws and regulations governing its operations. The Finnish Act on Financing of Unemployment Benefits explicitly gives the Issuer the right to incur debt in order to fulfil its obligations. Due to its legal status as an indirect public institution established by law, the Issuer cannot be declared bankrupt pursuant to the Finnish Bankruptcy Act or enter into corporate reorganisation pursuant to the Finnish Corporate Reorganisation Act. However, claims against the Issuer may be enforced through recovery procedures pursuant to the Finnish Enforcement Code.

Pursuant to an interpretation of the FIN-FSA stated in its Regulations and Guidelines 25/2013 on capital requirement calculation and large exposures, exposures to the Issuer shall be treated as exposures to public sector entities referred to in Article 116 of the EU Regulation (575/2013) on prudential requirements for credit institutions and investment firms.

Supervision

The Issuer is supervised by the FIN-FSA. The FIN-FSA generally supervises the Issuer in accordance with the laws governing the FIN-FSA's operations (including the Finnish Act on the Finnish Financial Supervisory Authority (878/2008, as amended)), its supervisory strategy and any information collected from the service providers it supervises. The FIN-FSA is entitled to receive any information necessary from the Issuer for conducting its supervisory role. The FIN-FSA may prohibit any decision or resolution made by a service provider it supervises, if such decision or resolution is not consistent with the regulations concerning such provider.

The Ministry of Social Affairs and Health is also entitled to receive information regarding the Issuer. The Issuer is required to annually deliver a report about its operations to the Ministry of Social Affairs and Health as well as a review regarding any issues arising in relation to imposing and collecting of unemployment insurance contributions together with any actions taken in respect thereof. The Issuer is required to deliver a proposal relating to the payment percentages regarding the unemployment insurance contributions to the Ministry of Social Affairs and Health, based on

which they are set annually by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits.

History of the Issuer

The predecessor of the Issuer, the Central Fund of Unemployment Funds (the '**Central Fund**') (in Finnish, *Työttömyyskassojen keskuskassa*), was founded at the joint initiative of the social partners in 1960. The employers started to pay contributions to the Central Fund and had sole control over it. The main task of the Central Fund was to finance the Unemployment Funds under the guidance of the Ministry of Social Affairs and Health. In the 1970s, the Central Fund also started to finance severance pay, pay security and pension accrued from the unemployment period.

In the beginning of the 1990s, the unemployment rate increased to 18 per cent, which resulted in a significant rise in employer contributions. The performance of the Central Fund's obligations was secured through loan financing and by starting to collect employee's unemployment contributions in 1993.

The Issuer was established through the Finnish Act on Financing of Unemployment Benefits in 1998, and it launched its operations in 1999. In the same year, representatives of employees were also included in the governing bodies of the Issuer and the Issuer started to accumulate the business cycle buffer.

In 2009, the Finnish GDP decreased by 8 per cent, and the cost of unemployment benefit system increased sharply. As a result, the government took an active role and committed to guarantee loans needed for financing the Issuer's operations and committed to provide directed financing to the Issuer. In addition, the government participated in the financing of temporary layoff benefits normally funded by the Issuer, totalling EUR 337 million in 2010–2013.

Until 2010, the estimates regarding assets and liabilities of the Issuer used when setting the buffer corresponded to the expenses that would be incurred by the Issuer if the level of unemployment increased by a maximum of 3.6 percentage points. In 2010, the Finnish Act on Financing of Unemployment Benefits was amended so that this statutory level was increased to correspond to a level of unemployment of 5.0 per cent in order to strengthen the sustainability of the Issuer's finances, enhance the functionality of the buffer and to secure stability and reasonable level of unemployment insurance contributions.

Since the start of the Issuer's operations, various tasks formerly carried out by the Ministry of Social Affairs and Health, the Ministry of Employment and the Economy or the FIN-FSA have been transferred to the Issuer through amendments to legislation. Such tasks include supervision of the implementation of the collection procedure of unemployment insurance contributions, determining and collecting the employer's liability component within the unemployment insurance contribution, and processing the employers' professional education allowance.

The Listing would be the first listing of a security issued by the Issuer.

Main Tasks of the Issuer

Various significant changes during the 2014 and 2013 financial periods described below are due to the increase of unemployment in Finland and increase of the number of unemployment allowance days, which affects the Issuer both by increasing the level of unemployment benefits payable and reducing contributions by the employers and the employees.

Funded unemployment benefits

By virtue of the Finnish Act on Financing of Unemployment Benefits and with regard to the funding of earnings-related unemployment benefits, the Issuer is responsible for the costs incurred from basic unemployment allowances (in Finnish, *työttömyyspäiväraha*), employment promotion measures and job alternation compensations (in Finnish, *vuorottelukorvaus*), insofar as the state or specific unemployment funds are not responsible for these. The above-mentioned benefits are paid from the unemployment funds (in Finnish, *työttömyyskassa*). Adult education allowances (in Finnish, *aikuiskoulutustuki*) are paid from the Education Fund (in Finnish, *Koulutusrahasto*). The Issuer is also responsible for the unemployment insurance contributions of unemployed persons and recipients of the adult education allowance, paid to employment pension insurance institutions through the Finnish Centre for Pensions (in Finnish, *Eläketurvakeskus*).

According to the Finnish Decree on the Implementation of the Act on Unemployment Funds (272/2001, as amended), the processing of prepayment applications and the decision on ordering payment, together with monitoring the sufficiency of prepayments, fall within the duties of the Issuer. The Issuer makes prepayments to unemployment funds

twice a month and forwards the prepayments of government contributions to such funds on the first banking day of each month. The government contribution is recognised as the Issuer's income and expenses.

In 2014, there were 30 (2013: 32) unemployment funds operating in Finland, of which two served entrepreneurs. The earnings-related unemployment allowance paid by these funds was on average EUR 67.58 (2013: EUR 66.97) per day.

In 2014, the Issuer paid a total of EUR 1,651 million (2013: EUR 1,326 million) to the unemployment funds for financing the unemployment benefits. Due to temporary amendments to legislation, the Finnish State participated in 2010, 2011 and 2013 in the financing of the basic unemployment allowance portion of the lay-off allowance. These exceptional activities ended in 2014, which resulted in an increase in the amount unemployment allowance days and, accordingly, increased the Issuer's expenses compared to the previous year by EUR 125 million and correspondingly decreased the state's expenses. In addition, the Issuer forwarded EUR 1,054 million (2013: EUR 1,039 million) to the unemployment funds as the contribution of the Ministry of Social Affairs and Health.

In accordance with the Finnish Act on Financing of Unemployment Benefits, the Issuer is responsible for expenses related to additional days to the unemployment benefits. The unemployment funds pay additional daily unemployment benefits, which are not financed by the state, to their members.

The Issuer has the sole responsibility for financing of the supplementary allowance (in Finnish, *korotusosa*) and change security supplement (in Finnish, *muutosturvalisä*) of the basic unemployment allowance. These benefits are paid both by the unemployment funds and the Social Insurance Institution of Finland ('**Kela**') (in Finnish, *Kansaneläkelaitos* or *Kela*). In 2014, EUR 0 million (2013: EUR 17 million) was paid by the Issuer related to the change security supplement. Kela paid corresponding supplementary allowances of EUR 0 million (2013: EUR 2 million). From the beginning of 2015, the way the higher income earnings-related unemployment allowances are calculated was changed so that the level of allowances decreases by approximately EUR 50 million. The same change was carried out regarding the supplementary earnings-related allowances. These changes were executed to implement the decision on reduction of basic unemployment allowances, which was part of the framework decision of the Government. The change decreases expenses related to earnings-related unemployment allowance. To implement government savings, the Issuer pays the amount of savings (approximately EUR 50 million) yearly to Kela to be used to finance the basic social security.

Pursuant to the Finnish Act on Unemployment Funds (556/1998, as amended), the Issuer may pay, upon its discretion, a membership fee equalisation payment to those employee's funds that have paid significantly more unemployment benefit days in the previous year than the average per member for all unemployment funds, in order to even out the unemployment burden prevailing in different industries, within the limits of an appropriation decided by the Supervisory Board each year. The balance of the unemployment fund's equalisation fund may also be taken into account in determining the membership fee equalisation payment. The Board of Directors of the Issuer has also paid attention to the level of membership fees in relation to other unemployment funds and to the changes in the membership fees in the two preceding years.

In 2014, a total of EUR 10 million (2013: EUR 10 million) was used on equalisation payments. The amount used for equalisation was 0.40 per cent (2013: 0.47 per cent) of the unemployment funds' benefit payments, the maximum prescribed in the Finnish Act on Unemployment Funds being 0.75 per cent. The membership fee equalisation payments were made to eight employee's funds, compared to six in the previous year. Changes in the Issuer's membership fees in 2014 and 2013 were also taken into account in the equalisation decisions.

Financing of pension accrual of unemployed persons and recipients of job alternation compensation and adult education allowance

The second largest expense of the Issuer has been the contribution paid to the Finnish Centre for Pensions in accordance with the Finnish Employees Pension Act (395/2006, as amended) to cover the liabilities and expenses arising from taking into account the time of unemployment, education and job alternation leave. The amount of this contribution is determined by estimating the average amount of pension contributions that would be paid for the unpaid periods that constitute the basis of the accrued pension security.

Based on the estimate of the Finnish Centre for Pensions, the recognised expense in 2014 was EUR 821 million (2013: EUR 640 million). The contribution was paid as a prepayment during 2014. The final contribution for 2014 will be confirmed afterwards by the Ministry of Social Affairs and Health during 2015.

As stated above, the Issuer is responsible for the contribution provided for in the Finnish State Employee's Pension Act (1295/2006, as amended) to the State Pension Fund. In 2014, contributions paid by the Issuer amounted to EUR 6 million (2013: EUR 7 million). The final contribution for 2014 will be confirmed afterwards by the Ministry of Social Affairs and Health during 2015.

Settlement to Kela of income from the unemployment insurance contributions of employees who are not members of an unemployment fund

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer pays to Kela an annual amount from employee's unemployment insurance contribution income, corresponding to the percentage of employees who are not members of an unemployment fund. The amount of the settlement is confirmed by the Ministry of Social Affairs and Health. In 2014, the percentage of employees not being members of an unemployment fund was 14.2 (2013: 13.2) and prepayments amounted to EUR 52 million (2013: EUR 62 million).

Financing of the Education Fund's benefits and operations

Pursuant to the Finnish Act on Education Fund (1306/2002, as amended) and the Finnish Act on Adult Education Allowance (1276/2000, as amended), the Issuer is responsible for the financing of the earnings-related part of the adult education allowance and the scholarships, together with the related administrative expenses. The benefits are paid from the Education Fund. In 2014, the Issuer paid to the Education Fund a total of EUR 84 million (2013: EUR 72 million). The increase in expenses is due to a sharp increase of adult education allowance expenses. This is a result of a significant increase in the amount of the allowance during 2010, followed by an ongoing growth in the number of applicants and beneficiaries.

Financing of pay security

Pursuant to the Finnish Pay Security Act (866/1998, as amended), the Issuer is responsible for the state's pay security expenses. Pay security expenses are paid once a year, normally in March of the following year, to the Ministry of Employment and the Economy. In 2014, pay security expenses amounted to EUR 27 million (2013: EUR 33 million).

Determination and collection of the unemployment insurance contribution

The Issuer determines and collects the unemployment insurance contributions pursuant to the Finnish Act on Financing of Unemployment Benefits. The determination and collection of unemployment insurance contribution was transferred from accident insurance institutions (in Finnish, *tapaturmavakuutuslaitokset*) to the Issuer at the beginning of 2013. During 2014, the unemployment insurance contributions determined by the Issuer amounted to EUR 1,900 million (2013: EUR 2,151 million). A total of EUR 101 million of the unemployment insurance contributions were refunded by the Issuer, since due to weak development of the economy, the actual amount of wages was smaller than the prepayments made, in which case the Issuer is obliged to refund the excess amount.

Supervision of collection of unemployment insurance contributions

In 2015, the Issuer supervises directly the fulfilment of employer's responsibilities for years 2013 and onwards and may employ information received from the Finnish Tax Administration in this task.

In 2013, supervising the fulfilment of the responsibilities related to the unemployment insurance contributions provided by law was transferred to the Issuer pursuant to amendment of the Finnish Act on Financing of Unemployment Benefits. The Issuer bases this supervision, among others, on information on paid salaries received from the Finnish Tax Administration. By this supervision, it is ensured that the reported amounts of salary that determines the amount of employer's unemployment insurance contributions are accurate and the collected amounts are correct. In addition, this supervision addresses the failures of payment obligation for both unemployment insurance contributions and accident insurance contributions.

Until 2015, the Issuer has supervised the employers together with the accident insurance institutions and, additionally, the Issuer has supervised the accident insurance institutions. This legacy supervision role covers the years until 2012. The supervision for 2012 that was carried out during 2014 was the last supervision round carried out jointly with the accident insurance institutions. Since the accident insurance institutions no longer participate in imposing the unemployment insurance contributions, the Issuer no longer supervises these institutions.

In 2014, there were 383 (2013: 487) cases taken under the supervision. Of these, investigations concluded 111 (2013: 108) to be unfounded. In 2014, the supervision confirmed a total of EUR 3 million (2013: EUR 3 million) missing from the unemployment insurance contribution income, and repayments have been assigned by the amount of EUR 900,000 (2013: 250,000).

Employers' liability component in unemployment allowances

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer determines and collects the liability component of unemployment allowances from employers.

In 2014, a total of 11,757 (2013: 10,975) new cases related to the liability component in unemployment allowance were initiated by the Issuer based on the notifications of unemployment funds and Kela. The number of assigned liability component compensations for employers by the Issuer was 2,849 (2013: 3,200), of which the realised amount of payments was EUR 55 million (2013: EUR 80 million). In 2014, EUR 74 million (2013: EUR 69 million) was recognised as income and EUR 89 million (EUR 111 million) was accrued and recognised as income in the following years. In 2014, the average amount of liability component compensations was EUR 18,986 (2013: EUR 24,325). The criteria to assign a liability component compensation were not fulfilled in 9,566 (2013: 8,084) cases. In 2014, the employer complained in 65 (2013: 49) payment decisions.

Responsibilities of the Issuer based on the Finnish Employment Contracts Act

Pursuant to the Finnish Employment Contracts Act (55/2001, as amended), the courts have to hear the Issuer in disputes that relate to the termination of employment and when the claimant has received earnings-related unemployment allowance after the termination of employment. In 2014, the Issuer gave a total of 1,020 (2013: 972) statements, of which 633 (2013: 589) were to the District Courts, 11 (2013: 14) to the Labour Court, 112 (2013: 120) to the Courts of Appeal and 264 (2013: 249) to other parties.

In 2014, the Issuer received payments of EUR 1 million based on the Finnish Employment Contracts Act. EUR 1 million (2013: EUR 0 million) will be settled to the Ministry of Social Affairs and Health that corresponded on average a 49 per cent (2013: 49 per cent) financing share to the unemployment funds and EUR 1 million (2013: EUR 0 million) was recognised as income of the Issuer.

Employers' professional education allowance

Professional education allowance (in Finnish, *koulutuskorvaus*) is a form of financial support for the development of competence for employers who are not eligible for training-fee-related tax deductions based on the Finnish Business Tax Act (360/1968, as amended) or the Finnish Agricultural Income Tax Act (543/1967, as amended). Professional education allowance is based on the Finnish Act on Compensating Professional Education (1140/2013, as amended). The purpose of the professional education allowance is to improve the employer's opportunities to organise education for its employees to develop their professional competence. Professional education allowance can be given for a maximum of three training days per employee per year.

The Issuer advises employers in matters related to professional education allowance and implements the deduction based on the professional education allowance from the unemployment insurance contributions. Professional education allowance can be applied in 2015 for the first time based on education arranged during 2014.

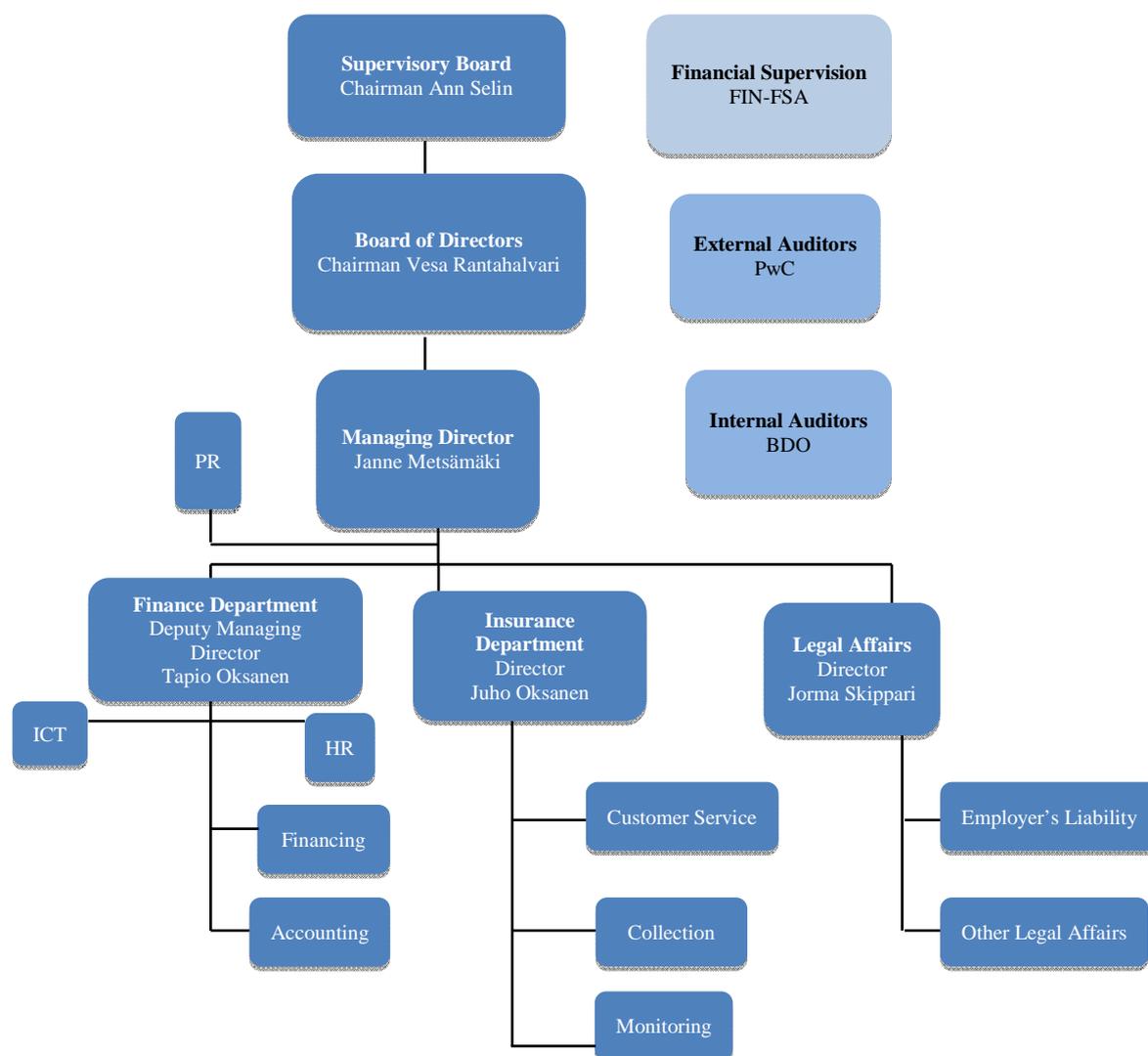
The Issuer's role in EU coordination

The Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems (basic regulation) provides for situations in which a person becomes unemployed after working in a Member State other than his or her country of residence.

In Finland, the Issuer has been designated as the competent body when implementing this basic regulation with regard to earnings-related unemployment insurance. The Issuer's responsibilities include the payment and collection of the compensations provided for in the Regulation, incurred from basic unemployment allowance paid to the members of unemployment funds. In 2014, the Issuer paid EUR 57,319 (2013: EUR 49,916) in such compensations and received a total of EUR 88,491 (2013: EUR 119,027).

Organisation

The Issuer's organisation is as follows:



As at 26 May 2015, the Issuer employed 101 persons, of whom 26 were seasonal workers. The members and tasks of the Issuer's Management Group have been presented under '*Directors and Management – Management Group*' of this Listing Prospectus.

Agreements Outside the Ordinary Course of Operations

On 29 April 2015, the Issuer signed with six Nordic banks a revolving credit facility agreement of EUR 1,000 million, which will cover the credit needs that the Issuer is aware of in 2015 and afterwards. For further information on such agreement and the incurrence of debt in the Issuer's operations, see '*Financial and Trend Information, Prospects – Recent Events*' and below '*– Funding of the Issuer's Obligations – Incurrence of Debt*'.

Except for the revolving credit facility agreement described above, there are no material contracts that are not entered into in the ordinary course of the Issuer's operations which could result in any obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Noteholders.

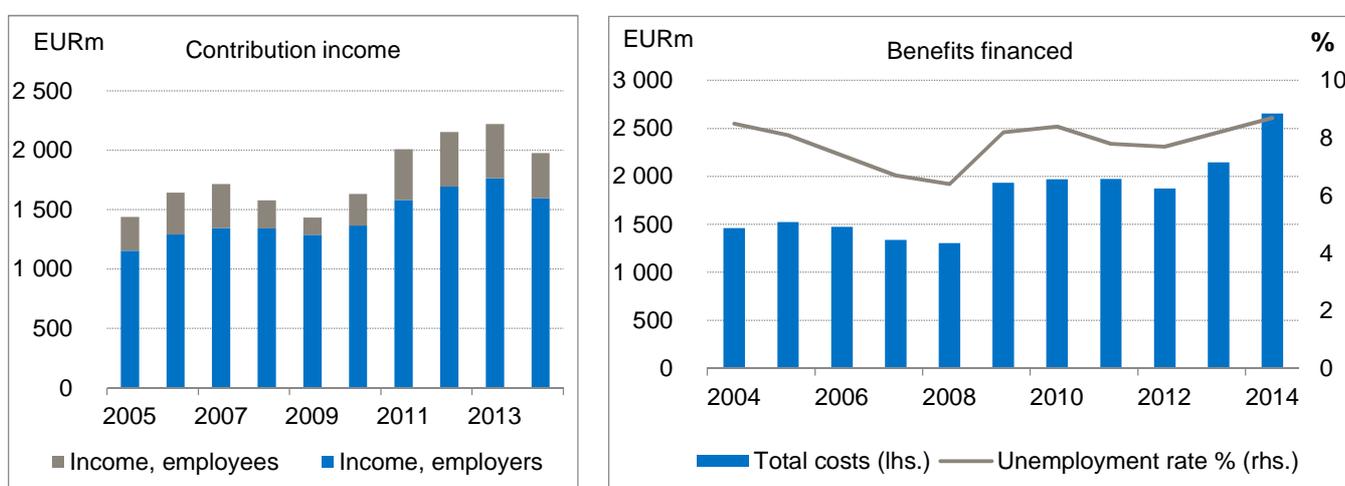
Funding of the Issuer's Obligations

The main expenses of the Issuer consist of payments of unemployment benefits. The Issuer is not funded through the State's budget. Instead, the Issuer is responsible for imposing and collecting (i) mandatory unemployment insurance contributions from employers and employees and (ii) employers' liability component (if an employer has dismissed or laid off an employee who has subsequently become long-term unemployed, subject to certain criteria) in order to

finance its obligations set forth in law. In addition to these main sources of funding, the Issuer may derive profits from its investments. The Issuer may also incur debt in order to secure its liquidity subject to the approval of the FIN-FSA. However, if the Issuer's business cycle buffer turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA.

In the Finnish unemployment benefit system, the basic unemployment benefits are paid by the Finnish State, while the earnings-related unemployment benefits are financed by employers and employees.

Employers' contribution percentages decreased for 2014, and were 0.75 per cent (2013: 0.80 per cent) of the wages up to EUR 1,990,500 (2013: EUR 1,990,550) and 2.95 per cent (2013: 3.20 per cent) of the wages for the part exceeding this. The average contribution percentage was 2.20 per cent (2013: 2.38 per cent). Employees' unemployment insurance contribution was 0.50 per cent (2013: 0.60 per cent) of the wages, based on the Issuer's proposal. Employers' unemployment insurance contributions amounted to EUR 1,524 million (2013: EUR 1,695 million), of which municipalities and municipal federations paid EUR 471 million (2013: EUR 508 million). Employees' unemployment insurance contributions amounted to EUR 378 million (2013: EUR 457 million), of which municipalities and municipal federations paid EUR 83 million (2013: EUR 99 million). The contribution income received and benefits financed by the Issuer are described in the following tables:



Employers' contribution percentages for 2015 are 0.80 per cent of the wages up to EUR 2,025,000 and 3.15 per cent of the wages for the part exceeding this. The employees' unemployment insurance contribution for 2015 is 0.65 per cent of the wages, and employer's average contribution percentage is expected to be 2.33 per cent.

The Issuer collects the unemployment insurance contributions during each calendar year as advances. The amount of the advance is based on salaries paid during the current calendar year and preceding calendar years, other information regarding the salaries, general salary development and information provided by the employers. The employers must provide the Issuer with the realised amount of the salaries during a calendar year by the end of January the following calendar year and the Issuer imposes the final amounts of the unemployment insurance contributions to be paid by employers and employees by the end of October of the same year. The Issuer issues a decision regarding the final amounts, including any additional payments to be made or any payments to be refunded by the Issuer. Such decision may be appealed by the relevant employer.

Pursuant to the legislation, the level of unemployment insurance contributions is determined only once a year based on forecasts. Therefore, actual funding needs of the Issuer may not correspond to the level of contributions paid as predicting the unemployment level is difficult. Changes in the level of unemployment may affect both the Issuer's income and expenses: when unemployment increases, the Issuer's expenses increase and its income decreases and vice versa. For this purpose, pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer has a business cycle buffer to secure its liquidity and to balance the changes in the unemployment insurance contributions due to economic cycles. The buffer constitutes the difference of the Issuer's assets and liabilities. The buffer shows accumulated deficit, when the Issuer's liabilities exceed its assets, and it shows accumulated surplus when the Issuer's assets exceed its liabilities.

The estimates regarding assets and liabilities of the Issuer used when setting the buffer may correspond to the expenses within a year that would be incurred by the Issuer if the level of unemployment increased by a maximum of 5.0 percentage points. This increase level was set forth in legislation in 2010 in order to ensure an adequate level of the

buffer (for further information, see *‘Information about the Issuer – History of the Issuer’*). The maximum amount of the buffer is calculated by dividing the Issuer’s annual expenditures, EUR 2,651 million in 2014, by the average unemployment rate for the year (in 2014: 8.7 per cent in accordance with Statistics Finland) and multiplying the result by five. In 2014, the maximum amount of the buffer, provided for in legislation, was thus EUR 1,524 million. The maximum amount of the buffer is calculated annually pursuant to the audited financial statements and such amount is applied until it may be re-calculated pursuant to the audited financial statements for the following financial period.

The buffer is also important given the fact that the timing of the Issuer’s income and expenses deviate significantly during the year. The unemployment insurance contributions are paid four times a year, whereas the Issuer’s expenses are divided more evenly during the year as the unemployment benefits are paid out monthly. Thus, the Issuer’s assets may vary quite significantly during a short period of time. The target of the buffer is that, during any upswing in the economy, the Issuer’s assets would be nearly at their maximum. The purpose of the buffer is to reduce the likelihood of needing to change the amount of the unemployment insurance contributions once the Issuer’s expenses start to increase. However, the contributions should be set at such a level that the maximum amount of the buffer is not exceeded. In order to secure the steady development of the payments made by the Issuer, the unemployment insurance contributions may, once every three years, be set so that the maximum amount of the buffer is exceeded. In such case, the amount of the unemployment insurance contributions would not need to be reduced in cases where, for example, a recession is expected to occur in the foreseeable future. Nevertheless, the unemployment insurance contributions cannot be set at a level exceeding the contributions collected in the previous year.

Forecasts employed by the Issuer

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the level of unemployment insurance contributions must be set so that the Issuer is able to fulfil all of its obligations under the said Act. Pursuant to the said Act, the Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August, and the percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits. The Issuer bases its proposal on forecasts prepared by the Finnish Ministry of Finance, banks and economic forecast institutions.

When imposing the unemployment insurance contributions of the following year, the size of the buffer even for the current year can only be assessed based on a forecast. Likewise, the maximum size of the buffer can only be determined based on expenses shown by the financial statement and the unemployment rate, which is known after the end of the year. A forecast on the following year’s unemployment rate is available, while income and expenses can only be estimated. Expenses of the Issuer change exceptionally much, since when unemployment increases, unemployment allowance expenses increase and unemployment insurance contributions decrease, while improvement of the employment decreases the unemployment allowance expenses and increases the unemployment contributions.

Therefore, the contributions cannot be set in advance so that at the end of the following year, the buffer would correspond exactly to the statutory maximum amount. Therefore, the maximum amount is based on a forecast, and the maximum amount may factually exceed its statutory maximum amount, if circumstances change after preparing the forecast. The forecast and the budget regarding the buffer size must be justified. The assumptions used are estimates prepared by the Ministry of Finance. When imposing the unemployment insurance contributions, the business cycle buffer in accordance with the estimate must not exceed its statutory maximum amount. Forecasts prepared by the Ministry of Finance are decisive when assessing whether the buffer exceeds its maximum amount. When carrying out its other forecasting operations, the Issuer may also use, and in practice also uses forecasts from other sources.

The Issuer’s base case scenario is described below (source: the Issuer, Statistics Finland).

Amounts, %	2014	2015e	2016e
Unemployment rate	8,7	9,5	9,3
Inflation rate	1,0	0,3	1,4
Wage sum growth	0,6	0,0	1,5
UIC, employers	2,19	2,33	2,84
UIC, employees	0,50	0,65	1,15

P/L base case, EUR million	2014	2015e	2016e
Employer contribution	1,598	1,689	2,089
Employee contribution	378	491	891
Benefits paid, total	-2,651	-2,953	-2,954
Surplus/deficit	-672	-773	26
Business cycle buffer	-9	-782	-756
Max. limit for buffer	-1,507	-1,554	-1,588

Investment operations

Pursuant to the Finnish Decree on Rules of Procedure of the Unemployment Insurance Fund, the Issuer's funds must be invested in a manner that generates and secures income while taking into account the Issuer's liquidity.

This is reflected in the investment principles approved by the Issuer's Supervisory Board on 22 April 2015 and, accordingly, the business cycle buffer of the Issuer and other assets of the Issuer must be invested in a manner that generates and secures income while taking into account the Issuer's liquidity, primarily in money-market investments and bonds. Interest-bearing euro-denominated deposits must be invested in deposit banks supervised by the FIN-FSA. In order to secure liquidity, an amount corresponding to one month's expenditure must be invested in less than one-year fixed income investments. If the buffer falls below this threshold, short-term loans can be used to fill such temporary payment deficits. This amount is approximately EUR 300 million, and such a liquidity buffer had to be financed by short-term debt financing at the end of 2014. The Board of Directors sets limits on investments in individual risk concentrations in the annual investment plans.

The size of the Issuer's investment portfolio varies substantially during the calendar year. In 2014, the Issuer invested actively in money market instruments, bonds and, to a lesser degree, shares. At the end of the year, EUR 167 million (2013: EUR 422 million) of the Issuer's assets were invested in money market instruments, EUR 203 million (2013: EUR 340 million) in bonds and EUR 12 million (2013: EUR 15 million) in investment funds and equities, of which the share of investments in equities was EUR 1 million (2013: EUR 1 million). Net investment income amounted to EUR 4 million (2013: EUR 2 million). Other finance income and costs amounted to a net cost of EUR 1 million (2013: a net cost of EUR 0 million), because of the credit facility fees and interest costs for debt financing.

In 2014, the Issuer achieved a return of 0.6 per cent on invested capital. This was significantly lower than the long-term average, but exceeded the benchmark return by 0.3 percentage points. The portfolio management of the Issuer was organised in the usual manner, with the Issuer managing liquid money market funds and the management of long-term securities spread between external asset managers and the Issuer.

Incurrence of Debt

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer is entitled to incur debt in order to fulfil its obligations. If the Issuer's liabilities exceed its assets, the Finnish Government may provide governmental guarantees to secure debt incurred by the Issuer and the terms and conditions thereof as for its own debt (in Finnish, *omavelkainen takaus*) without requiring any counter-guarantees. The Finnish Government may impose conditions in respect of its guarantees. The Issuer is required to report to the Ministry of Finance concerning the usage of such guarantees and operational cash flows.

The Issuer may also incur debt in order to secure its liquidity subject to the approval of the FIN-FSA, and in 2010, the Issuer established a short-term commercial paper program. In addition, if the Issuer's business cycle buffer turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA.

In 2014, the Issuer's finances developed weaker than expected. The Issuer's actual deficit in 2014 amounted to EUR 672 million, which exceeded the deficit estimated in the budget by more than EUR 400 million. The actual expenditure exceeded estimates by more than approximately EUR 371 million. As a result, the Issuer's business cycle buffer turned to negative, i.e. the accumulated deficit of the buffer exceeded assets by EUR 9 million. The buffer is expected to remain negative also in 2015 and, therefore, the Issuer is entitled to incur debt to fulfil its obligations in accordance with the law and is preparing for significant incurrence of debt in its 2015 budget. The maximum amount of

the buffer limits the planned incurrence of debt when preparing the budget. However, if the estimate of the necessary debt based on forecasts prepared by the Ministry of Finance turns out to be too small, the amount of debt may exceed the buffer.

On 29 April 2015, the Issuer signed with six Nordic banks a revolving credit facility agreement of EUR 1,000 million, which will cover the credit needs that the Issuer is aware of in 2015 and afterwards. For further information concerning the revolving credit facility, see '*Financial and Trend Information, Prospects – Recent Events*'.

Credit Ratings

The Notes have been assigned a credit rating of 'AA+' by S&P. The Issuer has a credit rating of 'AA+' long-term and 'A-1+' short-term from S&P. The rating report on the Issuer was issued by S&P on 21 May 2015.

The rating of 'AA+' by S&P means that the rated entity has very strong capacity to meet financial commitments, and the rating of 'A-1+' by S&P means that the obligor's capacity to meet its financial commitment on the obligation is strong. S&P may modify the ratings 'AA' to 'CCC' by the addition of a plus (+) or minus (-) to show the relative standing within the major rating categories.

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).

Auditors

The financial statements of the Issuer covering the financial periods ended 31 December 2014 and 31 December 2013 (IFRS) appended hereto as Annex B have been audited by PricewaterhouseCoopers Oy under the supervision of principal auditor Juha Wahlroos, Authorised Public Accountant. For the financial period commenced 1 January 2015, PricewaterhouseCoopers Oy under the supervision of principal auditor Juha Wahlroos, Authorised Public Accountant, were appointed as the auditors. The business address of the principal auditor and PricewaterhouseCoopers Oy is Itämerentori 2, FI-00180 Helsinki, Finland.

FINNISH UNEMPLOYMENT BENEFIT SYSTEM

General

The Finnish social security system is one of the most comprehensive systems in the world. In 2013, social expenditure in Finland totalled EUR 63.2 billion (31.3 per cent of GDP while the EU average was 29.5 per cent in 2012). In 2013, the share of the unemployment insurance system of the total social expenditure in Finland was 7 per cent. In 2013, 303,000 people received earnings-related allowance (approximately 11 per cent of the Finnish workforce).

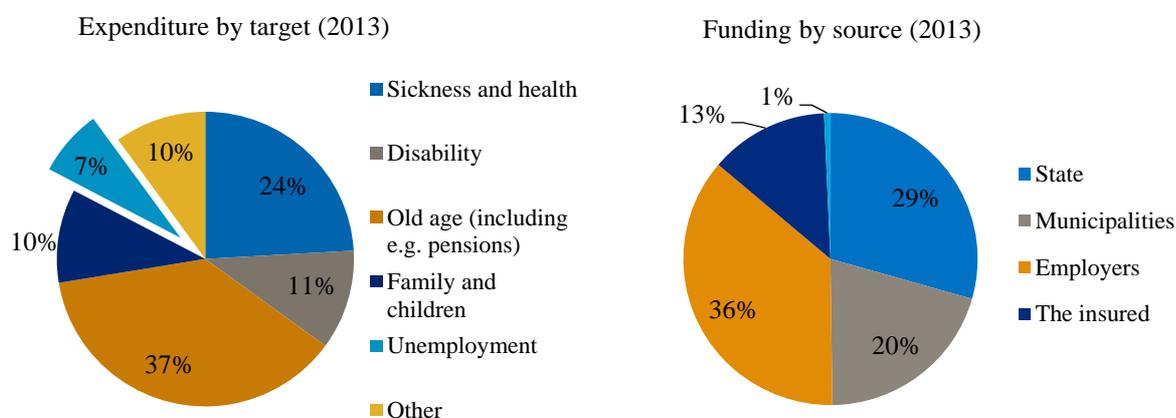
In comparison with other European unemployment benefit systems, the Finnish system represents a combination of the so-called Ghent system, in which the unemployment benefits are controlled and administered by the trade and labour unions, and the traditional system, in which the system is controlled by the government. Sweden is an example of the Ghent system, while the traditional model is followed by Norway, Germany and the United Kingdom. A system similar to that of Finland is followed in France.

Besides the Issuer, a further feature of the Finnish system are the unemployment funds, which pay the earnings-related security to their members during periods of unemployment. In 2013, 86 per cent of the Finnish workforce were members of unemployment funds.

Entitlement to unemployment benefits

In Finland, entitlement to the services and benefits of the social security system in Finland is universal for all people resident in the country. The system, which is funded primarily from taxation and employment-related contributions, provides comprehensive health care and social welfare for everyone at all stages of life. It aims to promote people's involvement in and contribution to the development of a socially sustainable society. These characteristics locate the Finnish system within the Nordic welfare system.

The breakdown of expenditure by target and funding by source of the Finnish social security system is provided in the following graph (source: National Institute for Health and Welfare):



The party responsible for the administration of the overall benefits system is the Finnish Social Insurance Institution (Kela). The Finnish Ministry of Social Affairs and Health is responsible for developing legislation in the areas of social welfare and health. It also acts to oversee, maintain and assert the standards within the social security system. The Finnish social security system is financed partly by the state and partly by the insurance contributions made by employers and employees. Insurance contributions by employers and employees and membership contributions to unemployment funds provide for earnings-related unemployment benefits.

In the Finnish unemployment benefit system, job seekers have basic income security to cover periods of unemployment and to assist with seeking work in the form of unemployment allowance (in Finnish, *työttömyyspäiväraha*), which is paid as a flat rate daily allowance (in Finnish, *peruspäiväraha*) or an earnings related allowance (in Finnish, *ansiopäiväraha*). To be eligible for unemployment benefits claimants must live in Finland, register with an unemployment office as an unemployed job seeker, be in search of full-time work, be fit to work and meet the condition concerning previous employment.

Finnish unemployed jobseekers registered with the employment office as an unemployed job seeker are eligible for unemployment allowance (basic or earnings-related allowance) or labour market subsidy (in Finnish, *työmarkkinatuki*). The flat rate daily allowance is paid by Kela, and the earnings related unemployment allowance is paid by the unemployment funds (in Finnish, *työttömyyskassat*). To qualify for the basic unemployment allowance, the job seeker must meet a specific work requirement (i.e., employment for at least six months during the two years preceding the unemployment).

Earnings-related unemployment allowance is available to people who belong to an unemployment fund and can be paid for up to 500 days. The earnings-related unemployment allowance comprises the basic component, the earnings-related component and the child increases. The amount of the basic component equals the basic unemployment allowance, which is set each year on the basis of the national pension index. In 2015, the basic daily unemployment allowance is EUR 32.80. In principle, the earnings-related component is 45 per cent of the difference between the employee's daily pay and the basic component. If the employee's monthly pay is higher than the income limit (EUR 3,116.00 in 2015), the earnings-related component is 20 per cent of the exceeding amount. Child increase may be claimed for children under 18 years of age and in the employee's care. In 2015, the child increases are EUR 5.29 for one child, EUR 7.77 for two children, and EUR 10.02 for three or more children. The full earnings-related allowance with child increases can be no more than 90 per cent of the daily pay on which the allowance is based. In any case, earnings-related allowance cannot be lower than the basic unemployment benefit including the child increases. Earnings-related allowance is taxable income and paid for five days per week. The key features of the basic allowance and the earnings-related allowance are described in the following graph:

	Basic allowance	Earnings-related allowance
Eligibility	Min. 6-month employment during 28 months before unemployment	Min. 6-month employment during 28 months before unemployment; equally long membership of the unemployment fund
Funding	Finnish State	Finnish State (basic component) and employers & employees (earnings-related component)
Benefit distributor	The Social Insurance Institution	Sectoral unemployment funds
Amount	EUR 705 / month	Typically EUR 1,250-2,000 / month (incl. the basic- and the earnings-related component)
Benefit duration	Max. 500 days	Max. 300-500 days

Labour market subsidy is payable to unemployed job seekers who enter the labour market for the first time or otherwise have no recent work experience. It can also be paid to long-term unemployed persons who have exhausted their 500-day eligibility for the basic or earnings-related unemployment allowance. During participation in labour market training, unemployed persons can be paid either labour market subsidy or unemployment allowance in combination with compensation for expenses. The labour market subsidy is paid by Kela.

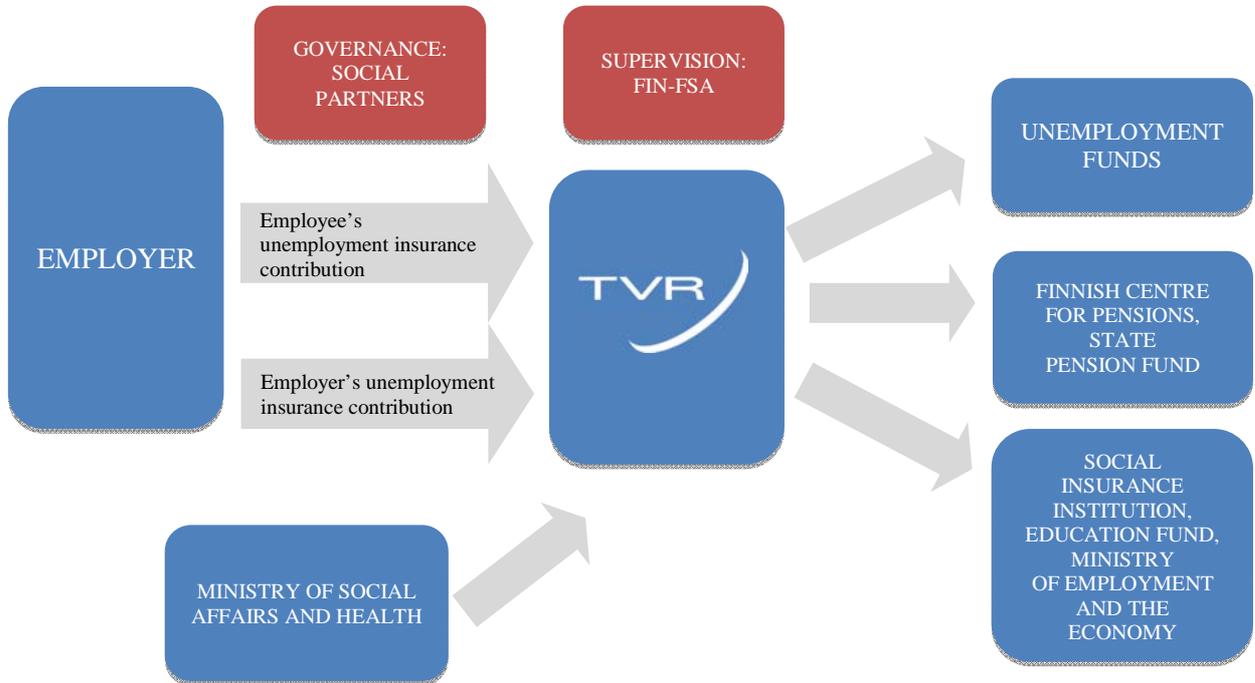
Role of the Issuer in the Finnish unemployment benefit system

The Issuer occupies a critical role in the Finnish unemployment benefit system and in meeting Finland's key economic, social and political objectives. The Issuer is part indirect public administration (in Finnish, *välillinen julkishallinto*) and it operates on behalf of the Finnish Government in providing a key public service. Its main tasks include financing the unemployment benefits, steering, developing and monitoring the implementation of the collection procedure of unemployment insurance contributions, and determining and collecting the employer's liability component within the unemployment insurance contribution.

In the Finnish system, unemployment insurance contributions are used for the financing of unemployment benefits, earnings-related unemployment benefits in particular. Based on the Finnish Act on Financing of Unemployment Benefits and with regard to the financing of earnings-related unemployment allowances, the Issuer is responsible for the expenses from the basic unemployment allowances, employment promotion measures and from job alternation compensations insofar as the state or individual unemployment funds are not liable for these.

The resources accrued from unemployment insurance contributions are distributed to unemployment funds and other parties responsible for the provision of unemployment benefits. Paying unemployment insurance contributions is a statutory obligation. The Issuer provides funding for unemployment benefits, i.e. it distributes the money to unemployment funds and to Kela.

In Finland, employers are under a statutory obligation to pay unemployment insurance. An employer deducts the employee's share of the contribution with each payment of wages. The employer is responsible for forwarding both employee and employer unemployment insurance contributions to the Issuer. The liability to pay is based on the Finnish Act on Financing of Unemployment Benefits. Unemployment insurance contribution percentages are determined annually by law. Contributions are primarily used for financing earnings-related unemployment benefits. The financing system is described in the following graph:



The employer deducts the employee's unemployment insurance contribution in connection with each payment of wages.

The employer forwards the employee's and employer's contributions to the Issuer.

The unemployment insurance contributions are used for the financing of earnings-related unemployment benefits.

Unemployment insurance contributions are collected from the employer in advance during the insurance year. After each insurance year, the employer is obliged to submit a wage sum report to the Issuer for the purpose of determining the final unemployment insurance contribution.

FINANCIAL AND TREND INFORMATION, PROSPECTS

Historical Financial Information

The Issuer's audited financial statements covering financial periods ended 31 December 2014 and 31 December 2013 have been prepared in accordance with IFRS, as adopted by the EU, and appended to this Listing Prospectus as Annex B.

Legal and Arbitration Proceedings

There are no governmental, legal, arbitration or administrative proceedings against or affecting the Issuer (and the Issuer is not aware of any such proceedings being pending or threatened), during a period covering at least the previous 12 months, which have or may have had in the recent past, individually or in the aggregate, significant effects on the operations or the financial position of the Issuer.

No Significant Change in the Issuer's Financial Position

Except for the unemployment allowance expenses increased more than expected due to the increased unemployment rate described under '*Recent Events*' below, there has been no significant change in the Issuer's financial position since 31 December 2014.

Trend Information

Conditions of the operating environment

Performance of the Issuer's finances during 2014 was weaker than expected. The unemployment rate increased slightly and income from the unemployment insurance contributions decreased based on the level of contributions, even though they corresponded to the estimated amount.

The Issuer's business cycle buffer turned to negative, the accumulated deficit in the buffer amounted to EUR 9 million at the end of 2014 (at the end of 2013, accumulated surplus of EUR 663 million). Liquidity was good at the beginning of 2014 when the business cycle buffer and a positive cash flow covered expenses. At the end of 2014, liquidity had to be improved by a short-term commercial paper program.

The uncertainty on the financial markets was reflected in the Issuer's investing activities, with a considerable amount of funds being directed into high-liquidity, low-yield investments.

Since 2011, the amount of unemployment contributions have been ratified through a procedure, by which the Issuer makes a proposal for the amounts of the following year's contributions to the Ministry of Social Affairs and Health by the end of August. This accelerated timetable increases the uncertainty of the following year's economic and unemployment forecast. The unemployment insurance contribution rates are ratified by the Finnish Parliament on the basis of the government proposal. The proposal for contributions can be amended during the parliamentary proceedings.

The determination and collection of unemployment insurance contribution was transferred from accident insurance institutions to the Issuer at the beginning of 2013. The first year 2013 went operationally well and the targets were achieved. At the beginning of 2014, the workload from determination and collection of unemployment insurance contributions increased, when the determination of final payments for 2013 started in addition to the collection of prepayments. Increase of the workload exceeded estimates and therefore until fall 2014, the service level did not meet the target level.

During 2014, the procedures to determine and collect unemployment insurance contributions were established and the know-how related to the determination and collection of unemployment insurance contributions was spread out in the organisation as targeted.

The operational and financial targets for the determination and collection of unemployment insurance contributions were achieved in 2014 and in 2013. Annual targeted cost savings of EUR 10 million through the transfer of the collection of the contributions were achieved in 2014 with cost savings of EUR 10 million.

In August 2014, the Issuer proposed to the Ministry for Social Affairs and Health an increase to both employers' average and employees' unemployment insurance contributions of 0.15 percentage points for 2015, and employer's average contribution percentage is expected to be 2.33 per cent. The Finnish Parliament ratified the government

proposal for the above at the end of November 2014. However, the higher contribution rate for universities was not increased for 2015 and it remained at 2.35 per cent.

The Issuer started to process employer's professional education allowance for 2014 for the first time. In December 2013, the Finnish Parliament ratified the law proposals that were prepared based on the model agreed by the social partners during spring 2013. Based on these law proposals, an employer may receive tax deductions from its training expenses based on the Finnish Business Tax Act. Right to receive a professional education allowance came into effect at the beginning of 2014 and a deduction is granted based on an application of an employer for the first time in spring 2015, when the Issuer confirms the final unemployment insurance contribution amounts for 2014. During 2014, the Issuer advised employers in professional education allowance matters and developed a process for processing professional education allowance applications.

Recent Events

There has not been a material change in the state of economy in Finland since the beginning of 2015 until the date of this Listing Prospectus. According to the information of the Ministry of Employment and the Economy, the amount of unemployed people at the end of January 2015 was 32,000 more than year before. The Issuer's expenditures have continued to grow in the beginning of 2015. The Issuer has received additional prepayment requests from many funds. Based on the information from the beginning of 2015, the Issuer's expenses will grow faster than estimated in the budget. This means that the deficit for 2015 is likely to be significantly higher than budgeted.

In 2014, the Issuer's finances developed weaker than expected. The actual deficit was EUR 672 million, which exceeds that estimated in the budget by EUR 400 million. Actual expenses were approximately EUR 371 million larger than expected. The expenses under the Issuer's responsibility will increase further in 2015. In accordance with a recent estimate by the Issuer, the increase for the current year is 10 per cent. The amount of unemployed job seekers increases, and there has not yet been a turn for the better in the Finnish economy. The unemployment insurance contributions for 2015 were increased, but despite this, the Issuer has to acquire debt finance this year.

The Issuer has a statutory business cycle buffer, which can also be negative. Currently, the maximum amount of the buffer is approximately EUR 1.5 billion. The Issuer's EMU buffer has been used during the 2000s on several occasions to even out the changes in the unemployment insurance contributions. The protracted recession of the Finnish economy and growing unemployment have resulted in a situation in which the Issuer's buffer has been used in 2014 to cover increased expenses. The Issuer will make its proposal on the 2016 unemployment insurances in August. According to current estimates, there is a significant pressure to increase the contributions.

On 29 April 2015, the Issuer signed with six Nordic banks a revolving credit facility agreement of EUR 1,000 million. The facility agreement will be valid for two years and, in addition, a part of the facility may be extended for one year. The credit arrangements replaced the Issuer's old revolving credit facility agreements and suffice to cover the credit needs that the Issuer is aware of in 2015 and afterwards. The Finnish Parliament has approved a state guarantee as for its own debt (in Finnish, *omavelkainen takaus*) in the maximum amount of EUR 770 million for a part of the Issuer's loans under the facility agreement, and such guarantee was issued in connection with the signing of the facility agreement.

In addition, the Issuer has acquired a credit rating from S&P for the purposes of the issuance of the Notes. The Issuer has also prepared the financial statements in accordance with IFRS standards.

There has been no material adverse change in the prospects of the Issuer since 31 December 2014.

DIRECTORS AND MANAGEMENT

The Issuer's management is divided between the Supervisory Board, which is the highest decision-making body of the Issuer, the Board of Directors and the Management Group. The Supervisory Board and the Board of Directors are both appointed based on proposals by the social partners. The duties of the Supervisory Board and the Board of Directors are set forth in the Finnish Decree on Rules of Procedure of the Unemployment Insurance Fund.

Supervisory Board

The functions of the Supervisory Board include, among other things, confirming the Issuer's budget and closing of accounts, appointing the Board of Directors and making a proposition to the Ministry of Social Affairs and Health concerning the amount of unemployment insurance contributions. The Supervisory Board also sets the principles according to which investments are to be made with the Issuer's assets.

The Supervisory Board is appointed by the Finnish Government based on proposals from the social partners. Of the members, 12 are employers' representatives and six are employees' representatives.

In 2013, based on the proposal of the social partners, the members of the Supervisory Board for the period from 1 January 2014 to 31 December 2016 were appointed by the Finnish Government. In 2015, the Supervisory Board comprises the following persons:

Name	Social Partner/Institution Represented	Position in the Social Partner/Institution Represented
Ann Selin Chairman for the 2015 financial period	Service Union United PAM of Finland/The Central Organisation of Finnish Trade Unions	Chairman of the Board
George Berner Deputy Chairman for the 2015 financial period	Berner Oy/The Confederation of Finnish Industries	Member of the Board
Riku Aalto	Finnish Metalworkers' Union/The Central Organisation of Finnish Trade Unions	Chairman
Teija Asara-Laaksonen	The Trade Union for the Public and Welfare Sectors/The Central Organisation of Finnish Trade Unions	Vice President
Jorma Haapanen	City of Kotka/Local Government Employers	Deputy Mayor, Welfare Services
Lauri Kivekäs	Rudus Oy/The Confederation of Finnish Industries	Managing Director
Salla Luomanmäki	Akava Special Branches/The Confederation of Unions for Professional and Managerial Staff in Finland	Director
Jorma Malinen	Trade Union Pro/The Finnish Confederation of Salaried Employees	Chairman
Ilkka Mäkelä	Saarioinen Oy/The Confederation of Finnish Industries	CEO
Marjatta Nummela	Harviala Oy/Organisation of Agricultural Employers	Managing Director
Harri Ojanperä	SOK/The Confederation of Finnish Industries	Senior Vice President, Chain Management
Ari Svensk	Kesko Oyj/The Confederation of Finnish Industries	Senior Vice President/Human Resources
Liisa Talvitie	Administrative Court of Vaasa/The Labour Market Organisation of the Church	Chief Justice of the Administrative Court

Rauno Vesivalo	Tehy (Union of Health and Social Care Professionals)/The Finnish Confederation of Salaried Employees	Chairman
Ritva Viljanen	City of Helsinki/Local Government Employers	Deputy Mayor
Jaana Ylä-Mononen	City of Virrat/Local Government Employers	Director of Basic Social Security
Antti Zitting	Sacotec Oy/The Confederation of Finnish Industries	Chairman of the Board

Managing Director Ritva Laakso-Manninen, who represents The Confederation of Finnish Industries, resigned from the membership of the Supervisory Board on 1 June 2015.

Board of Directors

The Supervisory Board appoints the Board of Directors of the Issuer based on proposals from the social partners. The Board of Directors consists of 12 members, eight of whom represent employers and four of whom represent employees.

The Board of Directors is responsible for any matter falling under the scope of the Issuer's operations for which the Supervisory Board is not responsible. The Board of Directors represents the Issuer and decides on any incurring of any debt and requesting any governmental guarantees in respect of any debt. The Board of Directors also prepares the Issuer's budget and financial statements, which are then approved by the Supervisory Board. The Board of Directors appoints the Managing Director of the Issuer.

In 2013, the Supervisory Board appointed the members of the Board of Directors for 2015, based on the proposal of the social partners. In 2015, the Board of Directors comprises the following persons:

Name	Social Partner	Position
Vesa Rantahalvari	The Confederation of Finnish Industries	Chairman of the Board
Sture Fjäder	The Confederation of Unions for Professional and Managerial Staff in Finland	Vice Chairman of the Board
Pekka Hotti	The Confederation of Finnish Industries /Chemical Industry Federation of Finland	Member
Eeva-Liisa Inkeroinen	The Confederation of Finnish Industries /The Federation of Finnish Technology Industries	Member
Markku Jalonen	Local Government Employers	Member
Miia Kannisto	The Confederation of Finnish Industries	Member
Lauri Lyly	The Central Organisation of Finnish Trade Unions	Member
Jorma Palola	Local Government Employers	Member
Antti Palola	The Finnish Confederation of Salaried Employees	Member
Vuokko Piekkala	The Labour Market Organisation of the Church	Member
Veli-Matti Rekola	Organisation of Agricultural Employers	Member
Saana Siekinen	The Central Organisation of Finnish Trade Unions	Member

Management Group

The Issuer has a Management Group consisting of six persons. The Management Group supports the Managing Director and the Board of Directors in their duties. As at the date of this Listing Prospectus, the Management Group comprises the following persons:

Janne Metsämäki (born 1960) has been the Managing Director of the Issuer since January 2015. Previously, Metsämäki has served as the Director, Collective Bargaining, Legal and Social Affairs, of the Central Organisation of Finnish Trade Unions (SAK) from 2014 to 2015 and as the State Secretary in the Ministry of Employment and the Economy from 2011 to 2013. Metsämäki has also served in various other positions in the Central Organisation of Finnish Trade Unions (SAK) and the Ministry of Social Affairs and Health. Metsämäki holds a Master of Laws degree.

Tapio Oksanen (born 1958) has been the Deputy Managing Director of the Issuer since 2012. Oksanen has worked as the Issuer's CFO since 2001. Previously, Oksanen has served as a Director or Manager in various financial institutions. Oksanen holds a Master's Degree in Economics and Finance.

Jorma Skippari (born 1953) has been the Director of Legal Affairs of the Issuer since November 2005. Previously, Skippari has served as the Legal Advisor and Chief Negotiator of The Finnish Confederation of Salaried Employees (STTK). Skippari holds a Master of Laws degree.

Juho Oksanen (born 1978) has been the Director of Contribution Collection of the Issuer since 2012. Previously, Oksanen has served as Manager at the Issuer and as a Senior Statistician in Statistics Finland. Oksanen holds a Master's degree in Business Administration and a Master's Degree in Social Sciences.

Heikki Ellonen (born 1959) has been the Chief Information Officer of the Issuer since February 2015. Previously, Ellonen has served in various managerial positions in several companies, such as Nokia Corporation and BEA Systems. Ellonen holds a M.Sc. (Industrial management) and a BA (International Marketing).

Leena Ahtela (born 1954) has been the Administration Manager of the Issuer since 2009. Previously, Ahtela has served as a controller and financial expert in several companies. Ahtela holds a Bachelor's Degree in Economics and Finance.

Address

The address of the members of the Supervisory Board, the Board of Directors, the Managing Director and the Management Group is Kansakoulukuja 1, FI-00121 Helsinki, Finland.

Absence of Conflicts of Interest

To the knowledge of the Issuer, the members of the Supervisory Board, the Board of Directors, the Management Group and the Managing Director do not have any conflicts of interest between their duties relating to the Issuer and their private interests and/or their other duties.

ADDITIONAL INFORMATION ABOUT THE ISSUE OF THE NOTES

Decisions and authorisations:	Decision of the Board of Directors of the Issuer on 28 April 2015.
Type of the Issue:	Individual issue of the Notes offered mainly to institutional investors. The maximum principal amount of the Notes (EUR 600,000,000) was issued on 23 June 2015.
Interests of the Lead Managers:	Business interest normal in the financial markets.
Form of Notes, Depository and Settlement System:	Dematerialised securities issued in book-entry form in the Infinity system maintained by Euroclear Finland Ltd, address Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland
Estimated time of listing:	On or about 24 June 2015.
Interest:	0.375 per cent per annum.
Effective yield:	0.499 per cent per annum.
Issue Price:	99.480 per cent.
Estimated cost of issue and listing:	Initially a maximum of EUR 1,300,000 and thereafter approximately EUR 180,000 per annum.
Estimated net amount of the proceeds, including the Issue Price and estimated cost of issue and listing:	Approximately EUR 595,600,000.
ISIN Code of the Notes:	FI4000157193
Use of Proceeds:	Payment of the Issuer's statutory obligations.
Taxation:	<p>Interest paid on the Notes by the Issuer is subject to tax in accordance with the Finnish tax laws and regulations. The Issuer (or a Finnish credit institution, broker or a Finnish branch of a foreign credit institution) is liable to withhold tax on interest paid in accordance with applicable laws and regulations as well as the guidelines issued by the Finnish tax authorities.</p> <p>If the recipient of interest paid on the Notes is an individual residing in Finland or an undistributed estate of a deceased Finnish resident, such interest is subject to preliminary withholding tax in accordance with the Finnish Withholding Tax Act (in Finnish, <i>ennakkoperintälaki</i>) (1118/1996, as amended) and final taxation as capital income in accordance with the Finnish Income Tax Act (in Finnish, <i>tuloverolaki</i>) (1535/1992, as amended). The current rate of withholding tax is 30 per cent. The capital income tax is 30 per cent (33 per cent of the capital income exceeding EUR 30,000). The Finnish Act on Source Tax on Interest Income (in Finnish, <i>laki korkotulon lähdeverosta</i>) (1341/1990, as amended) is not applicable to the Notes.</p> <p>If Notes are disposed of during the loan period, any capital gains as well as accrued interest (secondary market compensation) received is taxed as capital income of an individual residing in Finland or an undistributed estate of a deceased Finnish resident. The Issuer or the securities dealer shall deduct a preliminary withholding tax from the secondary market compensation paid to an individual residing in Finland or an undistributed estate of a deceased Finnish resident.</p> <p>In case the subscriber is liable to pay the interest accrued from the Issue Date until the payment date of the subscription, the subscriber is entitled to deduct the paid interest from the taxable income of the year of subscription.</p> <p>If the recipient of interest paid on the Notes is a corporation further defined in the Finnish Income Tax Act residing in Finland, such</p>

interest is subject to final taxation of the recipient in accordance with the Finnish Business Income Tax Act (in Finnish, *laki elinkeinotulon verottamisesta*) (360/1968, as amended) or the Finnish Income Tax Act. The current rate of corporate income tax is 20 per cent.

Payment of interest to a Noteholder, who is neither a resident in Finland nor engaged in trade or business in Finland through a permanent establishment, is not subject to Finnish withholding tax or income tax.

The Noteholders are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

The documents appended hereto as Annex B may be inspected during the loan period at the Issuer's office, Kansakoulukuja 1, FI-00121 Helsinki, Finland on weekdays from 9:00 am to 4:00 pm Finnish time. In order to ensure the best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Issuer of their visit in advance by **telephone +358 9 6803 7380**.

The Issuer publishes its annual reports, including its audited financial statements, in Finnish and English. In accordance with the terms and conditions of the Notes, the Issuer will publish its half-yearly reports as of 2016. Copies of these documents can be obtained from the Issuer at Kansakoulukuja 1, FI-00121 Helsinki, Finland, tel. +358 9 6803 7380 or by email at debtfinancing@tvr.fi, and they will be available on the Issuer's website at <http://investors.tvr.fi/en/investors>.

TERMS AND CONDITIONS OF THE NOTES

TYÖTTÖMYYSVAKUUTUSRAHASTO EUR 600,000,000 0.375 % notes due 23 September 2019

ISIN CODE FI4000157193

The Board of Directors of Työttömyysvakuutusrahasto (the "**Issuer**") has in its meeting on 28 April 2015 authorised the Issuer's management to decide on the issue of senior unsecured notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (Fi: *Velkakirjalaki*, 622/1947, as amended). Based on the authorisation, the Issuer has decided to issue senior unsecured notes (the "**Notes**") on the terms and conditions specified below in the maximum aggregate amount of EUR 600,000,000.

The arrangers of the issue of the Notes are Danske Bank A/S, Nordea Bank Finland Plc, Pohjola Bank plc and Swedbank AB (publ) (the "**Arrangers**").

1. PRINCIPAL AMOUNT AND ISSUANCE OF THE NOTES

The aggregate principal amount of the Notes is six hundred million euros (EUR 600,000,000). If the Issuer later decides to issue further notes with the same ISIN code, the amount of the Notes may be higher than six hundred million euros (EUR 600,000,000).

The Notes will be issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Ltd ("**Euroclear Finland**") (or any system replacing or substituting the Infinity book-entry securities system in accordance with the regulations and decisions of Euroclear Finland) in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the regulations and decisions of Euroclear Finland. The Notes cannot be physically delivered.

The issuer agent (Fi: *liikkeeseenlaskijan asiamies*) of the Notes referred to in the regulations of Euroclear Finland (the "**Issuer Agent**") and the paying agent of the Notes (the "**Paying Agent**") is Nordea Bank Finland Plc.

The issue date of the Notes is 23 June 2015 (the "**Issue Date**").

The Notes are offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit (Fi: *arvo-osuuden yksikkökoko*) in relation to the Notes is one hundred thousand euros (EUR 100,000). The number of the Notes is six thousand (6,000), or a higher number if the Issuer decides to issue further notes with the same ISIN code. Each Note will be freely transferable after it has been registered into the respective book-entry account.

For the purposes of these Terms and Conditions, a "**Noteholder**" means a person or legal entity that is registered in the register maintained by Euroclear Finland pursuant to paragraph 2 of Section 3 of Chapter 6 of the Finnish Act on Book-Entry System and Clearing Operations (Fi: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*, 749/2012, as amended) as direct registered owner (Fi: *omistaja*) or nominee (Fi: *hallintarekisteröinnin hoitaja*) with respect to a Note.

2. STATUS AND SECURITY

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking *pari passu* among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

3. SUBSCRIPTION OF THE NOTES

Notes are offered for subscription to institutional investors and other experienced investors in a book-building procedure. The subscription period shall commence and end on 15 June 2015 (the "**Subscription Date**").

Bids for subscription shall be submitted to (i) Danske Bank A/S, c/o Danske Bank Oyj, Hiililaiturinkuja 2, FI-00180 Helsinki, Finland, telephone +358 (0)10 513 8865, (ii) Nordea Bank Finland Plc, Nordea Markets / Institutional Sales, Aleksis Kiven katu 9, Helsinki, FI-00020 NORDEA, Finland, telephone +358 9 369 50880, (iii) Pohjola Bank plc / Pohjola Markets, Teollisuuskatu 1 b, 00510 Helsinki, Finland, telephone +358 (0)10 252 7970 or (iv) Swedbank AB (publ), Finnish Branch, Debt Capital Markets, Mannerheimintie 14 B, 00101 Helsinki, Finland, telephone +358 20 746 9143 during the Subscription Date and within regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer each investor that has submitted a subscription shall be notified by the Arrangers whether and, where applicable, to what extent such subscription is accepted.

Subscriptions notified as having been accepted shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be entered by the Issuer Agent in the book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland.

4. ISSUE PRICE

The issue price of the Notes is 99.480 per cent of the principal amount of the Notes.

5. INTEREST

The Notes bear interest at the fixed rate of 0.375 per cent per annum.

Interest on the Notes will be paid annually in arrears commencing on 23 September 2015 and thereafter on each 23 September (each, an "**Interest Payment Date**") until the Maturity Date (as defined below). Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date (as defined below).

Interest in respect of the Notes shall be calculated on the "actual/actual ICMA" basis as specified by the International Capital Market Association.

6. REDEMPTION

6.1 Redemption at Maturity

The Notes shall be repaid in full at their nominal principal amount on 23 September 2019 (the "**Maturity Date**") together with accrued unpaid interest, unless the Issuer has prepaid the Notes in accordance with this Condition 6 or Condition 11 (*Events of Default*) below.

6.2 Early Redemption Due to Illegality

If, by reason of coming into effect of a new law or regulation in Finland, a change in Finnish law or any mandatory Finnish provision, or any change in the official judicial or administrative application or interpretation of such law by any competent authority, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer will redeem all, but not some only, of the Notes at their nominal principal amount together with any interest accrued to the date set for redemption in a notice to Noteholders, which shall be published in accordance with Condition 14 (*Notices and Right to Information*) not more than forty-five (45) nor less than thirty (30) calendar days' prior to such redemption date (which notice shall be irrevocable), such redemption date being prior to it becoming unlawful for the Issuer to perform or comply with its obligations under the Notes.

7. PAYMENTS

Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the regulations and decisions of Euroclear Finland.

Should the payment date of interest or principal fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next following Business Day. The postponement of the payment date shall not have an impact on the amount payable.

In these Terms and Conditions, "**Business Day**" shall mean a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

8. CHANGE IN STATUS OF THE ISSUER

If, after the Issue Date, the Issuer ceases to be a Finnish indirect public administration institution established by law through the Act on Financing of Unemployment Benefits (Fi: *Laki työttömyysetuuksien rahoituksesta*, 555/1998, as amended) or a Finnish government agency or public body or otherwise a public institution with a status of at least equivalent to the current, the Issuer shall promptly notify the Noteholders of such event in accordance with Condition 14 (*Notices and Right to Information*).

The Issuer shall on the Prepayment Date (as defined below in this Condition 8) prepay the nominal principal amount of and accrued interest on the Notes, but without any premium or penalty, held by the Noteholders who have required prepayment of the Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date.

If Notes representing more than seventy-five (75) per cent of the aggregate nominal principal amount of the Notes have been prepaid pursuant to this Condition 8 on the Prepayment Date, the Issuer is entitled to prepay also the remaining outstanding Notes at their nominal principal amount with accrued interest but without any premium or penalty by notifying the Noteholders in accordance with Condition 14 (*Notices and Right to Information*) no later than fifteen (15) Business Days after the Prepayment Date. Such prepayment may occur at the earliest on the tenth (10th) Business Day following the date of publication of such notice.

"**Prepayment Date**" means the date falling forty-five (45) Business Days after the publication of the notice referred to in the first paragraph of this Condition 8.

9. NEGATIVE PLEDGE

So long as any Note remains outstanding, the Issuer shall not create or permit to subsist any mortgage, charge, lien, pledge or other security interest to secure any indebtedness:

- (a) except for indebtedness the aggregate principal amount of which does not exceed EUR 10,000,000 (or its equivalent in another currency or currencies);
- (b) except for any such security interest that is required under Finnish law; and
- (c) unless prior to or simultaneously therewith the Issuer's obligations under the Notes either (a) are secured equally and rateably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 13 (*Noteholders' Meeting*)).

10. INFORMATION FROM THE ISSUER

The Issuer shall make available to the Noteholders by way of publication on the official website of the Issuer:

- (a) as soon as the same become available, but in any event within 150 days after the end of each of its financial years, its audited financial statements for that financial year; and

- (b) as of 1 January 2016, as soon as the same become available, but in any event 90 days after the end of each half of each of its financial years, its financial statements for that financial period.

11. EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the nominal principal amount of such Note together with the interest then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10th) Business Day from the date such notice was received by the Issuer *provided* that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date. An Event of Default is continuing if it has not been remedied or waived. Interest accrues until the early repayment date (excluding the early repayment date).

Each of the following events shall constitute an "**Event of Default**":

- (a) **Non-Payment:** Any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date unless the failure to pay is caused by a reason referred to in Condition 15 (*Force Majeure*).
- (b) **Non-Compliance with Obligations:** The Issuer does not comply with its obligations under Condition 9 (*Negative Pledge*) and/or Condition 10 (*Information from the Issuer*).
- (c) **Cross-Default:** Any indebtedness of the Issuer (including guarantees given by the Issuer) in an aggregate minimum amount of ten million euros (EUR 10,000,000) or its equivalent in any other currency is accelerated prematurely because of an event of default, howsoever described, or if any such indebtedness is not repaid on the due date thereof as extended by applicable grace period, if any, or if any security given by the Issuer for any such indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this sub-Condition (c) if the Issuer has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-Condition (c) in the relevant court or arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer.
- (d) **Cessation of Current Activities:** The Issuer ceases to carry on a substantial part of its current activities.
- (e) **Insolvency:** The Issuer becomes insolvent or is unable to pay its debts as they fall due or the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors (excluding any Noteholder in its capacity as such).

12. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to the Noteholders in respect of such withholding or deduction.

13. NOTEHOLDERS' MEETING

- (a) The Issuer may convene a meeting of the Noteholders (a "**Noteholders' Meeting**") to decide on amendments of these terms and conditions or other matters as specified below. Euroclear Finland must be notified of the Noteholders' Meeting in accordance with the regulations of Euroclear Finland.
- (b) Notice of a Noteholders' Meeting shall be published in English in accordance with Condition 14 (*Notices and Right to Information*) no later than ten (10) calendar days prior to the meeting. The notice shall specify the time, place and agenda of the meeting as well as any action required on the part of a

Noteholder to attend the meeting. No matters other than those referred to in the notice may be resolved upon at the Noteholders' Meeting.

- (c) Only those who, according to the register kept by Euroclear Finland in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting in the register maintained by Euroclear Finland in respect of the Notes or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the meeting, be entitled to vote at the meeting and shall be recorded in the list of Noteholders present in the Noteholders' Meeting.
- (d) Noteholders' Meeting shall be held in Helsinki, Finland and its chairman shall be appointed by the Issuer.
- (e) Noteholders' Meeting shall constitute a quorum only if two (2) or more Noteholders in aggregate holding fifty (50) per cent or more of the principal amount of the Notes outstanding are, or one (1) holder of Notes holding one hundred (100) per cent of the principal amount of the Notes outstanding is, present in the meeting.
- (f) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned for consideration at a meeting to be convened by the Issuer on a date determined by the Issuer falling no earlier than fourteen (14) calendar days and no later than twenty-eight (28) calendar days after the original meeting at a place to be determined by the Issuer. The adjourned Noteholders' Meeting shall constitute a quorum if two (2) or more Noteholders holding in aggregate ten (10) per cent or more of the principal amount of the Notes outstanding are, or one (1) holder of Notes holding one hundred (100) per cent of the principal amount of the Notes outstanding is, present.
- (g) Notice of an adjourned Noteholders' Meeting shall be given in the same manner as notice of the original meeting. The notice shall also state the conditions for the constitution of a quorum.
- (h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held on the fifth (5th) Business Day prior to the Noteholders' Meeting. The Issuer shall not hold voting rights at the Noteholders' Meeting.
- (i) Subject to sub-Condition 13(k) below, resolutions shall be carried by a majority of two-thirds (2/3) of the votes cast.
- (j) Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.
- (k) A Noteholders' Meeting is entitled to make the following decisions that are binding on all the Noteholders:
 - (i) to change the terms and conditions of the Notes;
 - (ii) to grant a temporary waiver on the terms and conditions of the Notes;

However, consent of the Noteholders holding in aggregate at least ninety-five (95) per cent of the aggregate principal amount of the outstanding Notes (excluding Notes held by the Issuer) is required to:

- (iii) decrease the principal of or interest on the Notes;
- (iv) extend the maturity of the Notes;
- (v) amend the conditions for the constitution of a quorum at a Noteholders' Meeting; or
- (vi) amend the majority requirements of the Noteholders' Meeting.

The consents can be given at a Noteholders' Meeting or by other verifiable means.

The Noteholders' Meeting can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting.

- (l) Resolutions passed at a Noteholders' Meeting shall after the resolution has been validly passed be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting and irrespective of how and if they have voted.
- (m) Resolutions passed at a Noteholders' Meeting shall be deemed to have been notified to the Noteholders once they have been published or delivered in accordance with Condition 14 (*Notices and Right to Information*) and entered into the issue account of the Notes maintained by Euroclear Finland. In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting.

The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders or a Noteholders' Meeting. For the sake of clarity, any resolution at a Noteholders' Meeting, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

14. NOTICES AND RIGHT TO INFORMATION

Noteholders shall be advised of matters relating to the Notes (a) by a notice published in *Helsingin Sanomat* or any other national daily newspaper selected by the Issuer and (b) by publication on the website of the Issuer. Alternatively, the Issuer may deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of Noteholders provided by Euroclear Finland in accordance with the below paragraph. Any such notice shall be given in the English language and shall be deemed to have been received by the Noteholders when published or delivered in any manner specified in this Condition 14.

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the regulations of Euroclear Finland and applicable laws, be entitled to obtain information on the Noteholders from Euroclear Finland and Euroclear Finland shall be entitled to provide such information to the Issuer and the Issuer Agent. Furthermore, the Issuer and the Issuer Agent shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the Noteholders, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.

15. FORCE MAJEURE

The Issuer, the Arrangers, the Issuer Agent or the Paying Agent shall not be responsible for any losses of the Noteholders resulting from:

- (a) war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unduly difficult to carry on the activities of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent.

16. PRESCRIPTION

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within three (3) years from the original due date thereof, the right to such payment shall become void.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the issue date, the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) and thereby increase the aggregate principal amount of the Notes or otherwise. Such additional notes shall upon their issuance be Notes for the purposes of these Terms and Conditions. For the avoidance of doubt, this Condition 17 shall not limit the Issuer's right to issue any other notes.

18. INFORMATION

Copies of the documents relating to the Notes shall be available for inspection on the website of the Issuer and during office hours at the office of the Issuer at Työttömyysvakuutusrahasto, Kansakoulukuja 1, 00121 Helsinki, Finland.

19. LISTING

The Notes will be listed on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Ltd. as soon as practicable after the Issue Date.

20. PURCHASES

The Issuer may at any time purchase Notes in any manner and at any price. If purchases are made by a tender offer, the possibility to tender must be available to all Noteholders alike.

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 20.

21. WAIVER OF IMMUNITY

The Issuer hereby waives, to the fullest extent permitted by Finnish law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction and attachment (both before and after judgment) and execution against its assets to which it might otherwise be entitled in any action or proceeding in the courts of Finland, relating in any way to these Terms and Conditions or any Notes, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

22. APPLICABLE LAW AND JURISDICTION

The Notes shall be governed by and construed in accordance with Finnish law.

Any disputes relating to the Notes shall be settled by the courts of Finland. The District Court of Helsinki (Fi: *Helsingin käräjäoikeus*) shall be the court of first instance.

**IFRS FINANCIAL STATEMENTS 2014
OF
THE UNEMPLOYMENT INSURANCE FUND**

STATEMENT OF CHANGES IN NET POSITION

€	Note	1.1.-31.12.2014	1.1.-31.12.2013
Contributions collected			
Unemployment insurance contributions	6	3 030 983 611	3 261 162 235
Total contributions collected		3 030 983 611	3 261 162 235
Benefits paid			
Benefit payments	7	-3 696 652 542	-3 178 664 838
Administrative expenses	8	-9 315 401	-7 372 991
Total benefits paid		-3 705 967 943	-3 186 037 829
Net fair value gains on investments	14	3 933 522	2 125 139
Finance costs	9	-796 720	-412 310
TOTAL CHANGES IN NET POSITION		-671 847 529	76 837 234

STATEMENT OF NET POSITION

€	Note	31.12.2014	31.12.2013	1.1.2013
ASSETS				
Non-current assets				
Property, plant and equipment	10	775 272	603 626	2 672 348
Intangible assets	11	259 143	489 401	699 557
Total non-current assets		1 034 415	1 093 027	3 371 905
Current assets				
Unemployment insurance contribution receivables	12	6 186 960	3 498 129	4 068 680
Other receivables	13	65 913 426	58 400 402	68 211 676
Investments	14	384 867 010	779 730 787	653 331 921
Cash and cash equivalents	15	39 766 539	24 880 268	67 510 289
Non-current assets classified as held for sale	16	0	1 896 759	0
Total current assets		496 733 935	868 406 345	793 122 566
Total assets		497 768 351	869 499 371	796 494 469
For previous periods		662 651 376	585 814 142	292 796 771
For the period		-671 847 529	76 837 234	293 017 371
NET POSITION		-9 196 153	662 651 376	585 814 142
Current liabilities				
Borrowings	17	267 997 744	5 996 504	29 766 800
Unemployment insurance contribution payables	12	42 340 019	21 305 930	10 118 394
Other liabilities	18	196 626 742	179 545 562	170 795 134
Total current liabilities		506 964 504	206 847 995	210 680 328
Total net position and liabilities		497 768 351	869 499 371	796 494 469

STATEMENT OF CASH FLOWS

€	1.1.-31.12.2014	1.1.-31.12.2013
Unemployment insurance contributions collected	3 063 948 273	3 268 093 941
Benefits paid	-3 629 250 315	-3 221 350 967
Interest paid	-2 635	-3 460
Net cash used in ordinary activities	-565 304 677	46 739 514
Cash flows from investing activities		
Purchases of property, plant and equipment	-372 886	-197 544
Proceeds from sale of property, plant and equipment	2 950 000	0
Purchases of intangible assets	-104 986	-141 205
Investments in financial assets	-10 520 267 967	-14 476 264 189
Proceeds from sale of financial assets	10 842 089 036	14 387 233 404
Net cash generated from investing activities	324 293 197	-89 369 534
Proceeds from borrowings	255 897 751	0
Net cash generated from financing activities	255 897 751	0
Net increase(+)/decrease(-) in cash and cash equivalents	14 886 271	-42 630 020
Cash and cash equivalents at beginning of year	24 880 268	67 510 289
Cash and cash equivalents at end of year	39 766 539	24 880 268

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies of the financial statements

1 General information

The Unemployment Insurance Fund ("UIF", "the Fund") (business ID 1098099-7), established in 1999, is an independent institution managed by labour market parties and supervised by the Ministry of Social Affairs and Health and Finnish Financial Supervisory Authority, whose main objective is to finance unemployment benefits. The Fund also directs, develops and supervises the implementation of the collection procedure of unemployment insurance contributions and determines and collects the employer's liability component of unemployment allowances. In addition, the Fund manages employer's professional educational allowances. The professional education allowance is based on the Act on Compensating Professional Education (1140/2013). The Unemployment Insurance Fund is domiciled in Helsinki, and its address is Kansakoulukuja 1, 00100 Helsinki.

The Fund's operations are financed with the unemployment insurance contributions collected from employers and employees, and investment income. The collection of unemployment insurance contributions was a duty of accident insurance institutions until the end of 2012. The Unemployment Insurance Fund started to manage the collection of unemployment insurance contributions in the beginning of 2013.

The Unemployment Insurance Fund makes monthly prepayments for the financing shares to the unemployment funds on the basis of applications received by the Fund. The Fund also processes and pays the prepayments for the government contributions. The Fund's operations are based on the Act on Financing of the Unemployment Benefits (555/1998), the Decree of the Financing of the Unemployment Benefits (1176/98) and on the Decree on Rules of Procedure of the Unemployment Insurance Fund (862/1998) with amendments.

The principal accounting policies applied in the financial statements of the Fund are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Unemployment Insurance Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS standards and IFRS standards as well as SIC and IFRIC interpretations applicable as per 31 December 2014. IFRS refer to the standards and interpretations applicable by corporations set out by the Finnish accounting ordinance and other guidance set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards.

The Unemployment Insurance Fund publishes the first financial statements prepared under IFRS standards for the financial period ending 31 December 2014 with comparative information for the financial period ending 31 December 2013. The Unemployment Insurance Fund applies in these financial statements IFRS 1 *First-time adoption of International Financial Reporting Standards* with the date of transition 1 January 2013. The Unemployment Insurance Fund has previously applied Finnish Accounting Standards (FAS).

The Unemployment Insurance Fund is a non-profit, government-affiliated fund whose operations are based on the Act on Financing of the Unemployment Benefits, the Decree of the Financing of the Unemployment Benefits and on the Decree on Rules of Procedure of the Unemployment Insurance Fund with amendments, as stated in section 1.

UIF collects and pays unemployment insurance contributions. UIF does not carry out such business activities where it would generate revenues arising from the sale of goods or rendering of services. Due to the nature of UIF's operations, the Fund does not generate revenues and common revenue recognition principles do not apply. IFRS standards do not directly regulate the structure of IFRS financial statements of a fund like UIF, or the basis for recognition and measurement of transactions. In preparation of UIF's IFRS financial statements, the framework of IFRS standards and general principles for recognition and measurement have been applied. Due to these factors, the primary statements of UIF's IFRS financial statements are the statement of changes in net position, the statement of net position and the statement of cash flows.

The changes in net position for the financial period consist of the sum of unemployment insurance contributions collected and paid, gains on investments and financial items. The difference between the assets and the liabilities of the Fund reflects the accumulated net position, which is also referred to as business cycle buffer. A more detailed description of the business cycle buffer is provided in note 5.2. UIF has no shares or equity. Therefore, these IFRS financial statements do not include the statement of changes in equity, however the statement of changes in net position is presented as a separate primary statement.

During the financial periods presented the Fund has not had any such transactions that should have been recognised in other comprehensive income. Therefore, these IFRS financial statements do not include the statement of other comprehensive income.

UIF does not operate as an insurer as it does not issue or hold insurance or reinsurance contracts. Therefore, the Fund's operations are not in the scope of IFRS 4 *Insurance Contracts*.

The impacts arising from the first-time adoption of the IFRS standards are presented in reconciliations included in note 3 to the financial statements.

The financial statements have been prepared primarily under the historical cost convention as modified by fair valuation of financial assets classified at fair value through profit or loss. The financial statements are presented in euros unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the financial statements. Significant accounting estimates and judgements have been described in note 4.

2.1.1 New standards and interpretations not yet adopted

The Unemployment Insurance Fund has not yet applied the following new and amended standards and interpretations already issued but not endorsed by the European Union. The Fund will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

Amendments to IAS 1 are part of IASB's "Disclosure Initiative" project. The changes concern the definition of materiality, consolidation, presentation of sub totals, structure of the financial state-

ments and presentation of accounting principles. Amendments are effective for accounting periods beginning on or after 1 January 2016. The amendments are not yet endorsed by EU.

IFRS 9 will replace IAS 39 as a whole. Parts of the IAS 39 standard are transferred unchanged to the new standard. Primary changes are as follows: IFRS 9 requires financial assets to be classified into three measurement categories: those measured as amortised cost, those measured as at fair value through other comprehensive income and those measured as at fair value through profit and loss. The category is determined at initial recognition and it depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. For impairment charges, a new model based on expected losses has been introduced which replaces the model of IAS 39 based on incurred losses. Hedge accounting has been changed so that it will better reflect risk management strategies and objectives. The standard is effective for accounting periods beginning on or after 1 January 2018. The standard is not yet endorsed by EU.

The Fund is currently analysing the effects of the new standards. There are no other IFRS standards or IFRIC interpretations that are not yet effective and that would be expected to have material impact on the Unemployment Insurance Fund.

2.2 Foreign currency translation

The financial statements are prepared in euros which is UIF's functional and presentation currency. Fund's foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Deposits denominated in foreign currencies are measured at fair value through profit and loss, and the effects of changes in exchange rates have been presented as part of the total fair value change.

2.3 Unemployment insurance contributions

The Unemployment Insurance Fund determines and collects the unemployment insurance contributions based on the Chapter 7 of the Act on Financing of the Unemployment Benefits. Determination and collection of unemployment insurance contributions was transferred from accident insurance institutions to the Unemployment Insurance Fund at the beginning of insurance year 2013. Accident insurance institutions are responsible for the determination and collection of insurance contributions for 2012 and earlier. Accident insurance institutions pay unemployment insurance contributions to the Fund at fixed dates.

Unemployment insurance contribution prepayments are determined in the year preceding the insurance year, and recognised as income according to their due dates in the insurance year. Payments determined during the insurance year, like contributions from new employers liable for payment are recognised directly as income when determining the unemployment insurance contribution. Unemployment insurance prepayments concerning the year following the insurance year paid by employers are recognised as prepayments and accrued income and accruals and deferred income. In so far as fees have not been paid in advance unemployment insurance advances are offset.

Unemployment insurance contribution income relating to 2012 and before, collected by accident insurance institutions and paid to the Unemployment Insurance Fund, are recognised as expense for the current financial period on the basis of the insurance companies' reports.

2.3.1 Employer's liability components of unemployment allowance

The Unemployment Insurance Fund determines and collects liability component compensations of unemployment allowances from employers. The liability component of unemployment allowance applies to the employers whose payroll amount, serving as the basis for the calculation of the unemployment insurance contribution, exceeds the minimum level of EUR 1 990 500 (in 2014). The employer may be required to pay employer's liability component of unemployment allowances if it has terminated or laid off an aged employee who have had an employment contract for indefinite period and more than three years of employment and the employee has been long-term unemployed or laid off. Unemployment benefit expenses are financed by the liability component compensations.

Collected liability component contributions that cover the costs of unemployment allowances are recognised as income for the period when the income amount can be reliably measured. In order to cover the additional daily unemployment benefits the collected liability component compensations are recognised as income within several financial periods based on the estimate of the realisation of corresponding expenses.

2.3.2 Compensations in accordance with the Employment Contracts Act 12:3

According to the Employment Contracts Act, the courts have to hear the Unemployment Insurance Fund in disputes that relate to the termination of employment and when the claimant has received earnings-related unemployment allowance after the termination of employment. As a rule, 75 % of the earnings-related daily unemployment allowance received by the employee during the indemnity period is deducted from the indemnity imposed to the employer for an unfounded termination of employment. The court shall assign the employer to make the deduction payment to the Fund. If the employer and the employee agree on the indemnity, this agreement should take into account the share received by the Fund.

2.3.3 Receivables subject to debt-collection

The Fund collects and enforces neglected unemployment insurance contributions, those subject to enforcement, and contributions due by companies in bankruptcy or debt restructuring proceedings. The collection and enforcement of contributions due in 2012 and before is managed by the insurance companies as authorised by the agreement between the Fund and the Federation of Accident Insurance Institutions. The insurance companies settle the accumulated insurance contributions in their quarterly reports.

Thus, the insurance contributions subject to debt-collection or enforced collection at the end of the reporting period are not included in the Fund's contribution income or insurance contribution receivables.

2.4 Benefits paid

2.4.1 Subsidies to the unemployment funds

Based on the Act on the Financing of Unemployment Benefits (555/1998) and with regard to the financing of earnings-related unemployment allowances, the Unemployment Insurance Fund is responsible for expenses from basic unemployment allowances, employment promotion measures and from job alternation compensations insofar as the state or individual unemployment funds are not liable for these. The above-mentioned benefits are paid from the unemployment funds. Adult education allowance is paid from the Education Fund. In addition, the Unemployment Insurance Fund is responsible for the unemployment insurance contributions for unemployed persons and recipients of

the adult education allowance that are paid through the Finnish Centre for Pensions to the employment pension institutions.

According to the Decree on the Implementation of the Act on Unemployment Funds (272/2001), the processing of prepayment applications and payment decisions together with monitoring the sufficiency of the prepayments are at the responsibility of the Unemployment Insurance Fund. The Fund makes prepayments to the unemployment funds twice a month in accordance with the budget approved in the end of previous financial period. The Fund receives monthly statistics from the Financial Supervisory Authority on the accumulated allowances paid by the funds to their customers, and based on that the Fund has accrued the prepayments and actual payments to each fund either as receivable or liability in its accounts. This accrual is recognised by benefit type.

The funds for the government contribution paid to unemployment funds are received from the Ministry of Social Affairs and Health and The Ministry of Employment and the Economy. The Fund transfers the prepayments of government contributions to the unemployment funds on the first banking day of each month. In 2014, the Ministry of Social Affairs and Health paid the government contributions to the Fund as fixed monthly payments, unless otherwise proposed by the Unemployment Insurance Fund.

The income received from the ministries and the expenditures paid to the unemployment funds have been recognised to the extent to how much of each benefit the unemployment funds have paid to their customers. The Ministry of Social Affairs and Health will confirm the financial statements of the unemployment funds on the basis of final information in summer 2015 when the Fund will make the equalisations in account balances between the unemployment funds and the state.

In accordance with the Act on the Financing of Unemployment Benefits, the Unemployment Insurance Fund is responsible for expenses related to additional days to the unemployment benefits. The Unemployment Insurance Fund has the sole responsibility for financing of the supplementary allowance and change security supplement of the basic unemployment allowance. These benefits are paid both by the unemployment funds and Social Insurance Institution of Finland.

Based on the Section 19a of the Act on Unemployment Funds (556/1998), the Fund pays a membership fee equalisation payment to those employee's funds that have paid significantly more unemployment benefit days in the previous year than the average per member for all unemployment funds, in order to even out the unemployment burden prevailing in different industries, within the limits of an appropriation decided by the Supervisory Board each year. The balance of the unemployment fund's equalisation fund may also be taken into account in determining the membership fee equalisation payment. The Board of Directors of the Fund has also paid attention to the level of membership fees in relation to other unemployment funds and to changes in membership fees in the two preceding years.

2.4.2 Payments to the Finnish Centre for Pensions and State Pension Fund and their accrued interest

The Unemployment Insurance Fund's second largest expense has been the contribution paid to the Finnish Centre for Pensions that is to cover the liabilities and expenses arising from taking into account the time of unemployment, education and job alternation leave (Employees Pension Act (395/2006), Sections 74 and 182). The amount of this contribution is determined by estimating the average amount of pension contributions that would be paid for the unpaid periods that constitute the basis of the accrued pension security.

As stated above, the Unemployment Insurance Fund is responsible for the contribution provided for in Sections 62 and 133 of the State Employee's Pension Act (1295/2006) to the State Pension Fund.

Payments made to the Finnish Centre for Pensions for the financial year in accordance with the Section 12c of the Employees Pensions Act (561/1998) are based on an estimate provided by the Finnish Centre for Pensions, specified in connection with the financial statements. The difference between the payments made and the adjusted estimate is recognised as prepayments and accrued income or accruals and deferred income. The final payment amount is received from the Finnish Centre for Pensions in the spring of the year following the financial year, and the difference between the final payment and the payment estimate used in the financial statements is presented as an adjustment, an equalisation payment for the previous year, in the following year's financial statements. The revised payment for the year and the equalisation payment for the previous year have been specified in the notes to the financial statements.

The Finnish Centre for Pensions assigns interest on the charges ordered for the Unemployment Insurance Fund according to the TyEL interest rate. The revised payment included in the financial statements accrues interest until the end of the financial year (debiting interest). The Finnish Centre for Pensions refunds the interest to the Unemployment Insurance Fund according to the actual payments and payment dates (compensatory interest). The final payment amount determined in the following year accrues interest until the clearance date agreed between the Finnish Centre for Pensions and the Fund (previous year's debiting interest). Compensatory interest is correspondingly calculated for all payments made by the Fund in the previous year (compensatory interest for the previous year's payments). The debiting and compensatory interests for payments to the State Pension Fund are calculated in a manner identical to the above.

2.4.3 Settlement to Kela of income from the unemployment insurance contributions of employees who are not members of an unemployment fund

Based on Sections 8 and 23 of the Act on the Financing of Unemployment Benefits (555/1998), the Fund pays to Kela an annual amount from employee's unemployment insurance contribution income, corresponding to the percentage of employees who are not members of an unemployment fund. The amount of the settlement is estimated from data collected by Statistic Finland, and the estimate is confirmed by the Ministry of Social Affairs and Health.

2.4.4 Financing of the Education Fund's benefits and operations

Based on Section 13 of the Act on Education Fund (1306/2002) and Section 30 of the Act on Adult Education Allowance (1276/2000), the Unemployment Insurance Fund is responsible for the financing of the earnings-related part of the adult education allowance and the scholarships, together with the related administrative expenses. The Unemployment Insurance Fund makes monthly payments to the Education Fund according to the preliminary calculation prepared by the Education Fund. The benefits are paid from the Education Fund. The funds have separate administrations and the ordinary activities of the Education Fund are defined by legislation.

2.4.5 Financing of security pay

Based on Section 31 of the Pay Security Act (866/98), the Unemployment Insurance Fund is responsible for the state's pay security expenses. Pay security expenses are paid to the Ministry of Employment and the Economy based on the invoice sent by the Ministry once a year, normally in March of the following year.

2.4.6 Member State invoicing for unemployment allowances

Article 65 of Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems (basic regulation) provides for situations in which a person becomes unemployed after working in a Member State other than his or her country of residence.

In Finland the Unemployment Insurance Fund has been designated as the competent body when implementing this basic regulation with regard to earnings-related unemployment insurance. The Fund's responsibilities include the payment and collection of the compensations provided for in paragraphs 6 and 7 of Article 65.

The Unemployment Insurance Fund applies for compensations from member states depending on how unemployment funds have paid unemployment compensations to those who have been working in other member state. In turn, member states apply for compensation from the Unemployment Insurance Fund. The benefits will be fully repaid, but not more than the amount that would have been paid in the country of employment. Income and expenses are recognised on a cash basis.

2.5 Property, plant and equipment

Property, plant and equipment comprise a building in own use, machinery and equipment. The building and other property, plant and equipment are measured at historical cost less accumulated depreciation and impairment charges in the statement of net position. Leasehold improvements are added to the property's carrying amount when it is probable that future economic benefits associated with the item will flow to the Fund. Ordinary repair and maintenance costs are expensed in the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives. As a rule, the residual value is estimated to be zero. Assets' residual values and useful lives are reviewed when financial statements are prepared. Depreciation periods are adjusted if the estimate changes significantly. Estimated useful lives by asset class are as follows:

Buildings	30 years
Leasehold improvements	7 years
Machinery and equipment	3 years

Gains and losses on disposal and decommissioning of property, plant and equipment are calculated as the difference between net proceeds and the carrying amount. Gains and losses on disposals are included in the administrative expenses in the statement of changes in net position.

2.6 Intangible assets

Intangible assets with finite useful life include acquired or internally generated computer software, and other intangible assets when it is probable that future economic benefits associated with the asset will flow to the Fund and the cost can be measured reliably. The cost of an internally generated intangible asset is defined as the sum of directly attributable production costs allocated to the asset.

Costs associated with maintaining computer software are expensed as incurred. Research costs are recognised as an expense in the financial period in which they are incurred. Development costs that are attributable to the design and testing of computer software, or to significant changes to existing

software, are capitalised only when they meet the above-mentioned criteria of recognition to the statement of net position.

Intangible assets with finite useful life are measured at historical cost less amortisation and impairment charges. Amortisation of intangible assets is calculated using the straight-line method over their useful lives. The estimated useful lives are as follows:

Computer software	3 years
Software development costs	3 years

2.7 Impairment of non-financial assets

At the end of each financial period it is assessed whether there have been any events or changes in circumstances that indicate that the value of an intangible asset or an item of property, plant and equipment subject to amortisation or depreciation may have been changed. If there are any indicators of impairment, the recoverable amount is determined.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use refers to the asset's expected future net cash flows that have been discounted to net present value by using the determined discount rate. An impairment loss is recognised in the statement of changes in net position for the amount by which the asset's carrying amount exceeds its recoverable amount. The useful life of a depreciated asset is reviewed in connection with recognition of impairment losses.

Impairments are reversed if circumstances have been changed and asset's recoverable amount has been changed after the recognition of the impairment, however, not more than the carrying amount would be without recognising the impairment charge.

2.8 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs of disposal.

2.9 Financial assets and liabilities

Financial assets

The Unemployment Insurance Fund's financial assets consist of investments and cash and cash equivalents.

At the date of acquisition, the management of the Unemployment Insurance Fund classifies the financial assets into classes that determine the basis of valuation. All financial assets are recognised at trade date that is the day when the Fund commits to buy or sell the asset.

Investments are financial assets designated as financial assets at fair value through profit and loss at inception (or IFRS transition date) because the Fund manages the assets and the performance is evaluated based on fair value (application of "the fair value option"). Investments are presented in the statement of net position as current assets unless the investment matures and management intends to dispose it after 12 months from the reporting date.

Investments are initially recognised at fair value. Transaction costs are recognised directly as expenses. After initial recognition the investments are measured at fair value at each reporting day,

and realised and unrealised changes in fair value are recognised in the statement of changes in net position in the period in which they arise. Net changes in fair value are presented in the statement of changes in net position on the line "Net fair value gains on investments ". All interest and dividend income is included in the net fair value change. The valuation techniques used in determining fair values is presented in note 14.

Financial assets are derecognised when the rights to receive cash flows have been expired or have been transferred to other party so that all the risks and rewards have been transferred.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of changes in net position over the period of the loan using the effective interest method.

Fees paid on the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all facility will be drawn down. In this case, the fee is deferred and recognised in the statement of net position until the loan is drawn down. To the extent there is no evidence that it is probable that some or all of loans of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility.

2.10 Leases

The Fund as lessee

Finance leases

Leases in which the significant portion of the risks and rewards of ownership are transferred to the Fund are classified as finance leases. The Unemployment Insurance Fund does not have any finance leases.

Other leases

Leases in which the significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases and they are included in the balance sheet of the lessor. Payments made under operating leases are charged to the statement of changes in net position on a straight-line basis over the lease term.

The Fund as lessor

Other leases

The Fund has subleased part of its leased premises. The sub-lease agreement is classified as an operating lease. Rental income from operating leases is recognised in the statement of changes in net position on a straight-line basis over the lease term.

3 First-time adoption of IFRS standards

The Unemployment Insurance Fund publishes the first financial statements prepared under IFRS standards for the financial period ended 31 December 2014 with comparative information for the financial period ended 31 December 2013. The Unemployment Insurance Fund applies in these financial statements IFRS 1 *First-time Adoption of International Financial Reporting Standards* with the date of transition 1 January 2013. The Unemployment Insurance Fund has previously applied Finnish Accounting Standards (FAS).

The impacts arising from the adoption of the IFRS standards are presented in the following tables:

Net position 1.1.2013

	a)	b)	c)	d)	f)		
	Measurement of	Capitalisation of	Accrual of	Property	Reclassifications	Total IFRS	IFRS
	investments at	development	credit facility			adjustments	
	fair value	expenditure	fees				
FAS							
31.12.2012							1.1.2013
ASSETS							
NON-CURRENT ASSETS							
Intangible assets	131 220	568 337			0	568 337	699 557
Tangible assets	673 769			1 998 578	0	1 998 578	2 672 348
Investments	647 352 730	9 033 775		-3 054 584	0	5 979 191	653 331 921
TOTAL NON-CURRENT ASSETS	648 157 719	9 033 775	568 337	0	-1 056 006	0	8 546 106
CURRENT ASSETS							
Cash in hand and at banks	67 510 289				0	0	67 510 289
Prepayments and accrued income	65 154 663	-7 675 409	285 295		0	-7 390 114	57 764 549
Insurance contribution receivables	4 068 680				0	0	4 068 680
Other receivables	10 447 127				0	0	10 447 127
TOTAL CURRENT ASSETS	147 180 759	-7 675 409	0	285 295	0	-7 390 114	139 790 645
TOTAL ASSETS	795 338 478	1 358 366	568 337	285 295	-1 056 006	0	1 155 992
NET POSITION AND LIABILITIES							
NET POSITION							
For previous years	293 284 440	568 337		-1 056 006	0	-487 669	292 796 771
For financial year 1.1.-31.12.2012	291 373 710	1 358 366	285 295		0	1 643 661	293 017 371
Net position	584 658 150	1 358 366	568 337	285 295	-1 056 006	0	1 155 992
LIABILITIES							
Borrowings					29 766 800	29 766 800	29 766 800
Accruals and deferred income	200 561 934				-29 766 800	-29 766 800	170 795 134
Insurance contribution liabilities	10 118 394				0	0	10 118 394
Current liabilities	210 680 328	0	0	0	0	0	210 680 328
TOTAL NET POSITION AND LIABILITIES	795 338 478	1 358 366	568 337	285 295	-1 056 006	0	1 155 992

Changes in net position 1.1-31.12.2013

	FAS	a) Measurement of investments at fair value	b) Capitalisation of development expenditure	c) Accrual of credit facility fees	d) Property	f) Reclassifications	Total IFRS adjustments	IFRS
	1.1-31.12.2013							1.1-31.12.2013
ADDITIONS								
Employer's unemployment insurance contributions	1 693 929 514					521 554	521 554	1 694 451 068
Interest on overdue contributions from employers	830 517						0	830 517
Total employer's unemployment insurance contributions	1 694 760 031	0	0	0	0	521 554	521 554	1 695 281 584
Employee's unemployment insurance contributions	457 023 105						0	457 023 105
Interest on overdue contributions from employees	245 503						0	245 503
Total employee's unemployment insurance contributions	457 268 609	0	0	0	0	0	0	457 268 609
Collection fee income	343 363						0	343 363
Contributions from MSAH	1 039 061 706						0	1 039 061 706
Compensations in accordance with the Employment Contracts Act	348 900						0	348 900
Employer's liability component compensation	68 858 072						0	68 858 072
TOTAL ADDITIONS FROM ORDINARY ACTIVITIES OF THE FUND	3 260 640 681	0	0	0	0	521 554	521 554	3 261 162 235
DEDUCTIONS								
Finnish Centre for Pensions	-639 507 030						0	-639 507 030
State Pension Fund	-6 675 880						0	-6 675 880
Social Insurance Institution of Finland (Kela)	-61 965 786						0	-61 965 786
Education Fund	-71 900 499						0	-71 900 499
Ministry of Employment and the Economy	-32 540 888						0	-32 540 888
Unemployment funds (UIF)	-1 326 441 046						0	-1 326 441 046
Unemployment funds (MSAH)	-1 039 061 704						0	-1 039 061 704
Member State invoicing for unemployment allowances	69 111						0	69 111
Insurance companies, administrative compensations	-641 118						0	-641 118
Administrative expenses of the Fund	-7 058 045		-213 126		-101 819		-314 946	-7 372 991
TOTAL DEDUCTIONS FROM ORDINARY ACTIVITIES OF THE FUND	-3 185 722 883	0	-213 126	0	-101 819	0	-314 946	-3 186 037 829
CHANGE IN NET POSITION BEFORE INTEREST	74 917 798	0	-213 126	0	-101 819	521 554	206 608	75 124 406

INVESTING AND FINANCING ACTIVITIES

Net investment income	2 474 495	-349 356	0	0	0	0	-349 356	2 125 139
Interest assigned by the Finnish Centre for Pensions and State Pension Fund	521 554					-521 554	-521 554	0
Finance costs from borrowings	-309 501			-102 809			-102 809	-412 310
Other finance income and costs	212 053	0	0	-102 809	0	-521 554	-624 363	-412 310
CHANGE IN NET POSITION FOR THE FINANCIAL YEAR	77 604 345	-349 356	-213 126	-102 809	-101 819	0	-767 111	76 837 234

Net position 31.12.2013

	FAS	a) Measurement of investments at fair value	b) Capitalisation of development expenditure	c) Accrual of credit facility fees	d) Property	f) Reclassifications	Total IFRS adjustments	IFRS
	31.12.2013							31.12.2013
ASSETS								
NON-CURRENT ASSETS								
Intangible assets	134 190		355 211	0		0	355 211	489 401
Tangible assets	603 626				0	0	0	603 626
Investments	774 850 289	7 935 083			-3 054 584	0	4 880 498	779 730 787
TOTAL NON-CURRENT ASSETS	775 588 105	7 935 083	355 211	0	-3 054 584	0	5 235 709	780 823 814
CURRENT ASSETS								
Cash in hand and at banks	24 880 268					0	0	24 880 268
Prepayments and accrued income	57 892 119	-6 926 073		182 486		0	-6 743 587	51 148 532
Insurance contribution receivables	3 498 129					0	0	3 498 129
Other receivables	7 251 870					0	0	7 251 870
Total	93 522 386	-6 926 073	0	182 486	0	0	-6 743 587	86 778 799
Non-current assets held for sale					1 896 759		1 896 759	1 896 759
TOTAL CURRENT ASSETS	93 522 386	-6 926 073	0	182 486	1 896 759	0	-4 846 829	88 675 558
TOTAL ASSETS	869 110 491	1 009 010	355 211	182 486	-1 157 826	0	388 880	869 499 371
NET POSITION AND LIABILITIES								
NET POSITION								
For previous years	584 658 150	1 358 366	568 337	285 295	-1 056 006	0	1 155 992	585 814 142
For financial year	77 604 345	-349 356	-213 126	-102 809	-101 819	0	-767 111	76 837 234
Net position	662 262 496	1 009 010	355 211	182 486	-1 157 826	0	388 880	662 651 376
LIABILITIES								
Borrowings	0					5 996 504	5 996 504	5 996 504
Accruals and deferred income	185 542 066					-5 996 504	-5 996 504	179 545 562
Insurance contribution liabilities	21 305 930					0	0	21 305 930
Current liabilities	206 847 995	0	0	0	0	0	0	206 847 995
TOTAL NET POSITION AND LIABILITIES	869 110 491	1 009 010	355 211	182 486	-1 157 826	0	388 880	869 499 371

Changes in net position 1.1-31.12.2014

	FAS	a) Measurement of investments at fair value	b) Capitalisation of develop- ment expendi- ture	c) Accrual of credit facility fees	d) Property	e) Leasehold improve- ments	f) Reclassifi- cations	Total IFRS adjustments	IFRS
	1.1-31.12.2014								1.1-31.12.2014
ADDITIONS									
Employer's unemployment insurance contributions	1 522 619 422						166 226	166 226	1 522 785 648
Interest on overdue contributions from employers	1 228 834							0	1 228 834
Total employer's unemployment insurance contributions	1 523 848 256	0	0	0	0	0	166 226	166 226	1 524 014 482
Employee's unemployment insurance contributions	377 704 127							0	377 704 127
Interest on overdue contributions from employees	403 348							0	403 348
Total employee's unemployment insurance contributions	378 107 475	0	0	0	0	0	0	0	378 107 475
Collection fee income	427 487							0	427 487
Contributions from MSAH	1 053 914 389							0	1 053 914 389
Compensations in accordance with the Employment Contracts Act	669 866							0	669 866
Employer's liability component compensation	73 849 912							0	73 849 912
TOTAL ADDITIONS FROM ORDINARY ACTIVITIES OF THE FUND	3 030 817 385	0	0	0	0	0	166 226	166 226	3 030 983 611
DEDUCTIONS									
Finnish Centre for Pensions	-818 123 875						-2 774 070	-2 774 070	-820 897 945
State Pension Fund	-6 117 072							0	-6 117 072
Social Insurance Institution of Finland (Kela)	-52 411 242							0	-52 411 242
Education Fund	-84 400 000							0	-84 400 000
Ministry of Employment and the Economy	-27 453 490							0	-27 453 490
Unemployment funds (UIF)	-1 651 446 140							0	-1 651 446 140
Unemployment funds (MSAH)	-1 053 914 389							0	-1 053 914 389
Member State invoicing for unemployment allowances	31 172							0	31 172
Insurance companies, administrative compensations	-43 436							0	-43 436
Administrative expenses of the Fund	-10 720 933		-213 126		1 157 826	460 833		1 405 533	-9 315 401
TOTAL DEDUCTIONS FROM ORDINARY ACTIVITIES OF THE FUND	-3 704 599 405	0	-213 126	0	1 157 826	460 833	-2 774 070	-1 368 538	-3 705 967 943
CHANGE IN NET POSITION BEFORE INTEREST	-673 782 020	0	-213 126	0	1 157 826	460 833	-2 607 844	-1 202 312	-674 984 332

INVESTING AND FINANCING ACTIVITIES

Net investment income	3 961 710	-28 188	0	0	0	0	0	-28 188	3 933 522
Interest assigned by the Finnish Centre for Pensions and State Pension Fund	-2 607 844						2 607 844		0
Finance costs from borrowings	-693 911			-102 809				2 607 844	-796 720
Other finance income and costs	-3 301 755	0	0	-102 809	0	0	2 607 844	2 505 035	-796 720
CHANGE IN NET POSITION FOR THE FINANCIAL YEAR	-673 122 065	-28 188	-213 126	-102 809	1 157 826	460 833	0	1 274 536	-671 847 529

Net position 31.12.2014								21 (41)	
	FAS	a) Measurement of investments at fair value	b) Capitalisation of development expenditure	c) Accrual of credit facility fees	d) Property	e) Leasehold improve- ments	f) Reclassifications	Total IFRS adjustments	IFRS
31.12.2014								31.12.2014	
ASSETS									
NON-CURRENT ASSETS									
Intangible assets	117 059		142 084				0	142 084	259 143
Tangible assets	314 439					460 833	0	460 833	775 272
Investments	381 597 358	3 269 652					0	3 269 652	384 867 010
TOTAL NON-CURRENT ASSETS	382 028 856	3 269 652	142 084	0	0	460 833	0	3 872 569	385 901 425
CURRENT ASSETS									
Cash in hand and at banks	39 766 539						0	0	39 766 539
Prepayments and accrued income	64 285 549	-2 288 830		79 677			0	-2 209 153	62 076 396
Insurance contribution receivables	6 186 960						0	0	6 186 960
Other receivables	3 837 030						0	0	3 837 030
Total	114 076 078	-2 288 830	0	79 677	0	0	0	-2 209 153	111 866 925
Non-current assets held for sale						0			0
TOTAL CURRENT ASSETS	114 076 078	-2 288 830	0	79 677	0	0		-2 209 153	111 866 925
TOTAL ASSETS	496 104 934	980 822	142 084	79 677	0	460 833	0	1 663 417	497 768 351
NET POSITION AND LIABILITIES									
NET POSITION									
For previous years	662 262 496	1 009 010	355 211	182 486	-1 157 826	0	0	388 880	662 651 376
For financial year	-673 122 065	-28 188	-213 126	-102 809	1 157 826	460 833	0	1 274 536	-671 847 529
Net position	-10 859 570	980 822	142 084	79 677	0	460 833	0	1 663 417	-9 196 153
LIABILITIES									
Borrowings	255 897 751						12 099 993	12 099 993	267 997 744
Accruals and deferred income	208 726 735						-12 099 993	-12 099 993	196 626 742
Insurance contribution liabilities	42 340 019						0	0	42 340 019
Current liabilities	506 964 504	0	0	0	0	0	0	0	506 964 504
TOTAL NET POSITION AND LIABILITIES	496 104 934	980 822	142 084	79 677	0	460 833	0	1 663 417	497 768 351

a) Measurement of investments at fair value

In connection with the transition to IFRS the Fund's investments are designated as financial assets at fair value through profit and loss in accordance with IAS 39 *Financial instruments: Recognition and Measurement* because the Fund manages investments and their performance is monitored based on their fair value. Therefore, all investments are presented as at their fair value in the statement of net position, and changes in fair value are recognised as part of the changes in net position in the period in which they arise. Previously, the Fund did not recognise unrealised changes of fair value (unless they were an indication of impairment). As an IFRS adjustment, investments have been recognised at their fair value, which includes accrued interests. Accrued interests that have earlier been presented in prepayments and accrued income are derecognised. On the other hand, the adjustment has been recognised in the retained earnings of the opening statement of net position, and in "Net investment income" in the statement of changes in net position for the periods 2013 and 2014. Investments will mature or they are intended to be disposed within less than a year after the reporting date and therefore they are presented as part of current assets in the IFRS statement of net position.

b) Capitalisation of development expenditure

The Fund has not capitalised development costs under Finnish GAAP. The Fund's management has identified one development project where the incurred costs meet the capitalisation criteria in IAS 38 *Intangible assets*. The Fund's management has estimated that the capitalisation criteria in IAS 38 were met in 2010 and that the project was completed and the asset was available for use intended by management in August 2012.

Capitalised development expenditure amounted to EUR 640 thousand and they are amortised using the straight-line method during three years over their useful life.

c) Accrual of credit facility fees

The Unemployment Insurance Fund signed a credit facility agreement with banks in 2012 and paid a fee of EUR 305 to the banks for the arranging the facilities. The fee was expensed in 2012. According to IFRS, when it is improbable that the facility is used, but the limit has certain validity period, such facility fees are recognised as prepayments and accrued income and accrued as expenses over the term of the credit facility.

d) Property

The Fund acquired an office building (a share of a real estate company) in its own use in 2002. In FAS this building has been classified as an investment and no depreciation has been done. Also, no revaluation or impairment has been recognised so it has been measured in its acquisition cost in FAS.

The office building owned and used by the Fund does not meet the definition of an investment property in IAS 40 *Investment Property*. Therefore, the building is accounted for as a property, plant and equipment according with IAS 16 *Property, plant and equipment*.

The Fund applies the acquisition cost model according with IAS 16 when it recognises the building at cost less accumulated depreciation and impairment charges in the statement of net position. The acquisition cost of the building in 2002 was EUR 3 055 thousand. The Fund's management has estimated that the remaining useful life of the building was 30 years in 2002. Thus, the accumulated depreciations were EUR 1 056 thousand during the period between the building's date of acquisition and the date of IFRS transition on 1 January 2013. The accumulated depreciations have been

recognised in the accumulated net position of the opening IFRS statement of net position on 1 January 2013. The undepreciated acquisition cost of the building at the date of transition on 1 January 2013 was EUR 1 999 thousand.

The building was sold in April 2014 and the management of the Fund has assessed that the criteria for IFRS 5 *Non-current assets held for sale* was met on 31 December 2013. Depreciations of the building were ceased at the classification as held for sale.

e) Leasehold improvements

In April 2014 the Fund moved to new premises where it operates as a lessee. The lease agreement of the office premise has been classified as an operating lease under IAS 17 *Leases*.

Before moving to the new office premises the Fund carried out certain modernisation and renovation work at the premises. The costs of these procedures, totalling to EUR 542 thousand, have been capitalised as property, plant and equipment according to IAS 16. Management estimates that the useful life of the renovation work is five years and the capitalised expenditure will be depreciated using a straight-line method during five years.

f) Reclassifications

The Unemployment Insurance Fund has made the following reclassifications in connection with the transition to IFRS:

- a) The Unemployment Insurance Fund recognises financial assets on trade date. At the reporting date some financial assets are still under settlement and the Fund has not paid out the liability arising from the acquisition of the financial asset. These very short term liabilities for financial assets under settlement are financial liabilities under IFRS, and accordingly, they are reclassified to line "borrowings". They are presented as accrual and deferred income in FAS. The effect of the reclassification has been EUR 425 thousand on 1 January 2013, EUR 5 997 on 31 December 2013 and EUR 12 100 thousand on 31 December 2014.
- b) The Unemployment Insurance Fund has presented interest assigned by the Finnish Centre for Pensions and State Pension Fund (see note 2.4.2) as part of the finance income and costs in the FAS financial statements. However, these are not items relating to financial items under IFRS because they are statutory payments and relate to the Fund's ordinary operations. Hence, these interests have been transferred to "Employer's unemployment insurance contributions" and "Finnish Centre for Pensions". The amount of the classification has been EUR 522 thousand in 2013 and EUR 2 608 thousand in 2014.

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that have affected the income, expenses, assets and liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates are based on the best information available at the reporting date. The evaluation is based on both earlier experience and assumptions for future that are most probable at the reporting date. Actual results can differ from these decisions made based on these estimates and assumptions. Possible changes in estimates are recognised in the period in which the estimate is adjusted and all subsequent periods.

The planning and managing of the Unemployment Insurance Fund's finances is largely based on forecasts on development of the unemployment rate, unemployment expenses, employment rate and wages. Under normal conditions, the Fund must set the insurance contributions at the sufficient level where all projected expenses could be covered with the insurance contributions. The unemployment insurance contributions are set for one year at a time. When the contribution levels are adjusted, the employers' and employees' contributions are adjusted by the same percentage. The forecast deviation in the change in net position between the budget prepared in August in the preceding year and the financial statements that are prepared more than a year later, has been EUR 150 million per year on average (6 – 10 % of expenses) over the last five years. In 2014, the forecast deviation exceeded the average amount.

The Fund uses judgement in applying the valuation methods used in the measurement of fair value in so far as the fair values are not received as direct prices from active markets. Fair value determination of current money market investments is based on the discounted cash flows, and management has used judgement when it has concluded that the change of credit risk does not have material impact on the change of fair values of investments due to their short duration and high credit rating.

The Fund's critical assumptions concerning the future and key uncertainties in the reporting date are related to above mentioned factors.

Segment reporting

IFRS 8 *Operating Segments* standard requires that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. As defined in the standard an operating segment is a component of an entity:

- a) that engages activities from which it may earn revenues and incur expenses
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- c) for which discrete financial information is available.

Further, according to the definition of the standard, the function of chief operating decision maker is to allocate resources to and assess the performance of the operating segments of an entity.

The objective of UIF is to collect unemployment insurance contributions, the level of which has been determined by public authorities. UIF pays collected contributions onwards, mainly to unemployment funds. With the collected contributions UIF engages in conservative investment activities in order to cover the benefit payments. UIF covers possible deficit also with loan financing.

The Unemployment Insurance Fund is a non-profit, government-affiliated fund. Management of UIF monitors the Fund's activities as a single entity which consists of the contributions collected and benefits paid resulting in a change in net position. In the end, the management of UIF does not actually allocate resources to the entity's activities or review the effectiveness of operations.

For these reasons, UIF's management assesses that the presentation of segment information is not appropriate. Presenting segment information would not improve the ability of a reader of the financial statements to assess UIF's operations, nature of the operating environment and financial effects. According to UIF's management, UIF's nature of operations and operating environment as well as financial effects are fairly presented in the IFRS financial statements.

5 Financial risk management

The financial risks of the Unemployment Insurance Fund relate mainly to the investments and they comprise market risk, credit and counterparty risk and liquidity risk.

To minimise the financial risks, investments are highly diversified and made to different types of financial assets in accordance with the investment principles confirmed by the Supervisory Board. Risk limits are set to such a level that their realisation would not result in significant losses for the Fund such that they would create pressure to increase the level of contributions or endanger the liquidity of the Fund. The Fund may enter into derivative contracts for hedging purposes, however derivatives were not used during the periods presented.

The Fund measures all its investments at fair value because they have been designated as financial assets at fair value through profit and loss. Specification of the investments and their fair values by class of investment are presented in note 14.

5.1 Financial risk factors

5.1.1 Market risk

The Board of Directors monitors the market risk of the investment portfolio of the Unemployment Insurance Fund on a monthly basis, and it is managed in accordance with the investment principles and investment plan through allocation decisions. When making the allocation decisions, the current market situation and outlook are taken into account. Furthermore, the investment decisions consider the size of the Fund's business cycle buffer and the minimum limit for the amount of investments with less than 12 months maturity.

The investment plan contains target allocations for different types of investments and risk limits for different counterparties.

Market risk is measured by using stress test method, in which a risk indicator expressed as annual volatility is assigned to each investment class on the basis of historical fluctuations in value.

Market risk on 31.12.2014, 31.12.2013 and 1.1.2013 was as follows:

	31.12.2014		
	Risk, %	Capital, in EUR	Risk, in EUR
Money market	1,0	212 282 308	2 122 823
Bonds	4,0	206 328 390	8 253 136
Shares	25	276 121	69 030
Total risk	2,49	418 886 819	10 444 989

	31.12.2013		
	Risk, %	Capital, in EUR	Risk, in EUR
Money market	1,0	458 362 384	4 583 624
Bonds	4,0	332 327 490	13 293 100
Shares	25	208 358	52 090
Total risk	2,27	790 898 232	17 835 377

	1.1.2013		
	Risk, %	Capital, in EUR	Risk, in EUR
Money market	1,0	408 367 770	4 083 678
Bonds	4,0	308 098 861	12 323 954
Shares	25	368 746	92 187
Total risk	2,3	716 835 377	16 499 819

The total risk was 2,5 % of the Fund's assets and 0,9 % of the Fund's income in 2013. The risk of the investment portfolio was moderate, due to the investment portfolio's conservative structure, and that the low risk level of the securities in the portfolio.

The main market risk factor for the Fund is interest rate risk. The investment portfolio is dominated by fixed income investments (money market investments and bonds). The Fund may make investments directly, or indirectly through investment funds. At the reporting date, 3,0 % (2013 1,9 %) of investments were indirect. In addition to the investments, also the borrowings of the Fund expose it to interest rate risk. Borrowings amounted to EUR 256 million at the reporting date, while in 2013 the Fund did not have any interest bearing liabilities. All money market investments carry variable interest (2013: 100 %), while 1,9 % (2013: 5,1 %) of the bonds were at variable rates. Also all the borrowings carry variable interest rate on 31.12.2014. Variable rate investments expose the Fund to cash flow interest rate risk, while investments at fixed rates expose the Fund to fair value interest rate risk.

If at the reporting date the euribor rates and interest rate curve (swap rates) had been 50 basis points lower with all other variables held constant, the total changes in net position would have been EUR 2 696 053 (2013: EUR 1 304 676) lower. Respectively, if at the reporting date the euribor rates and interest rate curve (swap rates) had been 50 basis points higher, the total changes in net position had been EUR 2 679 098 (2013: EUR 1 263 829) higher. This is due to fair value changes of the fixed income investments and the changes in the interest costs of the variable rate borrowings. Due to the low risk investment principles of the Fund, the amount of share investments has been very low during recent years and accordingly, share price risk is considered immaterial.

5.1.2 Credit risk

Credit risk of the investments is managed by issuer credit limits. Limits for each issuer are determined by taking into account the absolute size, economic position and future outlook of the issuer. The Fund continuously monitors the credit standing and future outlook of the issuers, and when changes occur, the limits are either increased or decreased. The Fund mainly invests in Nordic banks which have high credit ratings, as well as in best rated states (Finland, Germany, Holland and Sweden). Also cash and cash equivalents are only held in banks with high credit ratings.

The Fund may make investments in those funds whose corporate investments' average credit rating is A (S&P) or Aa3 (Moody's). In addition, each individual investment of the investment fund has to be in the investment grade with credit rating at least BBB+ (S&P).

The table below summarises the amount and credit quality of the Fund's direct bond investments, divided to investment classes. The numbers are in millions of euros:

Investment class	31.12.2014	31.12.2013	1.1.2013
State bonds AAA, AA+	170	282	269
Bonds issued by banks	16	35	28
Corporate bonds	20	24	12

The Fund's investments in bonds mainly consist of state bonds. Their credit quality has been determined using S&P credit rating. Most of the banks that the Fund has invested in have good credit ratings. However, not all regional banks have credit rating, in which case the credit quality of the banks are monitored using other methods as described above. Creditworthiness of corporates are primarily not monitored based on credit ratings, among others due to that not all Finnish listed companies have ratings.

Investments in the investment portfolio are efficiently diversified. Corporate risk cannot exceed 30 % (2013: 20 %) of the Fund's fixed income investments. In accordance with the investment plan, investments in each issuer may not exceed 5 % (2013: 10 %) of the Fund's all bond investments. Corporate investments are spread to 30 corporations on 31.12.2014, which corresponds to 18,9 % of all fixed income investments (27 corporations 31.12.2013; 13,1 % of all fixed income investments).

Money market investments are made in depository banks monitored by the Finnish Financial Supervisory Authority, state debentures, municipal papers and commercial papers issued by corporations accepted in the investment plan. Credit ratings of the biggest Nordic banks are strong; not all corporations have credit rating; and municipal risk corresponds to the state risk (in accordance with the Finnish Financial Supervisory Authority).

Counterparty risk is managed so that the Fund uses several asset managers and dealers with good credit ratings. The Board of Directors approves every year the dealers and counterparties the Fund uses in its investing activities.

5.1.3 Liquidity risk

To secure its liquidity, the Fund has investments in liquid money market instruments with less than a year's maturity the amount that equals the Fund's one month's expenses.

When the investment buffer decreases below the above limit, the Fund uses short-term borrowings to cover the temporary liquidity deficit. For this purpose, the Fund has a commercial paper program totalling to EUR 300 million in place (2013: EUR 200 M) and bilateral committed credit facilities totalling to EUR 200 million with two commercial banks.

At the end of 2014 the Fund had EUR 166 million (2013: 0) of the commercial paper program in use, and short-term bank loans amounting to EUR 90 million (2013: 0).

All the Fund's borrowings are short term on the reporting date and they are specified in note 17. The average maturity of commercial papers outstanding in the statement of net position on 31.12.2014 was 59 days and all commercial papers matured within 9 months. The average maturity of the bank loans was 38 days and they all matured within 3 months. Liabilities for securities under settlement matured within a couple of days from the reporting date.

The Board of Directors of the Fund approved at the end of 2014 the debt serving plan, which sets out the principles and the magnitude of the Fund's debt financing program. In accordance with the debt servicing plan the Fund has negotiated with several banks over the winter and spring 2015 to arrange new debt financing in order to ensure the financing of the Fund for several years. In addi-

tion, the Board has decided that the Fund will seek for credit rating from an international credit rating agency.

5.2 Business cycle buffer

In accordance with the Section 3 of the Act on the Financing of Unemployment Benefits, the Unemployment Insurance Fund maintains a business cycle buffer generated from the difference between the Fund's income and expenses, in order to safeguard the Fund's solvency and even out changes in unemployment insurance contributions caused by predictable trend cycles in the national economy. The maximum size of this buffer is the amount of annual expenses corresponding to an unemployment rate of five per cent. During times of severe economic downturn, the Fund may maintain a deficit equal to the amount of expenditure corresponding to this unemployment rate.

According to the investment principles accepted by the Supervisory Board, the Fund is required to have investments in liquid money market instruments with less than a year's maturity the amount that equals the Fund's one month's expenses. This amount is approximately EUR 300 million. The maximum amount of the buffer is calculated by dividing the Unemployment Insurance Fund's annual expenditures, EUR 2 651 million in 2014, by the average unemployment rate for the year (8.7) and multiplying the result by 5. The following table presents the amount of the business cycle buffer and the minimum and maximum amounts of the buffer as specified in the law. The numbers are in millions of euros.

MEUR	31.12.2014	31.12.2013	1.1.2013
Business cycle buffer	-9	663	585
Maximum amount of the buffer	1 524	1 309	1 215
Minimum amount of the buffer	-1 524	-1 309	-1 215

6 Unemployment insurance contributions

EUR

Employer's unemployment insurance contributions	1.1.-31.12.2014	1.1.-31.12.2013
Employer's insurance contributions	1 516 136 212	1 685 789 001
Employer's insurance contributions, co-owners	6 649 436	8 662 067
Total	1 522 785 648	1 694 451 068
Employee's unemployment insurance contributions	1.1.-31.12.2014	1.1.-31.12.2013
Employee's insurance contributions	376 010 715	454 851 264
Employee's insurance contributions, co-owners	1 693 412	2 171 842
Total	377 704 127	457 023 105
Interest on overdue contribution and collection fee income	1.1.-31.12.2014	1.1.-31.12.2013
Interest on employer's contributions overdue	1 228 834	830 517
Interest on employee's contributions overdue	403 348	245 503
Collection fee income	427 487	343 363
Total	2 059 669	1 419 383
Liability component compensations of employer's unemployment allowances	1.1.-31.12.2014	1.1.-31.12.2013
Liability component compensations	51 704 180	76 812 228
Accruals	22 145 732	-7 954 156
Total	73 849 912	68 858 072
Compensations in accordance with the Employment Contracts Act (ECA)	1.1.-31.12.2014	1.1.-31.12.2013
Compensations and lay-off income according to the ECA	1 348 739	748 228
Settlement to MSAH	-678 872	-399 328
Total	669 866	348 900
Contributions from MSAH	1.1.-31.12.2014	1.1.-31.12.2013
Basic unemployment allowance	1 003 930 769	990 650 572
Job alternation compensation	49 914 770	49 038 868
Previous year's equalisation payment	68 851	-627 734
Total	1 053 914 389	1 039 061 706
Total unemployment insurance contributions	3 030 983 611	3 261 162 235

7 Benefit payments

EUR

Subsidies paid to unemployment funds (UIF)	1.1.-31.12.2014	1.1.-31.12.2013
Other earnings-related allowance	-865 999 967	-728 359 448
Additional day's allowance	-248 950 658	-233 697 923
Lay-off allowance	-289 442 531	-153 907 592
Professional education allowance	-160 201 999	-131 070 387
Job alternation compensation	-63 814 596	-59 691 965
Administrative expense compensation	-11 830 200	-10 199 327
Membership fee equalisation	-9 999 999	-10 000 000
Previous year's equalisation payment	-1 206 189	485 596
Total	-1 651 446 140	-1 326 441 046
Subsidies paid to unemployment funds (MSAH)	1.1.-31.12.2014	1.1.-31.12.2013
Other earnings-related allowance	-840 376 119	-720 242 859
Lay-off allowance	0	-119 411 957
Professional education allowance	-142 390 516	-133 916 028
Job alternation compensation	-52 220 845	-49 038 868
Unemployment allowance/entrepreneurs	-9 196 359	-7 864 273
Administrative expense compensation	-9 661 700	-9 215 455
Previous year's equalisation payment	-68 851	627 736
Total	-1 053 914 389	-1 039 061 704
Finnish Centre for Pensions	1.1.-31.12.2014	1.1.-31.12.2013
Previous year's equalisation payment	-24 897 945	19 492 970
Payment for the current financial year	-796 000 000	-659 000 000
Total	-820 897 945	-639 507 030
State Pension Fund	1.1.-31.12.2014	1.1.-31.12.2013
Previous year's equalisation payment	-3 785	-522 589
Payment for the current financial year	-6 113 286	-6 153 291
Total	-6 117 071	-6 675 880
Social Insurance Institution of Finland (Kela)	1.1.-31.12.2014	1.1.-31.12.2013
Previous year's equalisation payment	138 758	62 503
Basic allowance, additional part, employment programme additional benefit	-52 550 000	-62 028 289
Total	-52 411 242	-61 965 786
Education Fund	1.1.-31.12.2014	1.1.-31.12.2013
Previous year's equalisation payment	0	75 264
Payment for the current financial year	-84 400 000	-71 975 763
Total	-84 400 000	-71 900 499
Ministry of Employment and the Economy	1.1.-31.12.2014	1.1.-31.12.2013
Previous year's equalisation payment	3 556	-13 904
Payment for the current financial year	-27 457 046	-32 526 983
Total	-27 453 490	-32 540 888

Member State invoicing for unemployment allowances	1.1.-31.12.2014	1.1.-31.12.2013
Invoiced by Member State	-57 319	-49 916
Invoiced by Fund	88 491	119 027
Total	31 172	69 111
Administrative compensations paid to insurance companies	1.1.-31.12.2014	1.1.-31.12.2013
Administrative and supervisory compensations	-43 436	-641 118
Total	-43 436	-641 118
Total benefit payments	-3 696 652 542	-3 178 664 838

8 Administrative expenses

EUR

Personnel expenses	1.1.-31.12.2014	1.1.-31.12.2013
Salaries and benefits	-3 389 549	-2 573 472
Pension costs – defined contribution plans	-579 667	-439 311
Social security costs	-242 224	-169 718
Total	-4 211 439	-3 182 502
Management salaries and remuneration	1.1.-31.12.2014	1.1.-31.12.2013
The Management Group (excluding the Managing Director and his deputy)	-341 761	-393 203
The Managing Director and his deputy	-275 298	-267 548
The Board of Directors and the Supervisory Board	-80 010	-74 105
Pension costs – defined contribution plans	-163 921	-174 896
Total	-860 990	-909 752
Other administrative expenses	1.1.-31.12.2014	1.1.-31.12.2013
IT expenses	-672 731	-612 822
Other personnel expenses	-532 862	-435 455
Expenses for office premises	-975 008	-463 477
Office expenses	-1 489 224	-631 609
Other expenses	-715 055	-409 066
Depreciation and amortisation	-997 316	-720 868
Other income	1 157 826	0
Total	-4 224 371	-3 273 297
Auditor's fee	1.1.-31.12.2014	1.1.-31.12.2013
Statutory audit	-18 600	-7 440
Total	-18 600	-7 440
Total administrative expenses	-9 315 401	-7 372 991

Number of personnel

Employees	1.1.-31.12.2014	1.1.-31.12.2013
Full-time employees	74	69
Part-time and temporary employees	24	13
Total	98	82

9 Finance costs

EUR

Finance costs from borrowings	1.1.-31.12.2014	1.1.-31.12.2013
Revolving credit facility fees	-733 901	-412 310
Interest costs from borrowings	-62 819	0
Total finance costs	-796 720	-412 310

10 Property, plant and equipment

EUR	Leasehold improve- ments	Buildings	Machinery and equipment	Total
Cost at 1.1.2014	470 771	0	635 985	1 106 756
Additions	542 157		372 886	915 043
Cost at 31.12.2014	1 012 928	0	1 008 871	2 021 799
Accumulated depreciation at 1.1.2014	115 786		387 344	503 130
Depreciation for the period	436 309		307 088	743 397
Accumulated depreciation at 31.12.2014	552 095	0	694 432	1 246 527
Net book value at 1.1.2014	354 985	0	248 641	603 626
Net book value at 31.12.2014	460 833	0	314 439	775 272

EUR	Leasehold improve- ments	Buildings	Machinery and equipment	Total
Cost at 1.1.2013	470 771	3 054 584	438 441	3 963 796
Additions			197 544	197 544
Disposals				
Cost at 31.12.2013	470 771	3 054 584	635 985	4 161 340
Accumulated depreciation at 1.1.2013	59 339	1 056 006	176 103	1 291 448
Depreciation for the period	56 447	101 819	211 241	369 507
Accumulated depreciation at 31.12.2013	115 786	1 157 826	387 344	1 660 955
Net book value at 1.1.2013	411 432	1 998 578	262 337	2 672 348
Transferred to non-current assets held for sale		-1 896 759		
Net book value at 31.12.2013	354 985	0	248 641	603 626

11 Intangible assets

EUR	Computer software	Internally generated software development costs	Total
Cost at 1.1.2014	409 211	639 379	1 048 590
Additions	104 986		104 986
Cost at 31.12.2014	514 197	639 379	1 153 576
Accumulated amortisation at 1.1.2014	275 021	284 168	559 189
Amortisation	122 117	213 126	335 243
Accumulated amortisation at 31.12.2014	397 138	497 294	894 432
Net book value at 1.1.2014	134 190	355 211	489 401
Net book value at 31.12.2014	117 058	142 085	259 143
EUR	Computer software	Internally generated software development costs	Total
Cost at 1.1.2013	268 005	639 379	907 384
Additions	141 205		141 205
Cost at 31.12.2013	409 211	639 379	1 048 590
Accumulated amortisation at 1.1.2013	136 786	71 042	207 828
Amortisation	138 235	213 126	351 361
Accumulated amortisation at 31.12.2013	275 021	284 168	559 189
Net book value at 1.1.2013	131 220	568 337	699 557
Net book value at 31.12.2013	134 190	355 211	489 401

12 Receivables and payables from unemployment insurance contributions

EUR

Unemployment insurance contribution receivables	31.12.2014	31.12.2013	1.1.2013
Employer's unemployment insurance contribution receivables	4 536 615	3 004 776	2 096 149
Employee's unemployment insurance contribution receivables	1 422 788	1 100 938	6 239 328
Unallocated employer's contributions	0	-710 953	-4 266 797
Overdue contribution and collection fee receivables	227 557	103 368	0
Total unemployment insurance contribution receivables	6 186 960	3 498 129	4 068 680
Unemployment insurance contribution payables	31.12.2014	31.12.2013	1.1.2013
Prepayments	38 349 736	18 830 625	9 985 833
Refunds	3 990 283	2 475 304	132 561
Total unemployment insurance contribution payables	42 340 019	21 305 930	10 118 394

13 Other receivables

EUR	31.12.2014	31.12.2013	1.1.2013
Prepayments and accrued income	1 753 289	761 706	1 541 034
Finnish Centre for Pensions capital accrual	0	2 500 000	0
Finnish Centre for Pensions compensatory interest	18 292 645	15 031 240	13 516 010
Receivables from Education Fund	1 100 000	3 024 237	7 100 000
Receivables from unemployment funds	18 061 973	18 711 656	35 386 275
Ministry of Social Affairs and Health, accrual	22 930 769	10 983 097	0
Receivables from employer's liability component and compensations based on Employment Contracts Act	3 695 071	7 205 979	10 383 062
Accrued credit facility fees	79 677	182 486	285 295
Total other receivables	65 913 426	58 400 402	68 211 676

14 Investments

Investments in financial assets have been designated as financial assets at fair value through profit and loss, and they are measured at fair value. Measurement of these assets is largely based on either quoted prices or valuations based on available market data. Financial instruments carried at fair value have been divided into three hierarchy levels based on whether they are traded in active markets, and to what extent the inputs are based on observable market data, as follows:

Level 1: the valuation is based on quoted prices in active markets for identical financial assets and liabilities.

Level 2: the inputs used in valuations are based also in other observable inputs than those in Level 1, either directly or indirectly using valuation techniques.

Level 3: the valuation is based on other than observable market data.

In the table below investments have been specified by financial instrument classes divided into fair value hierarchy levels. No reclassifications have been made between hierarchy levels during the financial year.

31.12.2014	Level 1	Level 2	Level 3	Total
Government bonds	170 344 669			170 344 669
Bonds issued by banks	12 774 318			12 774 318
Corporate bonds	20 232 203			20 232 203
Investments in funds and shares	2 221 488	7 644 619	2 102 765	11 968 872
Deposits		31 242 818		31 242 818
Certificates of deposits		74 614 152		74 614 152
Commercial papers		60 712 778		60 712 778
Structured investments			2 977 200	2 977 200
Total	205 572 678	174 214 367	5 079 965	384 867 010

31.12.2013	Level 1	Level 2	Level 3	Total
Government bonds	282 582 784			282 582 784
Bonds issued by banks	31 612 203			31 612 203
Corporate bonds	25 329 543			25 329 543
Investments in funds and shares	2 885 594	10 020 346	2 056 062	14 962 002
Deposits		288 041 958		288 041 958
Certificates of deposit		45 158 516		45 158 516
Municipal papers		2 799 461		2 799 461
Commercial papers		86 271 621		86 271 621
Structured investments			2 972 700	2 972 700
Total	342 410 124	432 291 902	5 028 762	779 730 787

1.1.2013	Level 1	Level 2	Level 3	Total
Government bonds	268 513 969			268 513 969
Bonds issued by banks	24 890 046			24 890 046
Corporate bonds	11 645 046			11 645 046
Investments in funds and shares	2 940 089		1 952 713	4 892 802
Deposits		143 494 199		143 494 199
Certificates of deposit		120 630 940		120 630 940
Municipal papers		4 298 938		4 298 938
Commercial papers		61 918 193		61 918 193
Structured investments		9 997 988		9 997 988
Government bonds			3 049 800	3 049 800
Total	307 989 150	340 340 257	5 002 513	653 331 921

Changes in Level 3 financial assets measured at fair value

		Unrealised	Realised			
	1.1.	profit/loss	profit/loss	Purchases	Disposals	31.12.2014
Structured investments	2 972 700	4 500				2 977 200
Investment funds	2 055 062	-231 217	295 229	323 015	-339 323	2 102 765
Total	5 027 762	-226 717	295 229	323 015	-339 323	5 079 965

		Unrealised	Realised			
	1.1.	profit/loss	profit/loss	Purchases	Disposals	31.12.2013
Structured investments	3 049 800	-77 100				2 972 700
Investment funds	1 952 713	-64 952	161 201	145 327	-138 226	2 056 062
Total	5 002 512	-142 052	161 201	145 327	-138 226	5 028 762

Deposits, certificates of deposit, corporate bonds and municipal papers in level 2 have been measured using the discounted cash flow method based on euribor or swap curve and on forward rate so far as elements of foreign currencies are involved. Based on the management's judgement, the discount factor has been adjusted by the effect of change in credit risk of the investment. However, the investments are of high quality, and the adjustment has not had a material impact.

Structured instruments in level 3 include a senior loan issued by a Nordic bank, with a return that is linked to OMXH 25 index and fair values of them are based on the valuation by a third party.

Investment funds have been measured at the net asset value of the fund as reported by fund manager at the reporting date, and they have been classified in level 1, 2 or 3 by their market activity and marketability. Equity investments are quoted in Helsinki Stock Exchange and they have been classified in level 1. The amount of equity investments is minimal.

15 Cash and cash equivalents

EUR

Cash and cash equivalents	31.12.2014	31.12.2013	1.1.2013
Cash at banks	39 766 539	24 880 268	67 510 289
Total cash and cash equivalents	39 766 539	24 880 268	67 510 289

16 Non-current assets classified as held for sale

The office building in UIF's own use has been presented as assets held for sale as at 31 December 2013, because, according to management's estimate, the criteria for classification as held for sale has been met. Assets classified as held for sale consisted entirely of the building included in property, plant and equipment. No liabilities were related to the asset. The sale was made in April 2014. The selling price was EUR 2 950 000 and UIF recognised a sales gain of EUR 1 053 241.

17 Borrowings

EUR	31.12.2014	31.12.2013	1.1.2013
Commercial papers	165 897 751	0	0
Revolving credit facility (RCF)	90 000 000	0	0
Liabilities from securities under settlement	12 099 993	5 996 504	29 766 800
Total borrowings	267 997 744	5 996 504	29 766 800

18 Other liabilities

EUR	31.12.2014	31.12.2013	1.1.2013
Account payables	193 590	0	0
Accruals and deferred income	1 886 579	823 205	6 667 436
Liability component income, accrual	88 951 031	111 096 763	103 142 607
Finnish Centre for Pensions capital accrual	34 600 000	0	14 800 000
Ministry of Employment and the Economy, pay security accrual	27 457 046	32 526 983	29 451 029
Finnish Centre for Pensions, interest accrual	19 657 281	15 469 679	11 941 753
Liabilities to unemployment funds	23 273 699	19 117 474	4 347 079
Holiday pay accrual	607 516	511 458	445 228
Total other liabilities	196 626 742	179 545 562	170 795 134

19 Commitments and receivables not recognised in the statement of net position

Capital commitments, equity funds

EUR	31.12.2014	31.12.2013	1.1.2013
Committed capital	5 250 473	5 250 473	6 000 000
Reduction of the commitment capital of Fund III	0	0	-749 527
Utilised	-4 481 526	-4 041 374	-4 033 201
Total capital commitments	768 947	1 209 099	1 217 272

Investment funds call investments based on the financing needs of the investment fund. The commitments have no maturity date.

Operating lease commitments

EUR	31.12.2014	31.12.2013	1.1.2013
Within one year	1 360 136	165 648	165 648
1-5 years	4 273 566	115 808	357 056
over 5 year	0	0	0
Total	5 633 703	281 456	522 704

The Fund has rented its office and warehouse premises and a car by non-cancellable lease contracts. Term of the office and warehouse lease contract is 5 years, after which it is in force until further notice. The term of the lease for the car is 3 years.

Operating lease receivables

EUR	31.12.2014	31.12.2013	1.1.2013
Within a year	413 568	0	0
1-5 years	1 344 096	0	0
over 5 year	0	0	0
Total	1 757 664	0	0

The fund has subleased part of its rented office premises. The first possible termination date for the sublease contract is in 5 years, after which the contract is in force until further notice.

20 Related parties

Related parties of the Fund consist of the Supervisory Board, the Board of Directors and the Management Group. The Supervisory Board is appointed by the government based on the proposal of the labour market parties. The proposal for the level of unemployment insurance contributions is prepared by the Supervisory Board in its fall meeting. The Board of Directors is appointed by the Supervisory Board. The Unemployment Insurance Fund is supervised by the Financial Supervisory Authority. In addition, the Ministry of Social Affairs and Health is entitled to receive information about the operation of the Unemployment Insurance Fund.

The government contributions payable to the unemployment funds is received from the Ministry of Social Affairs and Health. The Fund pays regularly benefits to the Finnish Centre for Pensions, State Pension Fund, Social Insurance Institution of Finland (Kela) and the Ministry of Employment and Economy.

Remuneration of the Board of Directors and the Supervisory Board

EUR	1.1.-31.12.2014	1.1.-31.12.2013
Salaries and benefits	80 010	74 105
Pension costs – defined contribution plans	19 362	17 637
Total	99 372	91 742

Remuneration of the Management Group members (excluding the Managing Director and his deputy)

EUR	1.1.-31.12.2014	1.1.-31.12.2013
Salaries and benefits	341 761	393 203
Pension costs – defined contribution plans	77 937	93 583
Total	419 698	486 786

Remuneration of the Managing Director and his deputy

EUR	1.1.-31.12.2014	1.1.-31.12.2013
Salaries and benefits	275 298	267 548
Pension costs – defined contribution plans	66 622	63 676
Total	341 920	331 224

21 Events after the reporting period

There has not been material change in the state of economy in Finland in the early months of 2015. According to the information of the Ministry of Employment and the Economy, the amount of unemployed people at the end of March 2015 was 31 thousand more than year before. Costs of unemployment have continued to grow in the beginning of 2015. Expenditure is expected to increase by 10 %, compared to the expected level of increase of 6 % in the budget.

The Fund has continued preparing and implementing a debt program. The government has decided to grant a state guarantee of EUR 770 million for the borrowings. The Unemployment Insurance Fund has signed a syndicated debt program, a total amount of EUR 1 000 000 000. This credit facility is sufficient to cover the UIF's needs for debt financing in 2015. In addition, the Fund is exploring possibilities to get alternative debt financing from the capital markets.

The determination and collection of unemployment insurance contributions has been carried out better than year before. The service level has maintained good also in the collection.

FINANCIAL STATEMENTS 31 DECEMBER 2014

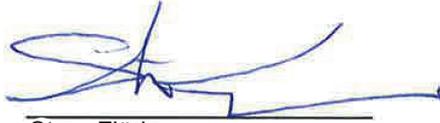
Helsinki, 27 May 2015

Unemployment Insurance Fund

Board



Vesa Rantahalvari
Chairman of the Board



Sture Fjäder
Vice-Chairman



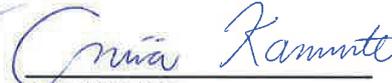
Pekka Hotti



Eeva-Liisa Inkeroinen



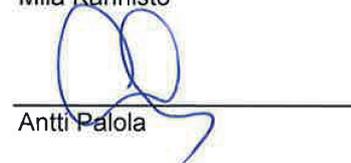
Markku Jalonen



Miia Kannisto



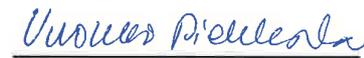
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Vuokko Piekkala



Veli-Matti Rekola



Saana Siekkinen



Janne Metsämäki
Managing Director

AUDITORS' NOTE

Our Auditors' Report has been issued today.

Helsinki, 27 May 2015

PricewaterhouseCoopers Oy



Juhä Wahlroos
Authorised Public Accountant



Auditor's Report on the Financial Statements of the Unemployment Insurance Fund for the years ended 31 December 2014 and 2013

To the Board of Directors of the Unemployment Insurance Fund

We have audited the accompanying financial statements of the Unemployment Insurance Fund, which comprise the statement of net position as at 31 December 2014 and 31 December 2013, statement of changes in net position and statement of cash flows for the years then ended, and notes to the financial statements. Our report has been prepared for the purpose of including it in the Prospectus.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors is responsible for the appropriate arrangement of the control of the fund's accounts and finances, and the Managing Director shall see to it that the accounts of the fund are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Unemployment Insurance Fund as at 31 December 2014 and 31 December 2013 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Helsinki, 27 May 2015

PricewaterhouseCoopers Oy
 Authorised Public Accountants



Juha Wahlroos
 Authorised Public Accountant

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