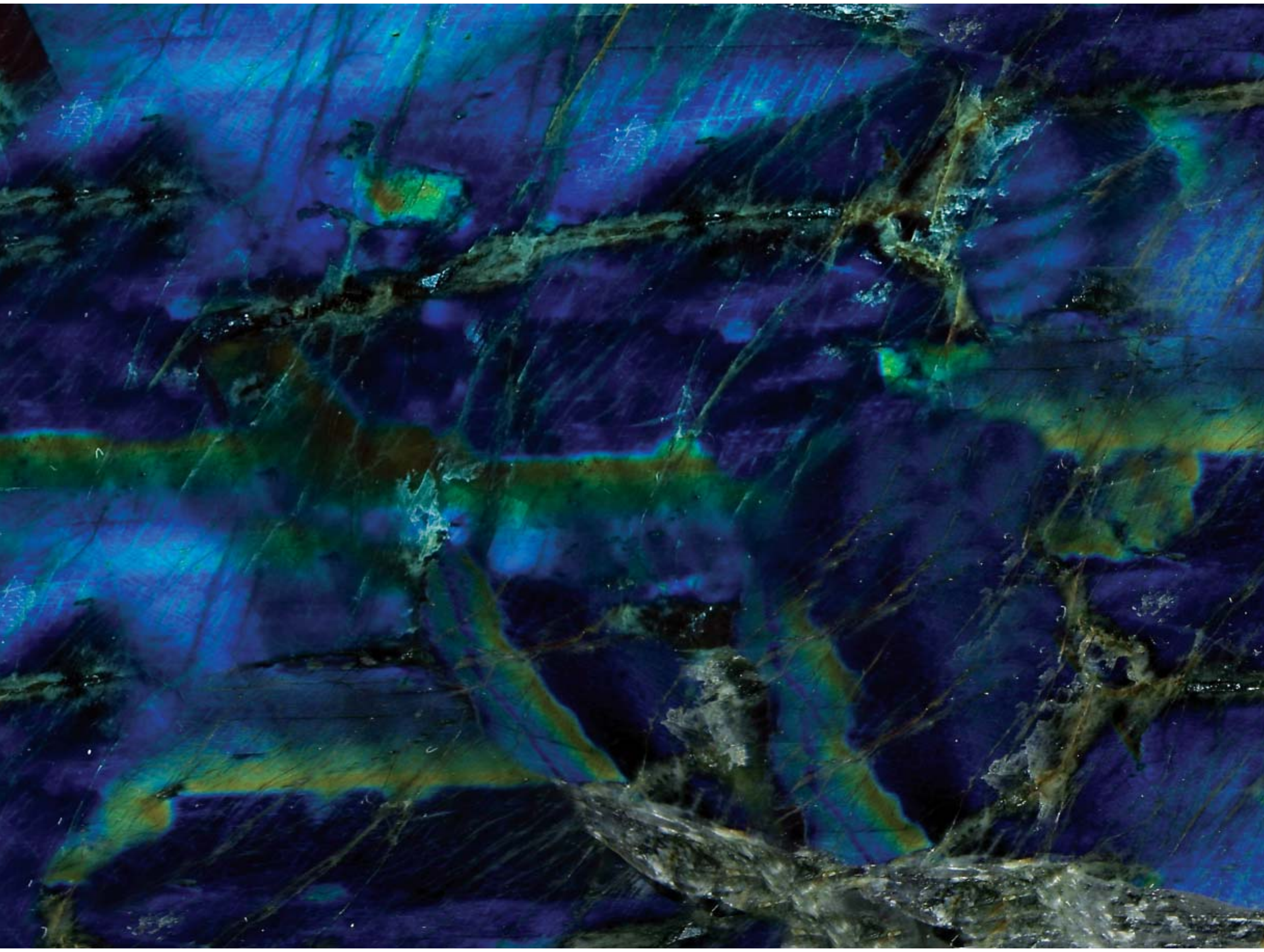
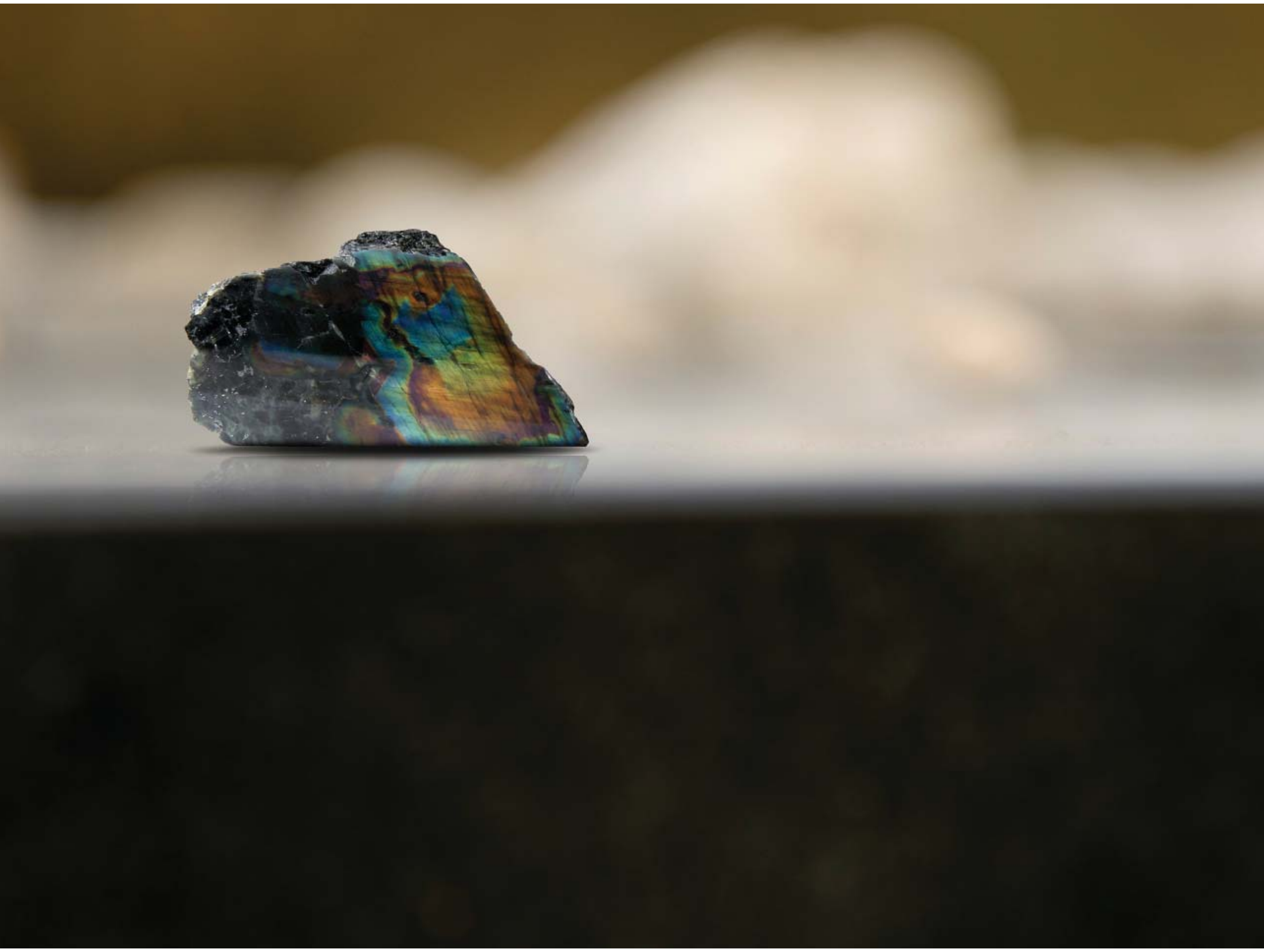
Annual Review 2007



FINNVERA



FINNVERA

Contents

The data presented in this Annual Review has not been audited. The report of the Board of Directors and the Financial Statements 2007 referred to in the Finnish Bookkeeping Act, as well as the auditors’ report, are available as a separate Financial Review 2007 at *www.finnvera.fi* > *Enterprise and economy* > *Press releases and reports*.

Finnvera in Brief

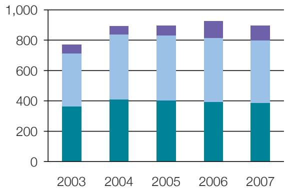
Finnvera plc is a specialised financing company supplementing the financial market. It is owned by the State of Finland. Finnvera promotes the operating potential, competitiveness, growth and internationalisation of Finnish enterprises. It provides its clients with loans, guarantees, venture capital investments and export credit guarantees.

When an enterprise's own collateral are insufficient for acquiring financing on the commercial market, Finnvera grants financing for operations that meet profitability criteria.

The State of Finland covers some of Finnvera's credit and guarantee losses. This enables Finnvera to take higher risks and to share risks with other financiers. The intrest subsidy that is granted on regional policy grounds and by the European Regional Development Fund reduces the financing costs of enterprises in assisted areas.

As Finland's official export credit agency (ECA), Finnvera provides guarantees against political or commercial risks arising in the financing of exports. Through the State Guarantee Fund, the State of Finland bears the liability for guarantees granted for the financing of exports. (More about the State Guarantee Fund in the sections on corporate governance, p. 24, and statistics, p. 30).

Domestic financing
Domestic financing, by product, MEUR



Export and special guarantees
Domestic guarantees
Loans

An industrial policy actor

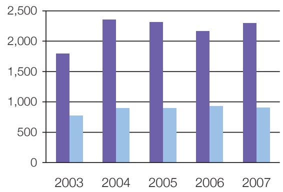
Finnvera's operations are steered by the industrial and ownership policy goals laid down by the Ministry of Employment and the Economy. Among these goals are: increasing the number of starting enterprises; enabling financing for changes encountered by small and medium-sized enterprises, SMEs; and promotion of enterprise growth, internationalisation and exports.

Finnvera is expected to operate on the principle of economic self-sustainability. Finnvera strives to cover its operating expenses, and the credit and guarantee losses at its own responsibility, with income received from commercial operations.

The funds needed for granting credits to SMEs are obtained from the financial market. By virtue of the Act governing Finnvera's operations, Finnvera can obtain State guarantees for its acquisition of funds. The European Investment Bank is a major lender.

Acting as an intermediary, Finnvera passes on to its clients the interest support that is allocated from the State Budget on regional grounds. Some of Finnvera's financial products intended for SMEs may include regional policy interest support from the European Regional Development Fund.

Domestic financing
Total projects made possible by Finnvera's financing, MEUR



Total projects
Share of Finnvera's financing

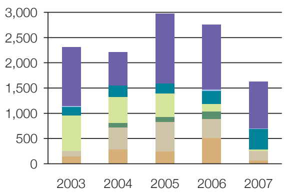
Mission

By supplementing the financial market and by providing financing, Finnvera promotes the business of SMEs, the exports and internationalisation of enterprises, and the realisation of the State's regional policy goals.

Vision

Finnvera promotes the competitiveness of Finnish enterprises, enabling the optimum financial solutions for their start-up, growth and international success.

Foreign risk-taking
Guarantees offered, by region, MEUR



Industrialised countries
Sub-Saharan Africa
Middle East and North Africa
Latin America
Central and Eastern Europe
CIS
Asia

Strategy

Finnvera focuses on the provision of financing for new enterprise activities and for the growth and internationalisation of enterprises, and on the maintenance of a competitive export financing system. Financing solutions are planned and implemented in cooperation with other public organisations providing enterprise services, and with private financiers. In projects, priority is given to private financing.

Closer cooperation is sought with Finpro, Tekes, the Employment and Economic Development Centres and other actors included in the Enterprise Finland service system.

Finnvera is constantly developing its productivity and the competence of its personnel. Business practices are continuously improved to guarantee customer satisfaction.

Strategic goals 2008–2012

1. More start-up enterprises
2. Changes encountered by SMEs
3. Meeting the challenges posed for services by growing and internationalising enterprises
4. Promoting Finnish exports and internationalisation

Values

Finnvera's value statement, An Expert Esteemed by Clients, characterises the company's conduct. Finnvera's values are trust, honesty, benefits to clients, being a forerunner, profitability, effectiveness, and constant development of competence.

Corporate social responsibility

Finnvera's operations are grounded in specific legislation. The company's operations and its results have positive social impacts on enterprise and employment. Finnvera follows the principles of good business practices, which in Finnvera's case mean

- Equity – trust in the equality and autonomy of our operations
- Bound by purpose – we only use our authority for the purposes specified in the laws governing Finnvera
- Objectivity – our decisions are based on facts that we assess impartially
- Relativity – in view of our goals, our operations are reasonable and serve a purpose
- Trust – in our operations, we are bound by law, by our own decisions and by the pledges we have given
- Responsible, professional and productive service
- Transparency and openness while treating our clients' information with the same confidentiality as banks

Impacts of Finnvera's activities

Domestic financing	2007	2006	2005	2004	2003
Loans, domestic guarantees and export guarantees offered, MEUR	896.9	926.0	895.3	891.5	772.4
Number of jobs created with the help of financing	10,907	11,134	10,548	11,457	9,730
Financing/new job, EUR 1,000	82	83	85	78	79
Number of enterprises started with the help of financing	3,467	3,641	3,638	2,956	2,576
Financing for assisted areas, MEUR*	353.7	456.8	460.3	433.9	373.8
Financing of exports					
Export credit guarantees and special guarantees offered, MEUR					
- SMEs	38.3	48.8	44.6	18.6	18.4
- Major companies	1,777.8	2,843.8	4,047.3	2,708.3	2,488.5
Total	1,816.1	2,892.6	4,091.9	2,726.9	2,506.9
- Share of foreign risk	1,626.8	2,760.2	2,974.3	2,209.4	2,311.0
Guarantees that came into effect, MEUR					
- SMEs	43.3	40.0	18.3	16.8	19.3
- Major companies	720.7	1,257.9	2,627.2	1,094.5	1,326.3
Total	764.0	1,297.9	2,645.5	1,111.3	1,345.6
- Share of foreign risk	705.7	1,239.8	1,406.9	987.1	995.1
Exports covered by export credit guarantees, %					
- Share of Finland's total exports	1.9	2.7	1.9	2.4	1.4
- Share of exports to countries with political risk	4.0	6.4	4.9	5.7	4.2
Number of clients					
Domestic and export financing together	28,000	28,000	27,600	26,300	25,600

*Assisted areas were revised in 2007

The Managing Director's Review

The year 2007 was an interesting one with regard to the world economy, our client companies and the development of our own operations. The first half of the year was characterised by two trends. Small and medium-sized enterprises, SMEs, invested actively, and Finnvera and banks shared the risks arising from the financing of their investments and working capital needs. Simultaneously, thanks to the exceptionally liquid international bank market, many sectors were able to arrange financing for large export transactions without a major contribution from Finnvera.

During the second half of the year, the indirect effects of uncertainty stemming from the American economy and credit market turbulence started to be felt here, too. Towards the end of the year, the number of applications for comprehensive financing solutions associated with major export transactions was considerably higher than in spring. At the same time, demand for financing among SMEs declined slightly during the latter part of the year, indicating certain caution, especially in investments. Other factors also contributed to this trend: the agreements reached on the labour market, labour shortages, and postponement of company reorganisations pending the new regulations on inheritance taxation.

During the year, Finnvera's own operations were developed from the perspective of customer service. In order to ensure equal, high-quality services for our clients throughout the country, our regional organisation was divided into four service regions. The number of experts working in direct customer service was increased through internal personnel transfers. We expanded our online services and started a telephone service geared, in particular, to starting enterprises.

Business trends

During the period under review, we gained good experiences of pilot projects carried out together with regional enterprise service organisations. This year we shall expand and intensify this cooperation in the handling of applications for micro-financing.

Regional companies play an important role in the development of the provinces where they are located. We help ensure financing in transitional situations, for instance during changes of generation and other ownership arrangements. Creation of new enterprise activities is particularly important in areas affected by restructuring. Together with many other organisations, we have been developing a joint operating model for these situations. Use of the model will be expanded during this year.

In 2007, we provided financing for the export transactions of SMEs and for the construction of international enterprise networks. These have made it possible for enterprises to increase their turnover and maintain their competitiveness. To be able to meet the needs of growing SMEs in the process of continued internationalisation, we have consolidated our own know-how through close cooperation with bodies such as Finpro and Tekes. In spring 2007, we participated in activities arranged by the FinChi innovation centre in Shanghai, and since last autumn we have been able to use Finpro's office in St. Petersburg for serving SMEs that wish to become established in Russia. In fact, Russia is the country where internationalisation projects financed by Finnvera have been implemented the most. Exports to Russia also account for the greatest number of outstanding export credit guarantees, excluding ship financing.

In total, the demand for export credit guarantees was lower in 2007 than the year before. Owing to the decisions made in previous years and during the period under review, risk concentrations in ship financing provided by Finnvera reached a new record when all offers given are included. This calls for careful assessment and management of our risk position. Many large export companies have been highly successful on the international market; this has also been reflected in the operations of subcontractors in Finland. Correspondingly, a slowdown in export demand would have far-reaching reverberations among subcontractor companies.

At the end of the year, the amounts of non-performing claims and credit loss provisions in domestic financing were higher than the year before. In export financing, the claims paid are still at an exceptionally low level when seen over a longer time span.

Changes in the operating environment

Establishment of the new Ministry of Employment and the Economy is a historic step. Corporate steering by the new ministry will give Finnvera even better opportunities for joint strategic planning and efficient and customer-oriented provision of products and services within the entire group under the ministry.

According to the Government Programme, public venture capital investment activities for starting enterprises will be concentrated in the Finnvera Group. Aloitusrahasto Vera Oy will continue the seed funding operations of Finnish Industry Investment Ltd and will manage the marketplace that Sitra has maintained for private investors. The goal is to develop opportunities for timely meetings between early-stage enterprises, private investors and business specialists and to channel more private capital and know-how into these enterprises. In this task, the new "Young Innovative Enterprises" programme of Tekes is an important cooperation partner for Aloitusrahasto.

Finnvera's exemption from income tax was confirmed by a Government Decree that came into effect on 20 December 2007. We shall pass on the tax benefit in full to our clients, mainly by adjusting our rates and partly also by increasing risk-taking.

The turn of the year was coloured by increasing uncertainty in the international economic outlook. It is still difficult to foresee the overall effects of this uncertainty on the prospects of Finnish companies. As a financier sharing risks with banks and private investors, we continue to develop our cooperation further, taking into account changes in the operating environment.

I'd like to thank all our financing partners and other cooperation partners, the Finnvera personnel who had a busy year, and above all our clients for their trust and good cooperation in 2007.

Pauli Heikkilä

Impacts of Financing

In its capacity as Finnvera's owner, the State of Finland – represented by the Ministry of Employment and the Economy – sets annual goals for Finnvera. These are used to assess how the company has succeeded in its tasks of promoting employment, enterprise, regional development, the growth and internationalisation of enterprises, and exports.

Attainment of the goals is measured by the numbers of starting and growing enterprises, and by the numbers of export transactions and new jobs, that Finnvera's financing has helped make possible. Nearly all goals were exceeded in 2007. Similarly, the goals set for the equal distribution of financing were well met.

Employment

In 2007, the financing provided by Finnvera for the domestic operations of enterprises contributed to the creation of nearly 10,900 jobs (11,134). Of these jobs, 56 per cent were created in trade and other services, and 44 per cent in industry. In addition to the creation of new jobs, Finnvera's financing helped secure nearly 4,800 existing jobs (6,100).

Finnvera provided a total of EUR 150.2 million (EUR 140.9 million) for changes of ownership in almost 1,100 enterprises (1,200). These changes helped create or secure close to 3,800 jobs (4,500).

Enterprise

In 2007, Finnvera contributed to the financing of about 8,000 domestic projects. The value of the projects totalled EUR 2.3 billion (EUR 2.2 billion), of which Finnvera's financing accounted for an average of 39 per cent (43). Altogether 53 per cent (52) of the total value of projects was used for investments while 34 per cent (36) was used for working capital.

The target set for 2007 was to provide financing for 3,500 (3,100) starting enterprises. Altogether 3,467 (3,641) starting enterprises received financing from Finnvera; the total sum was EUR 261.3 million (EUR 233.5 million). Within the last few years, Finnvera has provided financing for one in every ten enterprises founded in Finland.

The target set for 2007 was to provide financing for 1,000 (1,000) growth enterprises. In all, Finnvera provided financing for 1,481 (1,355) growth enterprises. The total sum was EUR 410.5 million (EUR 407.9 million). A growth enterprise is a small or medium-sized enterprise which, on the basis of corporate analysis, is expected to show an average annual growth rate of at least 10 per cent in its turnover for the next three years.

Regional development

Finnvera acts as an intermediary between its own clients and the interest support programmes of the State of Finland and the European Regional Development Fund (ERDF). The interest support is used to reduce the financing costs of SMEs in the national assisted areas and in the EU Objective regions. The regionally gradated credit and guarantee loss compensation provided by the State also makes it possible for Finnvera to take higher risks, especially in the least developed areas.

In 2007, Finnvera's financing to enterprises operating in areas eligible for support on regional policy grounds totalled EUR 353.7 million (EUR 456.8 million), of which interest-subsidised loans granted on regional policy grounds accounted for EUR 131.9 million. The target set for 2007 was to grant EUR 330 million to national assisted areas. Financing directed at national assisted areas accounted for 39 per cent of all financing granted for the domestic operations of enterprises; this is greater than the share of Finland's population in these areas. The division into national assisted areas was revised as of the beginning of 2007. The revision reduced both the assisted areas and the financing granted to them.

When seen in relation to all enterprises in the region, Finnvera's clients account for the highest percentages in the regions of Kainuu, Satakunta, Northern Karelia, Northern Savo and Lapland. The lowest percentages are in Uusimaa and especially in the Helsinki area.

Support given by the European Regional Development Fund (ERDF) forms part of the financing granted by Finnvera in Objective 1 regions in Eastern and Northern Finland and in Objective 2 regions in Western and Southern Finland. ERDF support is included in Finnvera's investment and working capital loans, entrepreneur loans, microloans, loans for female entrepreneurs and environmental loans. In addition, Finnvera gives guarantees supported by the ERDF in Objective 1 regions in Eastern and Northern Finland. In 2007, the loans that included interest support from the ERDF and that were given to SMEs totalled EUR 115.9 million (EUR 100.8 million) and guarantees EUR 25.5 million (EUR 14.7 million).

Some of the financing granted by Finnvera to SMEs was eligible for a portfolio guarantee from the European Investment Fund (EIF) until 30 June 2007. In that case, the guarantee commission was less than normally. The total value of these growth guarantees granted in 2007 was EUR 49.4 million (EUR 56.7 million). Based on the European Commission's Competitiveness and Innovation Programmme (CIP) for 2007–2013, Finnvera is preparing a new corresponding multiannual agreement with the EIF.

Exports

For its own part, Finnvera ensures the competitiveness of Finnish enterprises by offering them financial services to cover export and project risks. In large-scale export projects, risks are often shared with commercial financiers and the official export guarantee and export credit agencies of other countries.

Finnvera's impact is seen in the form of investments made by large export enterprises and by their contract manufacturers and subcontractors; this in turn is reflected in the number of jobs created or kept.

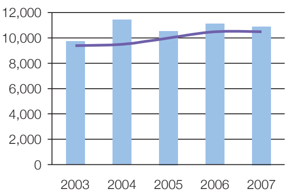
In 2007, the value of exports covered by guarantees totalled EUR 1,179.9 million (EUR 1,630.1 million). It represented 1.9 per cent (2.7) of Finland's total exports. Exports to countries involving political risks accounted for 4.0 per cent (6.4). The CIS countries, primarily Russia, accounted for 27 per cent, industrialised countries for 23 per cent, Latin America for 19 per cent, the Middle East and North Africa for 12 per cent, and Asia for 10 per cent of all exports covered by guarantees.

The biggest single export country was Russia, followed by Norway, Uruguay, Estonia and Turkey. The forest industry accounted for 28 per cent of the exports covered by guarantees, ship financing for 27 per cent, and telecommunications for 20 per cent.

Moreover, a cruise vessel that Finnvera had helped to finance by means of its Finance Guarantees and Bond Guarantees was delivered to an American shipping company during the year. The total value of the vessel was nearly EUR 600 million.

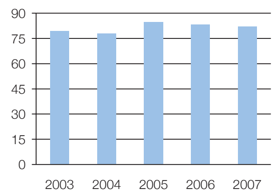
Information about the biggest guaranteed export transactions is available at *www.finnvera.fi > Export > Finnvera – an Export Credit Agency > Guaranteed transactions*.

Domestic financing
New jobs, number



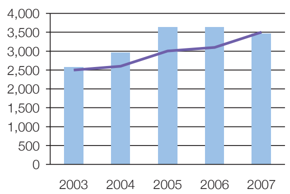
New jobs
Target

Domestic financing
Financing/new job, EUR 1,000



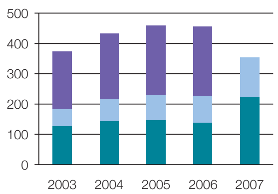
Financing/new job

Domestic financing
Starting enterprises, number



Starting enterprises
Target

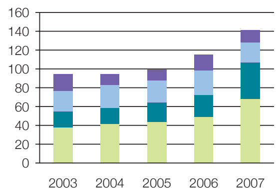
Domestic financing
Financing for areas assisted on regional policy grounds*, MEUR



Assisted area 3
Assisted area 2
Assisted area 1

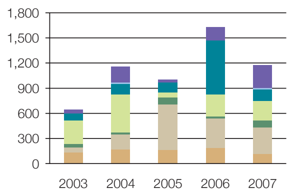
*Assisted areas were revised in 2007 and are not intirely comparable to earlier years.

Domestic financing
ERDF financing transmitted to the EU Objective regions, MEUR



Southern Finland, Objective 2 region
Western Finland, Objective 2 region
Northern Finland, Objective 1 region
Eastern Finland, Objective 1 region

Foreign risk-taking
Exports covered by guarantees, by region, MEUR



Industrialised countries
Sub-Saharan Africa
Middle East and North Africa
Latin America
Central and Eastern Europe
CIS
Asia

Financing and Risk-Taking

The Finnvera Group provides its clients with loans, domestic guarantees and venture capital investments, and export financing services, i.e. export credit guarantees, special guarantees and interest equalization services.

Finnvera plc engages in venture capital investments through its subsidiaries, Veraventure Ltd, Aloitusrahasto Vera Oy and Matkailunkehitys Nordia Oy. Finnish Export Credit Ltd, another of Finnvera's subsidiaries, administers the interest equalization system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement.

Financing for domestic operations of enterprises

In 2007, the financing provided by Finnvera for the domestic operations of enterprises totalled EUR 896.9 million. Compared against the previous year, the sum decreased by EUR 29.1 million, or slightly over 3 per cent. Altogether 42 per cent of the financing was granted to micro-enterprises and 53 per cent to other SMEs.

When seen against the previous year, no major changes took place in the distribution of financing among various sectors. The most financing was granted to the metals industry, whereas the most rapid growth in the amount of financing was recorded in technical services and transport.

In relative terms, financing increased the most in Northern Karelia, where Finnvera's financing was used for investments by SMEs, in order to offset the effects of unexpected restructuring in the region. A clear increase in financing was also seen in Southern Ostrobothnia and Varsinais-Suomi. The volume of financing varies regionally from year to year, depending on the investment and financing needs of enterprises.

Domestic guarantees and export guarantees covering domestic risks accounted for 57 per cent. Loans accounted for 43 per cent of all financing for domestic enterprise operations.

In 2007, Finnvera plc made investments totalling EUR 24.3 million in Aloitusrahasto Vera Oy and in Veraventure Ltd; this increased the sum placed by Finnvera in venture capital investments to EUR 103 million.

Export financing

Demand for guarantees fell in 2007. The total value of guarantee offers pertaining to foreign risk-taking came to EUR 1,626.8 million (EUR 2,760.2 million). The amount is the lowest in Finnvera's history and at the same level as in 1999–2002. Most offers pertained to exports to industrialised countries, the Middle East and North Africa, and the CIS countries, mainly Russia and Kazakhstan.

In foreign risk-taking, the value of guarantees that came into effect was EUR 705.7 million (EUR 1,239.8 million). They cover political and/or commercial risks pertaining to 41 (44) countries. The combined share of wood processing, telecommunications and power generation out of all guarantees rose to 69 per cent.

In 2007, the total value of Bond Guarantee offers covering domestic risks and pertaining to the export projects of the shipyard industry came to EUR 59.4 million (EUR 132.3 million). The value of Finance Guarantees offered for these projects totalled EUR 130.0 million (0).

The subprime crisis in the United States did not yet have reverberations in the emerging markets during 2007. The positive trend in Finnvera's country risk ratings continued. The ratings of 25 countries were adjusted during the year; the ratings of 22 countries were improved, while only three countries received a weaker rating. The most important changes were the improvement of the country risk ratings of Russia and Brazil from category 4 to 3. Similarly, the country risk rating of Uruguay – a country with considerable credit exposure – rose to 4. A better country rating has a direct effect on the pricing of export credit guarantees.

At the beginning of 2007, Finnvera made it possible to guarantee letters of credit in 37 new countries, many of them in Africa. Risk-taking was expanded in many other countries as well. At present, there are only 14 countries rated by Finnvera, for which no guarantees are granted. These are closed, poor countries at war, where not even the normal institutions are working, such as Afghanistan, Myanmar, Eritrea, Iraq, Somalia and Zimbabwe.

Trends in risk-taking

Outstanding commitments in domestic financing rose by EUR 54.9 million in 2007 and totalled about EUR 2.5 billion at year's end. During the year, the risk level of outstanding commitments rose somewhat as financing was granted for projects involving higher risks. In 2007, the amount of credit and guarantee losses were at a relatively low level when seen against the risk level of financing.

Finnvera's foreign risk-taking, as referred to in the Act on the State's Export Credit Guarantees, stood at EUR 4.6 billion at the end of 2007. Of this total sum, the State Guarantee Fund was responsible for EUR 96.7

million. Liabilities decreased by EUR 0.1 billion during the year. A significant portion of the current guarantees and binding offers are in the country risk categories 0 and 3, where commitments increased during the year. The improvement of Russia's country risk category markedly increased commitments in category 3. Alongside the improvement of country ratings, the risk involved in Finnvera's export credit guarantee portfolio in terms of political and country risks seems to have continued its positive trend in 2007.

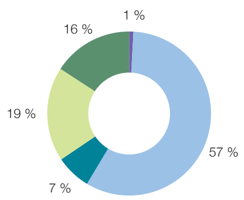
Commercial commitments for foreign enterprises and Finnish shipyards decreased by 3.5 per cent in 2007, to EUR 4.2 billion at year's end. The sectors with the highest commitments were shipping companies, shipyards and telecommunications. These sectors accounted for a total of 81 per cent of corporate commitments. Owing to the favourable trends in recent years, enterprises' average risk ratings are at a satisfactory level; at year's end, 57 per cent of commitments were in category B1, which is near the investment level. New risks were mostly taken in categories B1–B3. The volume of guarantee losses was low in 2007.

At the end of 2007, the total value of reinsurance agreements and other corresponding arrangements that Finnvera has made to hedge against risks was EUR 63.9 million.

Measures to develop the management of operating risks were continued in 2007 by launching a systematic notification and monitoring procedure for risk events that have materialised.

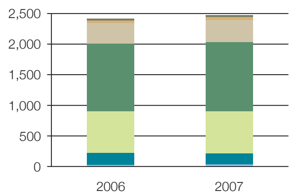
Further information about risk management is available in the Financial Review 2007 at *www.finnvera.fi > Press releases and reports > Enterprise and economy*.

Domestic financing
Financing, by sector
1 Jan–31 Dec 2007
Total MEUR 896.9



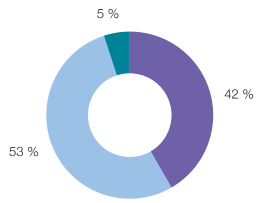
Rural trades
Industry
Tourism
Services to business
Trade and consumer services

Domestic financing
Outstanding commitments by
risk category
31 Dec 2007
Total MEUR 2,478.0



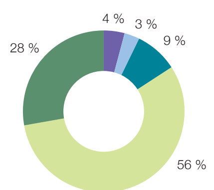
A1 A2 A3 B1
B2 B3 C D

Domestic financing
Financing, by enterprise size
1 Jan–31 Dec 2007
Total MEUR 896.9



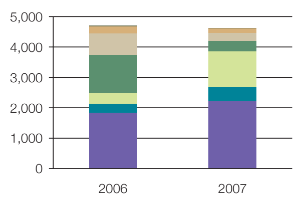
Micro-enterprises
Other SMEs
Major companies
and other business

Foreign risk-taking
Guarantees offered, by buyer's sector
1 Jan–31 Dec 2007
Total MEUR 1,626.8



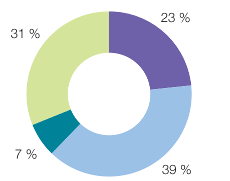
Telecommunications
Wood processing
Power generation
Shipping companies
Other

Foreign risk-taking
Outstanding commitments, by
country risk category
31 Dec 2007
Total MEUR 4,625.7
(Finnvera + State Guarantee Fund)

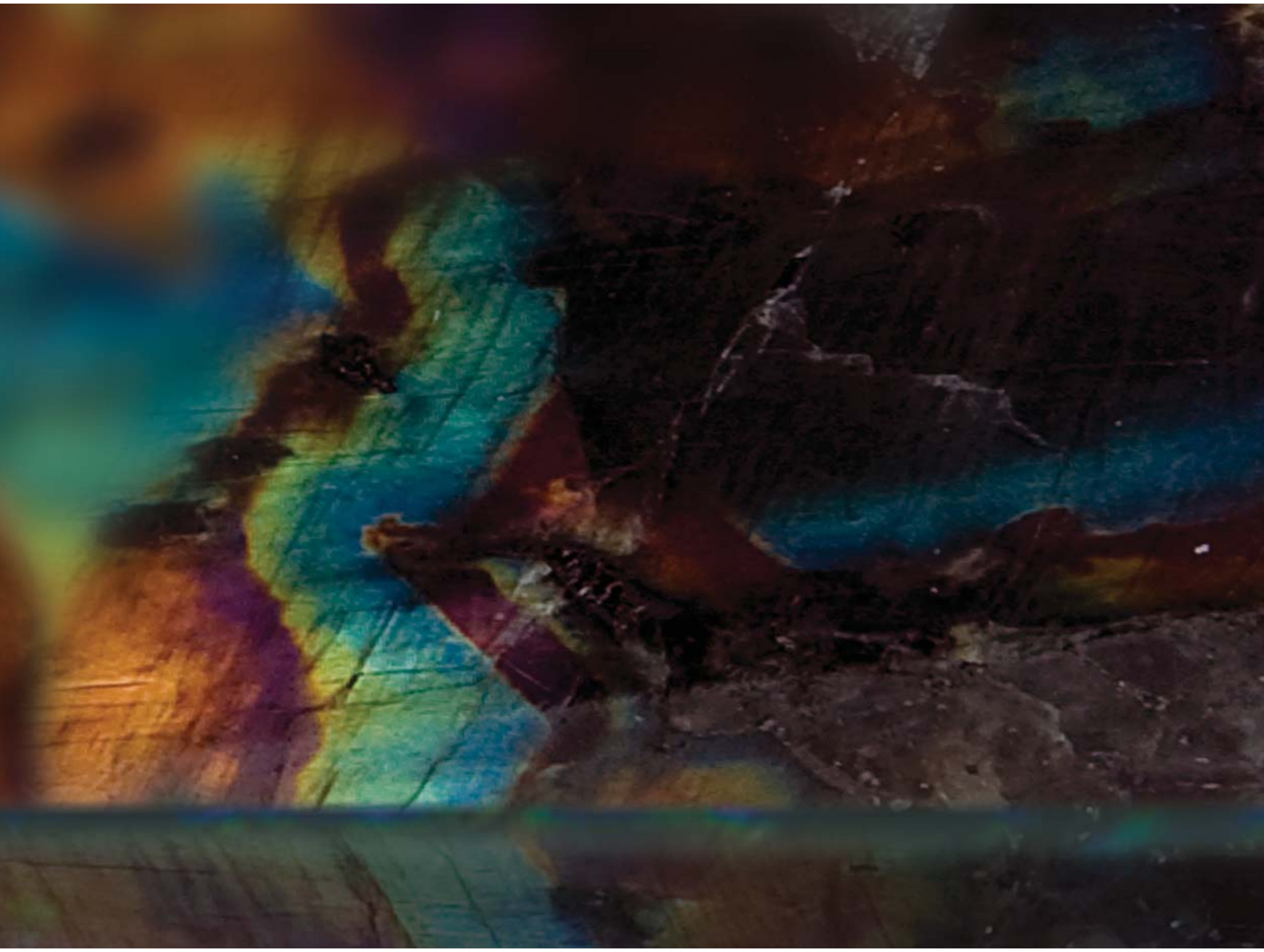


Category 0 Category 1
Category 2 Category 3
Category 4 Category 5
Category 6 Category 7

Foreign risk-taking
Guarantees that came into effect,
by buyer's sector
1 Jan–31 Dec 2007
Total MEUR 705.7



Telecommunications
Wood processing
Power generation
Other



Business Areas

Finnvera's business areas help implement the company's strategic goals. The goals set for 2007 were to develop Finnvera's online services, services for internationalising enterprises and service models for different customer groups, and to take higher country and bank risks.

Finnvera offers services to companies throughout all stages of their development. Finnvera's businesses are divided into financing for small businesses, regional financing, financing for growth and internationalisation, and financing of exports.

Micro-financing

Of the nearly 3,500 start-up enterprises that received financing from Finnvera in 2007, the great majority, or 92 per cent, began their operations as a micro-enterprise. One third of starting enterprises that had been granted financing operated in the sectors of trade and consumer services. The target set for the next few years is to provide financing for 3,700 starting enterprises annually.

To improve the level of services, Finnvera intensified cooperation with regional enterprise service organisations in the handling of applications for financing. The operating model will be taken into wider use this year.

A telephone service intended especially for enterprises at the early stage was launched in September 2007. Since spring 2007, enterprises have also been able to apply for Finnvera's financing through an online service.

In 2007, the financing offered by Finnvera for enterprises in the micro-business sector amounted to EUR 269.2 million (EUR 285.6 million). Microloans and loans for women entrepreneurs declined slightly from the level in the last couple of years. These loans accounted for 5.3 per cent of all domestic financing offered.

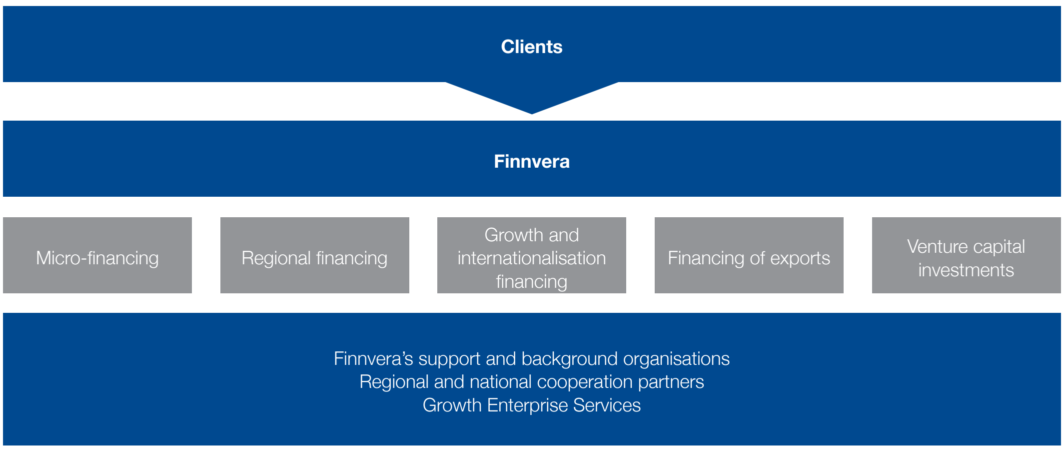
Regional financing

Financing offered to regional enterprises totalled EUR 395.3 million (EUR 422.0 million). Almost 42 per cent of this financing was directed at national assisted areas. Investments were accounted for 58 percent of the regional companies total projects (55), which is more than in projects in general.

Finnvera works actively to alleviate the effects of unexpected restructuring when big companies make workers redundant. This is done by augmenting financing and risk-taking in these regions so that new enterprises and jobs can be created.

At least so far, SMEs have a fairly good outlook for the the first half of the year, thanks to the high volume of orders on hand and the fact that demand on the domestic market will remain at least reasonably good. A slowdown in growth during the year may lead to an increase in financing for working capital and to a greater demand for various financial arrangements. It is predicted that changes of generation will become more common towards the year 2008, when the decisions made on the taxation of inheritances and gifts take effect.

Finnvera Group's business areas



Financing for growth and internationalisation

Owing to the small domestic market in Finland, many SMEs base their strategies on growth sought on the international market. Internationalisation involves a wide range of challenges. To be successful, an enterprise must be able to realise its strategies pertaining to products, markets and financing in the way desired. Finnvera contributes to the financing of about 480 Finnish SMEs that have a growth strategy for going international.

Financing offered to growing and internationalising enterprises in 2007 totalled EUR 285.6 million (EUR 263.0 million), which exceeded the target by over 30 per cent. Of this sum, EUR 53 million was offered for covering risks arising from the trading partner of a Finnish exporter.

Finnvera is engaged in active cooperation with other financiers and venture capital investors in order to ensure that enterprises seeking growth in international markets get the financial services they need.

Finnvera develops its own personnel continuously so that the company is able to give even better service to growing and internationalising enterprises. Close cooperation with other public enterprise service organisations – Finpro, Tekes and the Employment and Economic Development Centres – will continue. The idea is that enterprises have access to the services and experts of all four organisations more easily than before.

The Russian market constitutes a natural direction in which many Finnish SMEs can expand their business. In Finnpro’s office in St. Petersburg, Finnvera has a financial manager providing service to clients who plan to become established in Russia.

Finnvera mediates financial support from the Ministry of Foreign Affairs to SMEs with plans to establish business in Russia. In 2007, thirteen companies were granted support worth 340,700 euros.

Financing of exports

In 2007, the total value of guarantee applications submitted by exporters and financiers to Finnvera’s Export Financing for export transactions involving foreign risk-taking came to EUR 1.9 billion (EUR 3.1 billion).

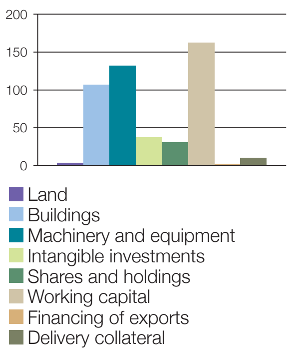
Unlike in previous years, there was fairly little demand for export credit guarantees in the telecommunications sector, owing to the increased risk-taking capacity of the commercial financing market. This was also reflected as corresponding falls in guarantees offered and in guarantees that came into effect. The demand has been increasing since autumn 2007.

Nearly half of the total value of guarantee applications pertained to a buyer credit for a large cruise vessel. Power generation accounted for a good ten per cent, and telecommunications for a little under ten per cent of the total. As before, the highest numbers of guarantee applications concerned exports to Russia, Turkey and Lebanon.

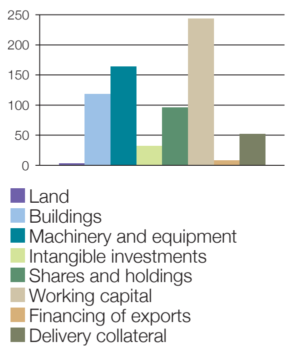
The total value of guarantee offers pertaining to foreign risk-taking was EUR 1,572.0 million (EUR 2,715.4 million). Close to 60 per cent of guarantee offers concerned financing for shipping companies. Among the other main sectors, power generation accounted for 9, telecommunications for 4 and wood processing for 2 per cent.

In terms of monetary value, the most guarantee offers in 2007 pertained to exports to the United States, the Middle East and North Africa, and Russia. As in previous years, the highest number of guarantees was offered for exports to Russia, which accounted for one quarter of the total number.

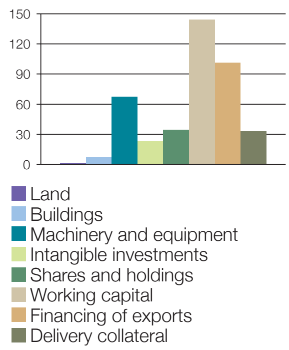
Small enterprises
Structure of financing projects
1 Jan–31 Dec 2007, MEUR



Regional enterprises
Structure of financing projects
1 Jan–31 Dec 2007, MEUR



Growing and internationalising enterprises
Structure of financing projects
1 Jan–31 Dec 2007, MEUR



Guarantees that came into effect halved since the year before

The value of guarantees that came into effect was 46 per cent less than the year before, or EUR 645.9 million (EUR 1,200.9 million). Of the guarantees that came into effect, Uruguay accounted for 35, Russia for 19 and India for 17 per cent.

Wood processing accounted for 40 per cent, or EUR 260.8 million (EUR 314.7 million), of the guarantees that came into effect. Telecommunications accounted for 25 per cent, or EUR 164.1 million (EUR 556.2 million). Power generation accounted for 7 per cent, or EUR 47.5 million (EUR 56.6 million).

Shipyards still an important customer

Finnvera can offer Finance and Bond Guarantees for the pre-delivery financing of shipyards. Bond Guarantees are generally granted for the shipyard as security for advance payments made by the buyer, while Finance Guarantees are granted as security for pre-delivery credits.

In 2007, the total value of Bond Guarantee offers covering domestic risks and pertaining to the export projects of the shipyard industry came to EUR 59.4 million (EUR 132.3 million). The value of Finance Guarantee offers associated with pre-delivery credits totalled EUR 130.0 million (0).

Finnvera makes its guarantee decisions separately for each project and requires risk-sharing with commercial financiers. When granting guarantees, Finnvera complies with the regulations issued by the European Commission. The premiums collected by Finnvera correspond to the level applied by commercial financiers and guarantors. Thus, no support element is included.

Depending on the project, Finnvera may also participate in the buyer's financial arrangements and may offer a Buyer Credit Guarantee. In that case, Finnvera's role can extend from the shipbuilding contract to the delivery of the vessel and will continue as liability related to the buyer throughout the repayment period of the export credit that has been granted on the OECD terms and does not exceed 12 years.

On 31 December, Finnvera's current pre-delivery commitments in the shipyard industry, pertaining to exports, totalled EUR 207.3 million (EUR 306.6 million). Offers for pre-delivery commitments totalled EUR 94.7 million (EUR 29.1 million).

Interest equalization enables fixed-interest rate financing

Finnish Export Credit Ltd, a subsidiary of Finnvera, administers the interest equalization system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement. The interest equalization system is based on law. The interest equalization offered by Finnish Export Credit improves the opportunities of financial institutions to arrange internationally competitive, long-term and fixed-interest rate financing for exports.

The State of Finland is responsible for any interest support paid to financial institutions on the basis of interest equalization agreements.

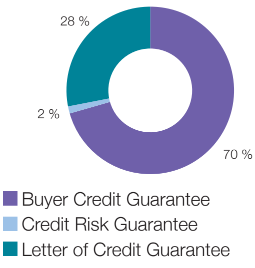
Finnish Export Credit also promotes exports by providing export credits in cases where the borrower is a party referred to in tax treaties concluded with certain countries and the arrangement involves a withholding tax benefit.

On 31 December, Export Credit had cooperation agreements with 18 banks and four specialised credit institutions or ECAs.

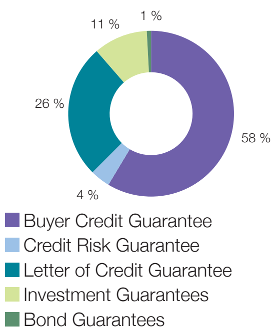
The total value of interest equalization offers given in 2007 amounted to EUR 1.5 billion (EUR 3.2 billion). The value of interest equalization commitments made in 2007 on the basis of signed credit agreements totalled EUR 0.6 billion (EUR 1.2 billion). The total value of interest equalization agreements concluded was EUR 0.9 billion (EUR 1.1 billion).

At year's end, the value of all interest equalization agreements in force totalled EUR 2.2 billion (EUR 1.7 billion). The maturity of outstanding agreements extends until 2019. During 2007, Finnish Export Credit acted as a lender in two new export credit arrangements. For further information, see *www.fec.fi.*

Foreign risk-taking
Guarantees offered, by product
1 Jan–31 Dec 2007
Total MEUR 1,572.0



Foreign risk-taking
Guarantees that came into effect, by product 1 Jan–31 Dec 2007
Total MEUR 645.9



Venture capital investments

Venture capital investments in regional funds

Finnvera's subsidiary Veraventure Ltd works both as a fund of funds investing in regional funds organised as limited companies and as the management company of Aloitusrahasto Vera Oy. In regional venture capital investments, Veraventure's goal is to use investments as a means of promoting the availability of private capital in funds and to support and promote regional industrial policy together with local actors.

In 2007, Veraventure Ltd made three follow-up investments in regional funds organised as limited companies; the total value of the investments was EUR 2.7 million. In addition, the fund contributed EUR 3.0 million towards the establishment of Länsi-Suomen Pääomarahasto Oy, which will operate in Southwestern Finland.

Investments in innovative early-stage enterprises

Finnvera's subsidiary Aloitusrahasto Vera Oy was founded in autumn 2005. This nationwide venture capital fund invests in technology enterprises at the early stage and in technology-intensive or innovative service enterprises that have potential for developing into growth enterprises.

The fund has been an active investor. By the end of 2007, altogether 530 enterprises had applied for financing from the fund. During 2007, the Board of Directors of Aloitusrahasto Vera decided to make investments in 59 enterprises; these investments totalled EUR 14.2 million.

The first withdrawals from target enterprises took place during 2007. The fund gave up its investments, in part or in full, in five enterprises. All withdrawals yielded a profit. At the end of 2007, the fund had 68 target enterprises.

A new service model for private investors

In accordance with the policy outlines defined by the Cabinet Committee on Economic Policy in June 2007, responsibility for the development of public early-stage capital investments will be vested in Veraventure. The company will launch a service model geared to private investors. It promotes the availability of private capital and know-how for early-stage investments. For further information *www.veraventure.fi*

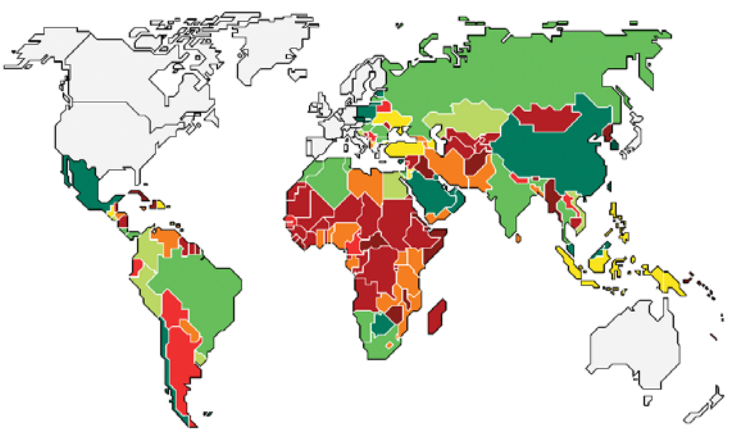
Venture capital investments for the travel industry

Matkailunkehitys Nordia Oy is a venture capital investment fund, organised as a limited company, which makes investments primarily in the travel sector. Finnvera plc holds 63.52 per cent of the company's shares. The second owner is Sitra.

The fund shares risks in projects where financing cannot be obtained merely on market terms, or when an investment made by Nordia is a precondition for obtaining such financing.

During the year, the fund made one initial investment and three follow-up investments. The fund gave up its investments in two sites.

At the end of 2007, Nordia had 16 investment sites. Their combined turnover at the end of the year was about EUR 73 million (EUR 66 million). The enterprises gave work to an average of 390 people on a permanent basis, to about 480 people during peak seasons and to nearly 300 people on a part-time basis. Apart from employing people directly, the enterprises have important indirect effects on employment. For more information, see *www.nordiamanagement.fi*.



Foreign risk-taking
Finnvera's country risk classification
1 Jan 2008

- 0 Excellent credit quality
- 1 Very good credit quality
- 2 Good credit quality
- 3 Adequate credit quality
- 4 Decreased credit quality
- 5 Questionable credit quality
- 6 Poor credit quality
- 7 Very poor credit quality
- 7 Only short term guarantees
- 7 Off cover
- No classification

Financial Responsibility

The starting point for Finnvera's activities is to provide economic value added for its clients, and promote the government's regional and industrial policy goals.

A manifestation of the company's social responsibility is the target set for self-sustainability, whereby, in the long term, Finnvera's income must be sufficient to cover its operating expenses and its share of any credit and guarantee losses incurred. The company shall offset any shortcomings in the operation of the financial market, shall promote and develop the activities of starting, small and medium-sized enterprises and shall advance the internationalisation and exports of enterprises.

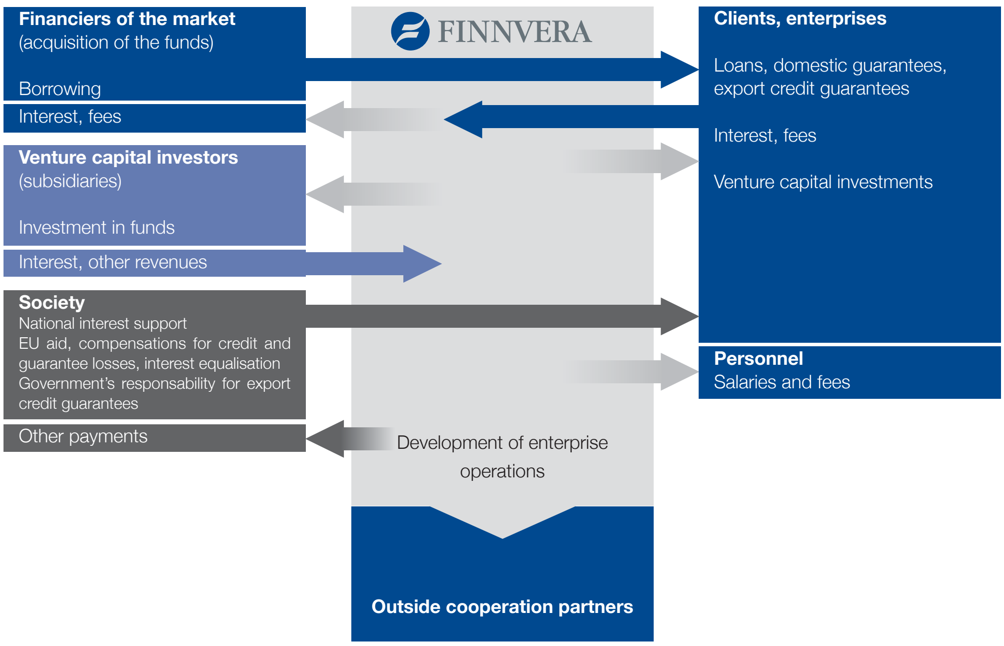
Capital adequacy must be sufficient in order to ensure the company's ability to bear risks and to keep the costs of funding as reasonable as possible.

Since Finnvera was exempted from income tax, the company passes on the resulting benefit to its clients by lowering rates and by increasing risk-taking, thus producing economic value added for its clients.

Key figures for economic responsibility

MEUR	2007	2006
Income		
- Net financing income and commissions income, total	125.8	108.0
Subsidies and compensations for losses		
- Interest subsidy passed on to clients and other interest subsidy	17.8	19.0
- Compensations for credit and guarantee losses	12.5	15.0
Write-down losses on credits and other receivables	44.4	43.0
Operating expenses	48.9	49.1
- Personnel costs	26.2	27.5
- Other administrative expenses	13.6	12.6
- Other operating expenses	9.1	9.0
Taxes	2.0	9.8
- Taxes on the financial year and previous years	0.0	10.7
- Change in imputed taxes	2.0	-0.9

Economic impact of Finnvera's operations



Environmental Responsibility

When financing the domestic operations of enterprises, Finnvera requires that enterprises comply with the Finnish environmental legislation. When export credit guarantees are granted, environmental impacts and risks are taken into account as part of the overall risk assessment of guaranteed projects.

By offering environmental loans and guarantees, Finnvera encourages Finnish SMEs to invest in environmental protection.

The environmental policy of export credit guarantee activities is guided by the OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits, which was revised in June 2007. The revised Recommendation specifies the scope of the environmental review to be undertaken. The Recommendation also defines the environmental standards that are used in the review. Finnvera's environmental policy and the associated system of reviewing the environmental impacts of export credit guarantee projects have been updated to conform to the OECD Recommendation.

Finnvera adopted the environmental classification of export credit guarantee projects in 2001. The assessment of the total risk of projects includes a review of the project's potential environmental impacts.

Finnvera's environmental policy and methods for assessing environmental impacts are developed constantly. The factors that are taken into account in planning include the domestic operating environment, international competitive factors, the development of environmental issues associated with export credit guarantees, and Finnvera's own experiences. Finnvera trains its personnel to identify environmental aspects and to review environmental risks. In addition, environment-related information and experiences from individual projects are distributed among experts within Finnvera.

Publicity policy

Publicity provisions concerning Finnvera are included both in the Act on the State-Owned Specialised Financing Company (443/1998) and in the Act on the State's Export Credit Guarantees (422/2001).

As a State-owned specialised financing company, Finnvera adheres to confidentiality requirements equivalent to those of credit institutions. In accordance with the principle of bank secrecy, no information that would make it possible to identify a client is made public without the client's permission.

Finnvera's export credit guarantee activities are additionally guided by the Act on the Openness of Government Activities. Since 2003, Finnvera has published basic information about major export credit guarantee projects with the consent of the parties. The publication of information pertains to medium and long-term export credit guarantees in cases when the share of the credit principal covered by Finnvera exceeds EUR 10 million. The following information is published: exporter, lender, buyer's country, export transaction, guaranteed amount, and environmental category.

Ethical issues and sustainable development

In ethical issues concerning export credit guarantees, Finnvera's policy outlines are based on discussions and agreements between governments within the OECD. Finnvera takes an active part in international cooperation in the field of export credits and export guarantees, and supports the goal of creating ethical practices for export credit agencies that would be as uniform as possible.

Ethical practices include cognizance of environmental impacts of export credit guarantee projects, anti-bribery measures, and the commitment to direct guarantees given for heavily indebted poor countries so that they are used for productive expenditure. The topic of responsible lending was discussed within the OECD in 2007. International financial institutions, including the IMF, made the initiative so that officially supported export credits and guarantees would not add to the debt burden of the poorest countries. Discussions on how to carry out this initiative in practice will continue in 2008. Finnvera is also committed to drawing exporters' attention to the OECD Guidelines for Multinational Enterprises.

Finnvera requires that, in connection with their guarantee applications, exporters give assurance that they have not been involved in bribery during their export projects. If the guarantee-holder is a financier, the financier must also assure that no bribery is involved in the project.

More information about Finnvera's environmental policy is available at *www.finnvera.fi* > *Export* > *Finnvera – an Export Credit Agency*.

Social Responsibility

As a public provider of financing supplementing the market, Finnvera needs to monitor changes in the operating environment and developments in the financing field. Good relations and interaction with various stakeholders both in Finland and internationally are also indispensable.

By networking with cooperation partners, Finnvera strives to create added value for its clients. The cooperation bodies between clients and Finnvera include the Committees, which provide information about clients' needs and expectations both at company level and locally.

Finnvera as Finland's representative in the OECD and EU

Together with the Ministry of Employment and the Economy, Finnvera represents Finland in the European Council Working Group on Export Credits and in the OECD working parties on export credit issues, which discuss the application and development of the regulatory framework for export credit guarantees.

Finnvera's Vice President Pekka Karkovirta continued as Vice Chairman of the groups discussing export credit issues within the OECD in 2007. Finnvera was elected to the Management Committee of the Berne Union, the cooperation organisation for export credit and investment insurance.

Finnvera as Finland's representative in the Paris Club

As Finland's representative, Finnvera participates in the meetings of the Paris Club, the forum for public creditors. The Paris Club discusses public debt servicing problems experienced by countries in financial difficulties and makes framework agreements on the rescheduling of debts. Thereafter, countries sign bilateral rescheduling agreements.

The Paris Club met nine times in 2007. During the year, Peru repaid its rescheduled debt prematurely. Angola repaid the entire principal of its old debt and will pay the accumulated post-maturity interest during the next three years.

Personnel

Finnvera's personnel policy supports the implementation of the company's mission, vision, strategy and values and the attainment of the goals set for industrial and ownership policy.

At the end of 2007, Finnvera had 397 employees, of whom 383 held a permanent post and 14 a fixed-term post. The Group had 415 employees.

Finnvera's personnel policy outlines emphasise the following aspects

- open rewarding that supports good work performance
- systematic management of competence
- maintenance of high professional skills and constant development of competence for the entire personnel
- a methodical approach

During the strategy period 2008–2012, nearly one fifth of the personnel will reach the age entitling them to old-age pension; in consequence, the personnel strength is expected to decline slightly. At the same time, the goal is to strengthen resources at the client interface and to adopt more efficient practices.

Personnel development and training

Finnvera has defined strategic areas of competence, and their contents are reviewed, whenever necessary, during annual planning. The development and targeting of various competence areas in keeping with strategic goals are monitored by means of questionnaires among clients, stakeholders and the personnel, quality assessments, and competence surveys. The pivotal competence areas in Finnvera are financing, management of credit risks, working with clients, and knowledge of the financial markets.

During the strategy period 2008–2012, special emphasis will be placed on the development of the Enterprise Finland cooperation and on the services provided by the actors included in the system. The objective is to provide clients with a flexible range of comprehensive solutions consisting of financing and advisory services offered by various actors.

Personnel development emphasised two areas. In exports and internationalisation, special attention was paid to the service challenge posed by growing and internationalising enterprises, to training in conjunction with the 'Field Power' project, and to increasingly customer-oriented approaches.

In 2007, one in four Finnvera employees changed duties, in full or in part, or moved to a new unit within the organisation.

The most extensive single training programme was the two-year training programme for specialists on Russia, which ended in autumn 2007. Eight Finnvera employees completed the programme. Exchange of experts with Finpro and Tekes continued as agreed.

Incentives and commitment

Basic salaries at Finnvera are based on job requirements and on the personnel's work performance. According to the collective labour agreement signed in October 2007, job requirements at Finnvera will be rated according to the HAY system.

As of the beginning of October 2007, salaries were raised by 3.8 per cent. In addition, by April 2008, agreement will be reached locally on the use of an extra one per cent for the new pay system. In October 2008, salaries will be raised by 3.6 per cent; it has also been agreed that one per cent will then be used for maintaining the pay system.

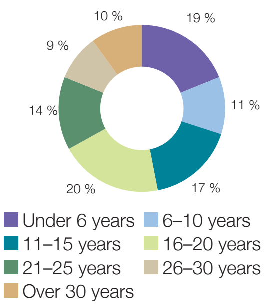
One-off extra bonuses can be paid, for instance, for exceptionally good work performance or for passing an examination or earning a new degree. The bonuses paid in 2007 totalled EUR 144,000.

The profit-sharing scheme covers the entire personnel. The maximum bonus paid by virtue of this scheme corresponds to one month's salary. Bonuses amounted to EUR 1.3 million during the period under review.

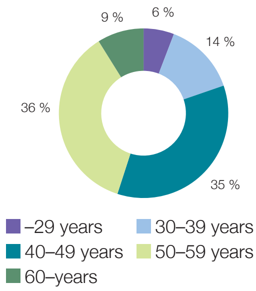
Personnel well-being

The results of the personnel survey conducted regularly were positive. Even though the Field Power project, which started at the beginning of the year, meant substantial change for almost the entire personnel, some of the results were even better than in the previous year. In general, the reorganisation was considered necessary. Finnvera is seen as a good employer that looks after the competence and well-being of its personnel.

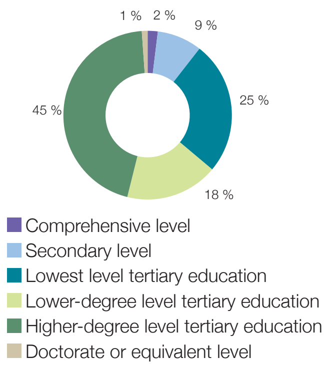
Average length of employment
31 Dec 2007

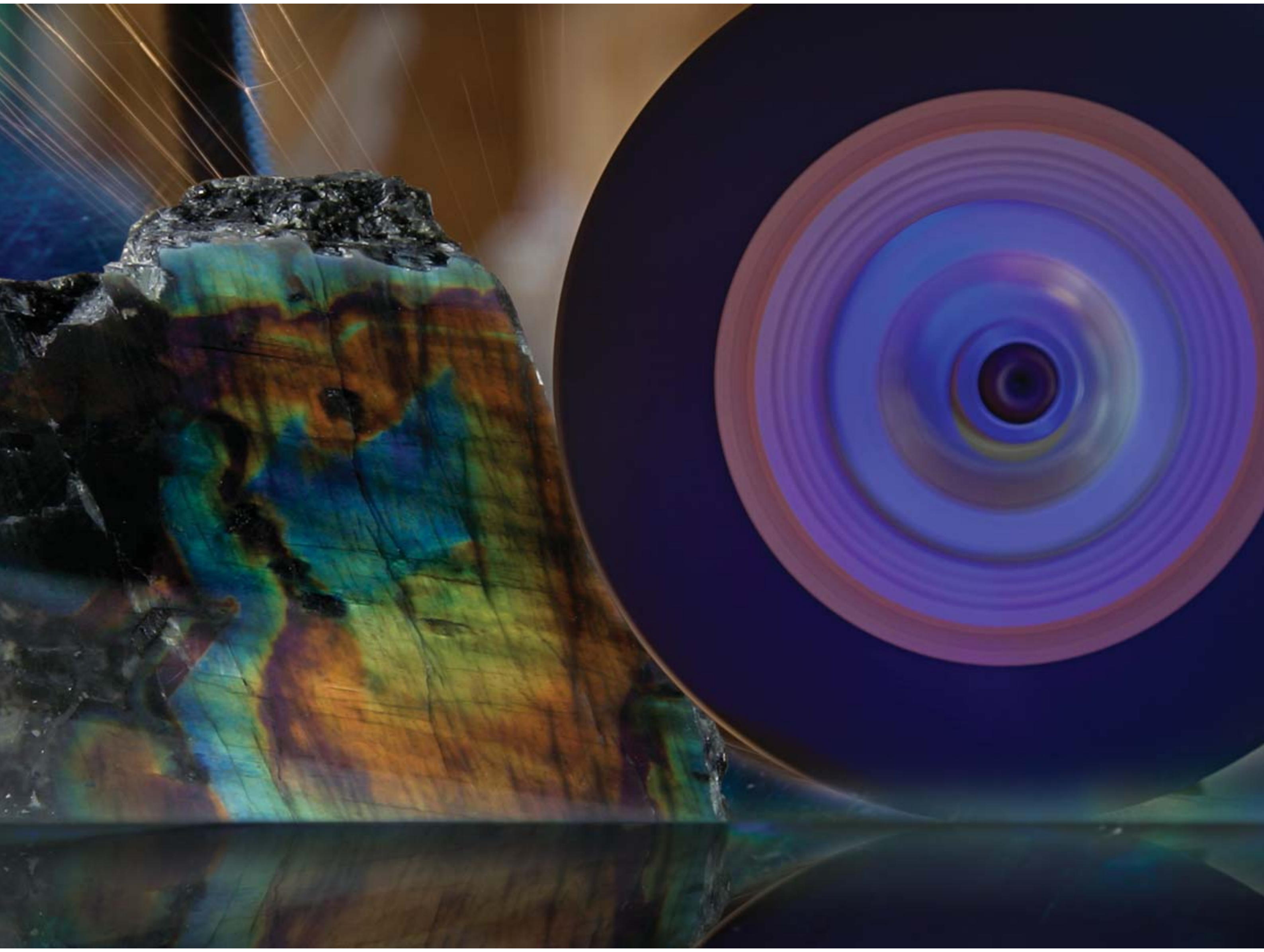


Personnel's age distribution
31 Dec 2007



Personnel's education
31 Dec 2007





Corporate Governance

The State of Finland owns the entire stock of Finnvera plc. The Corporate Steering Unit of the Ministry of Employment and the Economy is responsible for the ownership and industrial policy steering of Finnvera. The Acts on Finnvera define the tasks whereby Finnvera influences the development of enterprise and employment in Finland.

The State as the owner

The State of Finland is responsible for the export credit guarantees, domestic guarantees and special guarantees given by Finnvera. The State has given Finnvera commitments concerning compensation for credit and guarantee losses and payment of interest and commission support. The State has also given guarantees for the acquisition of funds.

The State's commitments enable Finnvera to take higher risks in domestic financing than those taken by commercial financial institutions. The liability subject to the commitment to compensate for credit and guarantee losses stood at EUR 2,160.4 million (EUR 2,161.6 million) as per 31 December 2007, interest-subsidised loans of that as per 31 December 2007 totalled EUR 872.2 million (EUR 784.0 million).

The State Guarantee Fund serves as a buffer between the State Budget and any deficit that might arise annually from Finnvera's export credit and special guarantee activities. Defined in §4 of the Act on the State Guarantee Fund, this deficit is ultimately the State's responsibility.

The State Guarantee Fund's assets are also used to cover the liability arising from the guarantees and other commitments given by Finnvera's predecessor, the Finnish Guarantee Board, and – before that – the Export Guarantee Board and the State Guarantee Board. Finnvera manages this 'old' liability for the State, and the State Guarantee Fund pays Finnvera a fee for this management. The 'old' liability totalled EUR 100.2 million (EUR 148.6 million) as per 31 December 2007.

The total sum of guarantees granted by the State for Finnvera's acquisition of funds was EUR 682.6 million (EUR 753.4 million) at the end of 2007.

In accordance with the amendments to the Acts governing the operations of Finnvera, which came into effect at the beginning of 2007, two separate funds were established on the company's balance sheet: one for covering losses incurred in domestic operations and the other for covering losses incurred in operations involving export credit guarantees and special guarantees. According to the earlier practice, Finnvera's annual profits had been transferred to a reserve fund included in the company's restricted equity. If the separate result for export credit and special guarantee activities have shown a loss, the loss has been covered from the State Guarantee Fund. This has been done only once, when Finnvera began operations in 1999.

According to the new practice, losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the company's new internal fund for export credit guarantees and special guarantees does not have sufficient assets.

Ownership policy

In the line with the industrial policy goals defined by the Ministry of Employment and Economy, Finnvera shall strive to reach economic self-sustainability. For its own part, the company shall offset any shortcomings in the operation of the financial market, shall promote and develop the activities of starting, small and medium-sized enterprises and shall advance the internationalisation and exports of enterprises. In addition, Finnvera shall promote fulfilment of the government's regional policy goals. The industrial policy goals also include targets pertaining to the Finnvera Group's venture capital investments.

As regards the ownership policy, defined by the Ministry of Employment and Economy, the goals apply to the efficiency of the company's operations and to capital adequacy. Efficiency is evaluated primarily by means of cost-effectiveness. Capital adequacy must be sufficient in order to ensure the company's ability to bear risks and to keep the costs of funding reasonable.

Corporate governance

The goal of good corporate governance, as practised by Finnvera, is to ensure transparency at all levels of the organisation.

In addition, Finnvera's Management Group has approved principles and guidelines for the company's operations. The principles for Finnvera plc's good practices guide the entire personnel so that their actions would solidify Finnvera's reputation as an expert esteemed by clients and as a specialised financing company. The principles on impartiality are meant to reinforce equity, neutrality and independence in Finnvera's operations. The guidelines on insider information define the concept of insider information and guide Finnvera's employees working as financial advisors in recognising insider information and preventing its misuse.

In its reporting, Finnvera complies with the International Financial Reporting Standards (IFRS). Finnvera's annual reports and interim reports, as well as the press releases on financial statements, are published in Finnish, Swedish and English.

Administrative bodies of Finnvera

The corporate organs responsible for Finnvera's administration and operations are the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Managing Director.

General Meeting of Shareholders

The General Meeting of Shareholders can make decisions in issues defined in the Finnish Companies Act, in the Articles of Association and in the Act on the State Guarantee Fund (444/1998).

The Annual General Meeting is held yearly, by the end of June.

Supervisory Board

According to the Articles of Association, the Supervisory Board consists of a minimum of eight and a maximum of eighteen members. The General Meeting of Shareholders elects the members of the Supervisory Board for a term of one year.

The Supervisory Board supervises the company's administration by the Board of Directors and the Managing Director. It gives the Annual General Meeting its opinion on the financial statements and the auditors' report, and decides on issues that concern considerable reduction or expansion of the company's operations or substantial reorganisation of the company.

The Supervisory Board's duty is to provide the Board of Directors with guidelines in matters that have far-reaching consequences or are otherwise important as questions of principle. The Supervisory Board selects the members and deputy members and the Chairman and two Vice Chairmen of the Board of Directors, and convenes a General Meeting.

In 2007, the Supervisory Board had 18 members (see p. 26) and met six (seven) times. The average attendance rate at the Supervisory Board meetings was 74 per cent (85).

Board of Directors

The Board of Directors confirms the company's strategy, boosts the company's development and ensures that the operations meet the goals set by law and the owner. The Board also decides other matters of principle and important individual cases of financing.

The Board of Directors is responsible for the company's administration and for the proper organisation of operations, including the supervision of accounting and funding.

Separate agreement has been made on the division of operational duties and business-related decision-making between the Board of Directors, the Managing Director and other management.

The Board appoints and dismisses the company's Managing Director, Executive Vice Presidents and other members of the upper management.

According to the Articles of Association, the company's Board of Directors is comprised of a minimum of six members and a maximum of nine members plus two deputy members. One Board member is elected among candidates named by the Ministry of Trade and Industry, one among candidates named by the Ministry of Finance, one among candidates named by the Ministry of Labour, and one among candidates named by the Ministry for Foreign Affairs. Of the two deputy members, the first is elected among candidates named by the Ministry of Trade and Industry and the second among candidates named by the Ministry of Finance.

The members and deputy members of the Board are elected for a term of one year. The term ends at the closing of the Supervisory Board's meeting where a new Board has been elected. The Board meets every second week.

In 2007, the Board had eight members (see p. 27) and met 25 times (29). The regular members' average attendance rate at Board meetings was 88 per cent (87).

Managing Director, Management Group and Corporate Management

The Managing Director is responsible for the company's operational administration in keeping with the guidelines and regulations issued by the Board of Directors. In management of the tasks specified in the Companies Act, the Managing Director is assisted by the Management Group and the Corporate Management. They are presented on page 28.

Salaries and fees

The fees paid to the members of the Supervisory Board and the Board of Directors are in agreement with the recommendation issued by the Ministry of Employment and the Economy on fees paid to the administrative bodies of State-owned companies. The fees paid in 2007 totalled EUR 300,250.

The Board of Directors decides on the salaries and bonuses paid to the Managing Director, the Executive Vice Presidents and to other Directors appointed by the Board.

The total salary paid to the Managing Director as per agreement is EUR 19,182 per month. The total salary includes the taxable value of the car benefit. The Managing Director and the other management are included in the profit-sharing scheme encompassing the Finnvera personnel. The scheme, confirmed separately by the Board of Directors each year, assesses how well the operational and financial goals set for the previous reporting year have been attained. The maximum bonus is one month's salary. The bonus paid to the Managing Director in 2007 was EUR 15,840. The Managing Director has a notice period of six months. In addition, the Managing Director is entitled to a severance compensation corresponding to 18 months' pay if he is dismissed by the company. The Managing Director is included in the scope of group pension insurance; the retirement age is 60 years.

Risk management

The objective of Finnvera's risk management is to ensure that the risk-taking capacity required in order to achieve the goals set for the company's operations is maintained over the long term. Finnvera's risk management principles are based on the Act on Credits and Guarantees Provided by the State-Owned Specialised Financing Company and on the Act on the State's Export Credit Guarantees.

Risk management is controlled and risk management methods are developed by the Risk Management Unit, which is separate from the business units and reports to the Managing Director. Business units are responsible for risk-taking and for the associated actions.

More information on risk management on page 10 and in the separate Financial Review 2007 at *www.finnvera.fi > Enterprise and economy > Reports.*

Internal audit

Internal audit is an objective tool, independent of the rest of the organisation, that supports Finnvera's management in the attainment of goals. It provides a systematic approach for the evaluation and development of effectiveness in the processes of risk management, control, management and administration. Internal auditors evaluate

- the profitability and efficiency of operations;
- the reliability and integrity of economic and operational data and reporting;
- the measures taken to secure assets; and
- compliance with laws, regulations and guidelines.

Operationally, internal auditors report to the Board of Directors and administratively to the Managing Director. In their work, internal auditors comply with the operating policy and annual plan for operations approved by the Board of Directors, with the relevant standards, good internal auditing practice, and the guidelines issued by Financial Supervision.

Auditing

Finnvera has a minimum of one and a maximum of two auditors, depending on the decision made by the General Meeting of Shareholders. The auditors must be authorised public accountants or accounting firms.

The auditors' term ends at the next Annual General Meeting following their election.

The company's regular auditor is KPMG Oy Ab. The auditor with the main responsibility is Raija-Leena Hankonen, Authorised Public Accountant.

The fees paid to the auditors in 2007 totalled EUR 71,227. In addition, the auditing company was paid EUR 147,302 for advisory services during the year.

Supervisory Board

The Supervisory Board represents the owner in companies owned 100% by the State. The members are selected from the parliamentary groups of political parties on the basis of their representation in the Finnish Parliament. In addition, Finnvera's Supervisory Board includes representatives of organisations in line with the company's industrial policy goals.

Approved at the Annual General Meeting of Finnvera plc on 25 April 2007.

Chairman
Johannes Koskinen
Member of Parliament
(Finnish Social Democratic Party)

First Vice Chairman
Kyösti Karjula
Member of Parliament
(Finnish Centre Party)

Second Vice Chairman
Reijo Paajanen
Member of Parliament
(National Coalition Party)

Members
Peter Boström
Managing Director
(Swedish People's Party)

Kaija Erjanti
Head of Division
Federation of Finnish Financial Services

Susanna Haapoja
Member of Parliament
(Finnish Centre Party)

Sinikka Hurskainen
Member of Parliament
(Finnish Social Democratic Party)

Timo Kekkonen
Director
Confederation of Finnish Industries EK

Leila Kurki
Senior Adviser
Finnish Confederation of Salaried Employees STTK

Ritvaliisa Mononen
Business Analyst
Finnvera plc

Erkki K. Mäkinen
Managing Director
Federation of Finnish Enterprises

Iivo Polvi
Master of Administrative Sciences
(Left Alliance)

Eero Reijonen
Member of Parliament
(Finnish Centre Party)

Heikki Ropponen
Deputy Managing Director
Federation of Finnish Commerce

Osmo Soininvaara
Licentiate of Social Sciences
(Green League)

Veli-Matti Töyrylä
Chairman
Finnish Association of Graduates in Economics and Business Administration – SEFE

Timo Vallittu
Chairman
Chemical Workers' Union

Ahti Vielma
M.Sc. (Tech.)
(National Coalition Party)

Board of Directors

Chairman
Kalle J. Korhonen (1948), M.Sc. (Tech.)
Under-Secretary of State
Ministry of Employment and the Economy
Chairman of the Board 1999–
Finpro, Board Member 1997–
Rautaruukki Corporation,
Board Member 2005–

First Vice Chairman
Pekka Laajanen (1944), LL.M.
Governmental Counsellor,
Director of Legislative Affairs
Ministry of Finance
First Vice Chairman of the Board 1999–
Insurance Supervisory Authority,
Board Member 1999–
Financial Supervision,
Vice Chairman of the Board 1997–

Second Vice Chairman
Pekka Huhtaniemi (1949), LL.M.
Under-Secretary of State
Ministry for Foreign Affairs
Second Vice Chairman of the Board 2006–
Finpro, Board Member 2006–
Foundation for Promoting Foreign Trade,
Chairman 2006–

Päivi Kerminen (1958), LL.M.
Governmental Counsellor
Ministry of Employment and the Economy
Board Member 1999–

Jyrki Kiviharju (1945), LL.M.
Special Adviser, Financing
Confederation of Finnish Industries EK
Board Member 2006–

Martti Mäenpää (1950), D.Sc. (Tech.)
Director General
Technology Industries of Finland
Board Member 2000–
Fintra, Deputy Member of the Board 2001–
Finnish Fair Cooperative,
Supervisory Board Member 2002–

Risto Suominen (1947), Lic.Soc.Sc.
Director
Federation of Finnish Enterprises
Board Member 1999–
Taxpayers' Association of Finland,
Board Member 1997–
Finnish Centre for Pensions,
Board Member 1998–
Tapiola Mutual Pension Insurance Company, Board Member 1998–

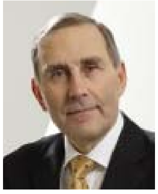
Matti Viialainen (1953), M.Soc.Sc.
Deputy Director
Central Organisation of Finnish Trade Unions SAK
Board Member 2000–
IDP Consultants Oy,
Managing Director 1988–
Finnish Industry Investment Ltd,
Investment Council Member 2000–
Veritas Ltd,
Supervisory Board Member 2006–

Deputy Members

Elise Pekkala (1959), LL.M., LL.M. (Eur.)
Governmental Counsellor
Ministry of Employment and the Economy
Deputy Member of the Board 2004–

Kristina Sarjo
(1959), LL.M.
Financial Counsellor
Ministry of Finance
Deputy Member of the Board 2003–
Nordic Investment Bank,
Board Member 2003–
Council of Europe Development Bank,
Administrative Council Member 2003–
European Investment Bank,
Alternate on the Board of Directors 2007–


Kalle J. Korhonen


Pekka Laajanen


Pekka Huhtaniemi


Päivi Kerminen


Jyrki Kiviharju


Martti Mäenpää


Risto Suominen


Matti Viialainen

Management Group and Corporate Management

The Management Group discusses important issues pertaining to clients, business operations and risk management. The Management Group comprises the Managing Director, the Executive Vice Presidents, the Managing Director of Veraventure Ltd, the General Counsel, Administration, Senior Vice President, Finances and the Senior Vice President, Communications. The Management Group meets three times a month. The Vice Presidents for the service regions attend Management Group meetings once a month.

Pauli Heikkilä
(1962), D.Sc. (Tech.)
Managing Director
Chairman of the Management Group, Corporate Management and the Management Group on Financing 2005–
Finnish Business and Policy Forum EVA, Member 2005–
Excellence Finland, Advisory Board Member 2005–
Export Forum, Member 2005–

Topi Vesteri
(1956), LL.M.
Executive Vice President, Export Financing
First Deputy of the Managing Director
Management Group Member 2005–
Member of Corporate Management and the Management Group on Financing 1999–
Finnfund, Board Member 2002–
Finnish Export Credit Ltd, Chairman of the Board 2004–

Veijo Ojala
(1951), M.Soc.Sc.
Executive Vice President, Domestic Regional Financing
Second Deputy of the Managing Director
Management Group Member 2005–
Member of Corporate Management and the Management Group on Financing 1999–
'Technology to Products' Foundation, Board Member 2002–
Aloitusrahasto Vera Oy, Chairman of the Board 2006–
Veraventure Ltd, Chairman of the Board 2006–
Matkailunkehitys Nordia Oy, Chairman of the Board 2006–

Aarno Järvinen
(1947), M.Sc. (Econ. & Bus. Adm.)
Executive Vice President, Corporate Services
Third Deputy of the Managing Director
Management Group Member 2005–2007
Member of Corporate Management 1999–2007
Training Consortium of Central Uusimaa, Board Member 1981–, Vice Chairman 1997–
Finnish Export Credit Ltd, Board Member 2005–2007, Vice Chairman 2006–2007
Spikera Oy, Vice Chairman of the Board 2006–2007

Annamarja Paloheimo
(1964), LL.M.
Senior Vice President, Financing for Growth and Internationalisation
Management Group Member 2006–
Member of Corporate Management and the Management Group on Financing 2006–
Aloitusrahasto Vera Oy, Vice Chairman of the Board 2006–
Invest in Finland, Member of the Foundation's Board 2006–
SME Foundation, Deputy Member of the Board 2007–

Leo Houtsonen
(1958), M.Sc. (Econ. & Bus. Adm.)
Managing Director, Veraventure Ltd
Managing Director, Aloitusrahasto Vera Oy
Management Group Member 2005–
Member of Corporate Management 1999–
Savon Teknia Oy, Vice Chairman 2003–
Karinvest Oy, Board Member 2004-
Teknoventure Oy, Board Member 2004–
Kainuun Pääomarahasto Oy, Board Member 2004–
JyväsSeed Fund Oy, Board Member 2004–
Matkailunkehitys Nordia Oy, Board Member 2004–
Pikespo Invest Oy, Deputy Member of the Board 2004–
Innoventure Oy, Deputy Member of the Board 2004–
Midinvest Oy, Board Member 2005–
Uudenmaan Pääomarahasto Oy, Deputy Member of the Board 2006–

Ulla Hagman
(1969), M.Sc. (Econ. & Bus. Adm.)
Senior Vice President, Finances and IT
Member of the Management Group and Corporate Management as of 1 September 2007
Committee for Corporate Analysis, Board Member 2004–
Committee for Corporate Analysis, Chair of the 'Certified Credit Analyst' working group 2004–
European Association of Public Banks, Economic and Financial Affairs Committee, Member 2005–

Marja Karimeri
(1949), eMBA, LL.M.
Senior Vice President, Legal Affairs
Management Group Member 2005–2007
Member of Corporate Management 1999–2007
Secretary of the Management Group on Financing 1999–
Board of the State Guarantee Fund, Secretary 2001–
Paris Club, Head of the Finnish Delegation 2001–
Spikera Oy, Chairman of the Board 2005–

Johanna Tuomisto
(1966), LL.M.
General Counsel, Administration and Legal Affairs
Member of the Management Group and Corporate Management as of 19 November 2007

Eila Alajoki
(1951), B.A.
Communications Manager
Member of the Management Group and Corporate Management 2005–2007

Leena Jaakkola
(1962), M.A.
Senior Vice President, Communications and Marketing
Member of the Management Group and Corporate Management as of 7 December 2007

The Corporate Management discusses matters having an extensive impact on the Finnvera Group and its personnel; the matters may be prepared within the Management Group. Besides the members of the Management Group, the Corporate Management includes the Vice President responsible for corporate planning and the Managing Director of Finnish Export Credit Ltd, the subsidiary responsible for interest equalization and export credits. The personnel organisations are also represented. The Corporate Management meets once a month.

Heikki Lähdesmäki
(1961), M.Sc. (Econ. & Bus. Adm.)
Financing Manager
Member of Corporate Management 2006–
Personnel organisation Finnveran Akavalaiset ry

Matti Männikkö
(1954), M.Sc. (Tech.)
Vice President, Corporate Planning
Member of Corporate Management 2005–
SME Foundation, Board Member 2000–
Spikera Oy, Board Member 2006–

Tuija Saari
(1952), LL.M.
Liaison Officer, Information Services
Member of Corporate Management 2006–
Trade Union Suora, Representative 2000–
Trade Union Suora, Member of the Equality Committee 2000–
Trade Union Suora, Member of the Working Group 'Chairpersons of Associations in Special Fields' 2000–
Occupational Safety Representative, Finnvera's Head Office in Helsinki 1996–
Personnel organisation Erityisrahoituksen Ammattilaiset ERA ry, Chairperson 1994–

Ilse Salonen
(1959), B.Sc. (Bus. Adm.)
Member of Corporate Management 2006–
Finance Assistant
Personnel organisation Finnveran Toimihenkilöt ry

Jyrki Wirtavuori
(1950), LL.M.
Managing Director, Finnish Export Credit Ltd
Member of Corporate Management and the Management Group on Financing 2005–

Regional Organisation

Finnvera's new regional organisation, based on service regions, was taken into use on 1 July 2007. Vice Presidents of service regions act also as Director of Regional Office in own region.

Northern Finland

Vice President
Pentti Kinnunen (1954) M.Sc. (Econ. & Bus. Adm.), Oulu

Directors of Regional Offices:
Kari Tuominen (1958) M.Sc. (Econ. & Bus. Adm.), Rovaniemi
Pauli Piilma (1961) LL.M., Kajaani

Southern Finland

Vice President
Kari Villikka (1955) M.Sc. (Tech.), Helsinki

Directors of Regional Offices:
Reijo Järvinen (1948) M.A., until 1 December 2007, Helsinki
Jukka Vilppo (1955) M.Sc. (Tech.), Uusimaa
Pasi Pirinen (1956) M.Sc. (Tech.), Lahti
Hannu Puhakka (1959) M.Sc. (Tech.), until 20 May 2007,
Satu Mäkelä-Kandelin (1970) M.Sc. (Econ. & Bus. Adm.), as of 1 September 2007, Lappeenranta

Central and Eastern Finland

Vice President
Hannu Puhakka (1959) M.Sc. (Tech.), Joensuu

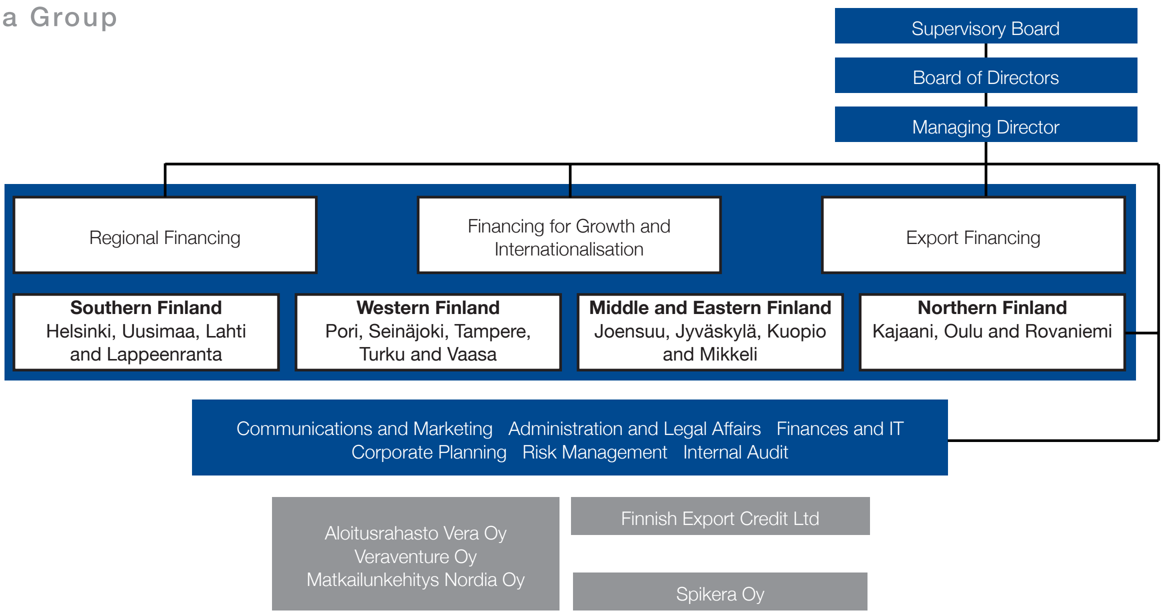
Directors of Regional Offices:
Pentti Kokkinen (1949) M.Sc. (Econ. & Bus. Adm.), Jyväskylä
Pauli Tengvall (1947) M.Sc. (Tech.), Kuopio
Juho Björn (1947) M.Sc. (Tech.), until 31 July 2007, Joensuu
Jukka-Pekka Jordan (1950) M.Sc. (Econ. & Bus. Adm.), Mikkeli

Western Finland

Vice President
John Erickson (1956) M.A., Vaasa

Directors of Regional Offices:
Martti Kytöluhta (1947) M.Sc. (Econ. & Bus. Adm.), Pori
Markku Laineenoja (1949) M.Sc. (Econ. & Bus. Adm.), Turku
Asko Saarinen (1954) M.Sc. (Tech.), eMBA, Seinäjoki
Seppo Tyynelä (1949) B.Sc. (Econ. & Bus. Adm.), Tampere

Finnvera Group



Statistics

Domestic Financing

Financing, by product

(MEUR)	2007	2006	2005	2004	2003
Loans:	**385.0**	**396.2**	**405.8**	**411.8**	**363.7**
Loans for investments and working capital	264.4	270.7	262.9	258.8	230.1
Venture capital loans	19.3	12.6	21.5	22.3	24.8
Development loans	12.9	13.7	17.8	23.3	17.1
Loans for women entrepreneurs	19.8	23.2	25.7	22.1	18.2
Microloans	28.0	30.0	32.1	31.0	30.8
Entrepreneur loans	26.0	26.6	25.5	28.5	24.2
Environmental loans	14.5	19.3	20.3	25.8	18.6
Domestic guarantees:	**415.7**	**419.4**	**425.6**	**426.6**	**351.3**
For investments and working capital	189.8	171.9	142.7	130.3	115.2
For growth and employment	49.4	56.7	69.3	80.3	66.6
For current account with overdraft	85.7	102.6	89.2	89.1	69.5
Micro-guarantees	16.1	16.2	20.6	20.2	19.2
For delivery	74.7	71.8	104.0	106.7	78.7
For environmental protection	0.0	0.0	0.0	0.0	2.0
Export guarantees and special guarantees	**96.2**	**110.4**	**63.9**	**53.1**	**57.5**
Export guarantees	96.2	110.4	63.9	53.1	57.5
Total	**896.9**	**926.0**	**895.3**	**891.5**	**772.4**

Financing, by regional office

(MEUR)	2007	2006	2005	2004	2003
Helsinki	76.1	85.7	76.7	94.6	63.8
Joensuu	44.9	29.9	31.0	32.5	29.1
Jyväskylä	45.0	45.3	43.1	44.6	30.8
Kajaani	24.3	37.1	40.6	34.1	26.7
Kuopio	55.9	50.0	49.7	49.1	44.2
Lahti	50.5	62.7	53.4	52.1	43.5
Lappeenranta	38.2	44.5	38.3	36.3	37.0
Mikkeli	29.3	25.9	25.4	29.4	22.3
Oulu	77.9	85.1	70.3	70.2	56.6
Pori	61.2	71.1	79.6	61.3	57.7
Rovaniemi	39.3	35.9	40.2	36.2	30.9
Seinäjoki	35.3	29.9	34.1	30.8	32.0
Tampere	106.2	120.7	125.6	123.7	126.7
Turku	87.2	74.4	83.1	98.2	68.9
Uusimaa	45.7	54.1	47.5	42.3	39.7
Vaasa	76.9	73.0	55.8	55.9	56.9
Ahvenanmaa	3.2	0.5	0.8	0.4	0.5
Head Office					5.1
Total	**896.9**	**926.0**	**895.3**	**891.5**	**772.4**

Financing, by sector

(MEUR)	2007	2006	2005	2004	2003
Rural trades, in total	8.1	6.7	5.3	6.7	6.1
Special sectors in agriculture	6.5	5.8	3.9	5.1	3.7
Fishery	1.6	0.9	1.5	1.6	2.3
Industry, in total	516.7	539.9	533.3	552.1	488.7
Manufacture of foods	31.1	28.6	30.2	23.4	27.1
Manufacture of textiles, clothing and leather products	17.2	16.3	22.7	20.5	17.5
Manufacture of wood-based products	45.9	48.0	52.5	55.3	59.2
Manufacture of paper products	5.8	7.9	8.1	3.1	9.2
Communications industry	7.4	6.3	7.9	14.3	10.9
Manufacture of furniture	8.7	17.6	12.1	14.6	9.4
Manufacture of chemical, rubber and plastics products	23.8	29.5	24.2	29.9	30.4
Manufacture of glass, ceramic and stone products	14.7	10.6	12.7	10.2	12.7
Basic metals and mechanical industry	242.7	257.3	251.1	240.2	193.3
Electrical and electronics industry	42.3	47.9	34.4	68.8	59.3
Other industry and manufacture	77.2	69.8	77.4	71.7	59.7
Tourism, in total	62.3	65.4	68.5	57.4	51.6
Accommodation and restaurant business	36.4	38.9	39.0	37.7	31.9
Activities serving tourism	25.9	26.5	29.4	19.7	19.7
Service for business, in total	168.7	166.5	138.8	136.4	117.5
Real-estate companies	31.7	29.1	28.1	28.7	27.3
Transport	28.4	23.5	31.7	25.6	19.2
Data processing services	22.1	30.0	18.5	18.0	20.5
Services for business management	18.3	20.7	12.9	15.8	9.4
Technical services	35.2	30.2	25.7	23.7	18.7
Media and advertising services	7.4	5.9	7.3	5.9	5.9
Other services for business	16.2	16.7	8.1	6.9	9.6
Cleaning and real-estate maintenance	9.3	10.5	6.5	11.9	6.8
Trade and consumer services, in total	141.1	147.4	149.4	138.9	108.5
Wholesale trade	56.0	60.8	62.7	61.4	39.5
Retail trade	40.3	40.9	40.2	36.7	32.3
Repair of motor vehicles	22.8	23.6	21.3	19.3	19.1
Consumer services	22.1	22.2	25.1	22.5	17.6
Total	896.9	926.0	895.3	891.5	772.4

Financing decisions, by enterprise size

(MEUR)	2007	2006	2005	2004	2003
Micro-enterprises	374.1	347.3	296.7	251.6	215.9
Other SMEs	477.9	492.8	517.5	519.8	444.1
Major companies and other business	44.8	85.8	81.0	120.1	112.4
Total	896.9	926.0	895.3	891.5	772.4
%	2007	2006	2005	2004	2003
Micro-enterprises	41.7	37.5	33.1	28.2	28.0
Other SMEs	53.3	53.2	57.8	58.3	57.5
Major companies and other business	5.0	9.3	9.1	13.5	14.5
Total	100	100	100	100	100

Outstanding commitments, by product

(MEUR)	31/12/07	31/12/06	31/12/05	31/12/04	31/12/03
Loans	1,416.0	1,408.1	1,412.0	1,365.4	1,290.9
Domestic guarantees	828.9	806.1	841.8	796.1	692.6
Export guarantees and special guarantees	89.7	93.9	52.9	42.5	65.9
Share capital investments	140.7	117.0	95.8	78.8	60.7
Guarantee receivables	17.6	12.9	14.9	12.8	7.7
Total	2,492.9	2,438.0	2,417.5	2,295.7	2,117.8

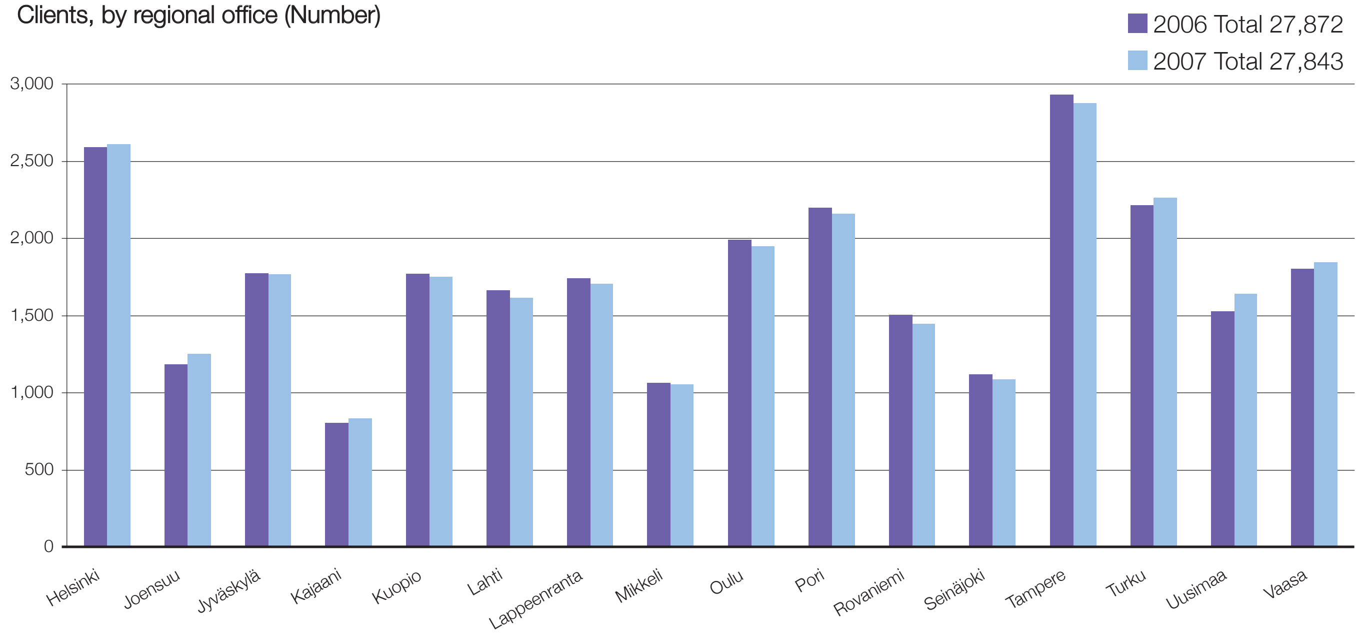
Outstanding commitments, by sector

(MEUR)	31/12/07	31/12/06	31/12/05	31/12/04	31/12/03
Rural trades	21.2	20.5	19.2	20.0	20.2
Industry	1,281.0	1,323.2	1,352.4	1,321.9	1,221.9
Tourism	222.9	211.8	200.8	193.8	188.6
Services to business	595.5	530.3	497.4	469.7	435.0
Trade and consumer services	372.2	352.0	347.7	290.3	252.1
Total	2,492.9	2,438.0	2,417.5	2,295.7	2,117.8

Outstanding commitments, by regional office

(MEUR)	31/12/07	31/12/06	31/12/05	31/12/04	31/12/03
Helsinki	178.4	176.5	179.7	173.2	142.8
Joensuu	112.0	98.3	94.8	97.1	89.5
Jyväskylä	122.9	121.0	121.5	123.2	106.8
Kajaani	72.1	78.1	86.9	82.4	72.3
Kuopio	162.1	157.6	154.7	144.9	140.8
Lahti	124.6	136.5	138.7	134.0	121.1
Lappeenranta	113.5	113.7	113.7	109.3	111.3
Mikkeli	77.5	76.8	79.4	74.5	73.9
Oulu	200.2	188.3	188.8	176.1	169.3
Pori	150.2	178.1	180.6	170.2	162.2
Rovaniemi	143.1	135.7	132.7	127.1	122.3
Seinäjoki	103.3	96.2	99.8	82.5	86.5
Tampere	306.9	318.0	300.8	295.4	275.2
Turku	196.0	167.8	188.0	186.2	178.3
Uusimaa	108.9	114.2	112.7	97.0	86.5
Vaasa	180.6	167.2	152.8	145.3	134.0
Ahvenanmaa	3.8	1.4	1.6	2.2	2.2
Head Office	136.9	112.6	90.4	75.1	42.8
Total	2,492.9	2,438.0	2,417.5	2,295.7	2,117.8

Clients, by regional office (Number)



Clients, by enterprise size

(Number)	31/12/07	31/12/06
Micro-enterprises	24,886	24,936
Other SMEs	2,868	2,837
Major companies and other business	89	99
Total	27,843	27,872

(%)	2007	2006
Micro-enterprises	89.4	89.5
Other SMEs	10.3	10.2
Major companies and other business	0.3	0.4
Total	100	100

Clients, by sector

(Number)	31/12/07	31/12/06	31/12/05	31/12/04	31/12/03
Rural trades	308	315	189	331	345
Industry	9,356	9,585	9,830	9,479	9,359
Tourism	3,267	3,215	3,092	2,949	2,895
Services to business	6,528	6,488	6,348	6,121	5,950
Trade and consumer services	8,381	8,269	7,910	7,231	6,852
Total	27,843	27,872	27,369	26,111	25,401

New clients

(Number)	31/12/07	31/12/06	31/12/05	31/12/04	31/12/03
Micro-enterprises	3,999	4,328	4,398	3,858	3,410
Other SMEs	254	274	367	638	613
Major companies and other business	4	4	9	14	16
Total	4,257	4,606	4,774	4,510	4,039

Export credit guarantees and special guarantees covering the domestic risks of major companies

	Offered					Current guarantees that have come into effect				
MEUR	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
Ship Guarantees	–	–	176.0	–	132.4	–	–	–	101.4	23.3
Environmental Protection Guarantees	–	–	–	–	133.3	–	–	–	–	133.3
Finance Guarantees										
Shipyard industry	130.0	–	809.1	379.0	90.0	–	–	1,164.2	–	270.0
Other	–	–	–	–	–	–	–	–	–	–
Total	130.0	–	809.1	379.0	90.0	–	–	1,164.2	–	270.0
Bond Guarantees										
Shipyard industry	59.4	132.3	132.5	138.5	65.9	58.2	58.1	74.4	124.2	59.6
Other	–	–	–	–	40.0	–	–	–	–	–
Total	59.4	132.3	132.5	138.5	105.9	58.2	58.1	74.4	124.2	59.6

Foreign Risk-Taking [1)]

Guarantees offered, by region

(MEUR)	2007	2006	2005	2004	2003
Asia	67.4	515.8	251.7	293.0	146.3
CIS	189.6	379.1	576.7	427.2	108.0
Central and Eastern Europe	–	144.0	103.1	95.7	8.8
Latin America	25.5	147.9	465.5	510.2	702.5
Middle East and North Africa	407.7	260.0	196.1	222.4	162.8
Sub-Saharan Africa	9.3	28.2	1.4	0.8	19.6
Industrialised countries	927.3	1,285.2	1,379.8	660.1	1,163.0
Total	1,626.8	2,760.2	2,974.3	2,209.4	2,311.0

Guarantees that have come into effect, by region

(MEUR)	2007	2006	2005	2004	2003
Asia	142.1	181.0	309.5	211.2	46.3
CIS	189.4	406.3	483.0	162.5	63.7
Central and Eastern Europe	–	96.7	1.4	125.4	15.3
Latin America	249.0	154.7	165.2	257.9	337.8
Middle East and North Africa	87.4	222.9	85.5	147.5	122.7
Sub-Saharan Africa	22.7	14.8	–	16.4	–
Industrialised countries	15.1	163.4	362.3	66.2	409.3
Total	705.7	1,239.8	1,406.9	987.1	995.1

Guarantees that have come into effect, by buyer's sector

(MEUR)	2007	2006	2005	2004	2003
Telecommunications	164.9	556.3	785.9	597.6	283.1
Wood processing	273.3	315.2	149.4	84.8	25.8
Power generation	47.5	82.8	25.2	177.0	119.6
Shipping companies	–	181.4	309.1	2.4	395.0
Other	220.0	104.1	137.3	125.3	171.6
Total	705.7	1,239.8	1,406.9	987.1	995.1

Outstanding commitments [2)], by product, 31 Dec 2007

(MEUR)	Offers	Current	Total
Buyer Credit Guarantees	2001.4	2,169.4	4,170.8
Credit Risk Guarantees	0.6	140.4	140.9
Letter of Credit Guarantees	14.2	113.9	128.1
Investment Guarantees	–	78.1	78.1
Bond Guarantees	–	5.0	5.1
Total	2,016.2	2,506.8	4,523.0
Raw Material Guarantees	–	–	–
Grand total	2,016.2 [3)]	2,506.8 [4,5)]	4,523.0

Outstanding commitments [2)], by region, 31 Dec 2007

(MEUR)	Offers	Current	Total
Asia	63.4	599.0	662.4
CIS	10.1	474.6	484.7
Central and Eastern Europe	115.2	94.3	209.5
Latin America	0.8	640.9	641.7
Middle East and North Africa	76.3	167.5	243.8
Sub-Saharan Africa	–	35.7	35.7
Industrialised countries	1,750.4	494.8	2,245.2
Total	2,016.2 [3)]	2,506.8 [4,5)]	4,523.0

Exports covered by guarantees, by region [6)]

(MEUR)	2007	2006	2005	2004	2003
Asia	115.2	190.3	165.0	169.5	136.7
CIS	314.9	352.6	541.4	184.7	60.5
Central and Eastern Europe	88.7	23.2	86.3	23.2	37.2
Latin America	226.3	258.5	58.5	449.0	279.8
Middle East and North Africa	142.8	642.7	118.1	124.5	88.1
Sub-Saharan Africa	19.5	1.3	0.1	16.0	0.1
Industrialised countries	272.5	161.5	30.4	189.4	41.3
Total	1,179.9	1,630.1	999.8	1,156.3	643.7

Claims paid and recovery on the basis of political risk, by country

(EUR 1,000)	2007		2006		2005		2004		2003	
	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery
Iran	6,898.1	–	–	–	–	–	–	–	–	–
Latvia	–	–	–	–	–	–	–	–	0.4	5.1
Total	6,898.1	–	–	–	–	–	–	–	0.4	5.1

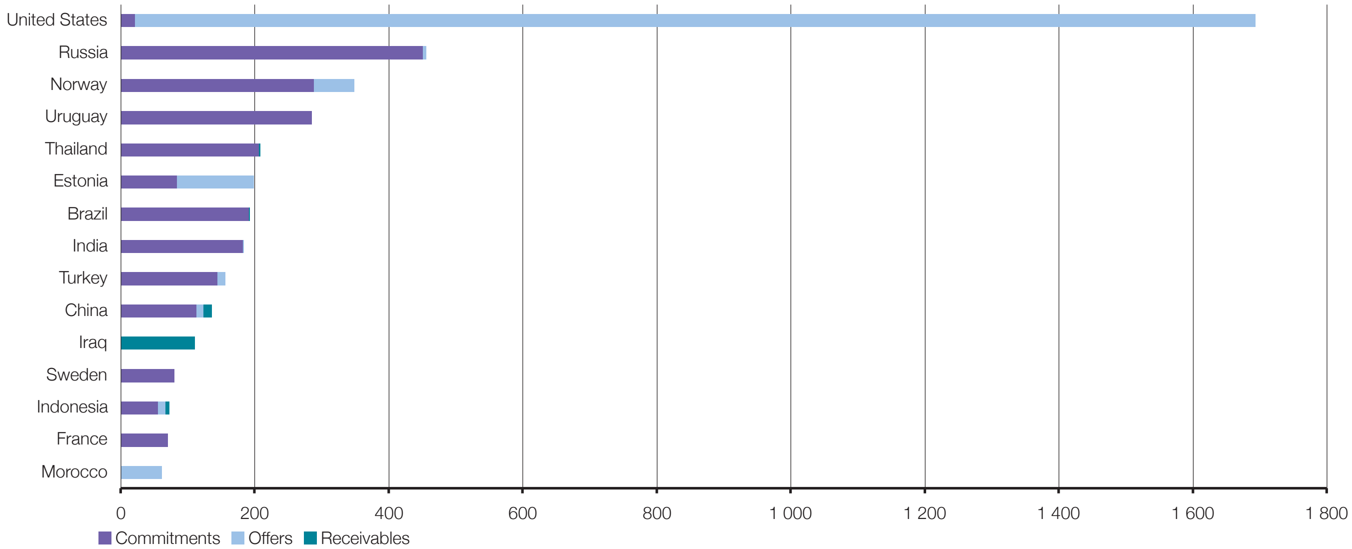
Claims paid and recovery on the basis of commercial risk, by country

(EUR 1,000)	2007		2006		2005		2004		2003	
	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery	Claims 7)	Recovery
United Arab Emirates	2.2	1.4	15.6	249.4	3.0	–	21.3	–	0.8	–
Argentina	–	32.1	4.5	309.0	4.1	251.1	3.8	381.0	2.7	348.4
Australia	–	–	–	100.9	–	125.9	–	1,104.5	1,739.2	44.7
Chile	–	–	–	–	–	–	0.6	–	4.4	70.0
Indonesia	–	8,854.8	3.4	997.5	28.3	3,395.4	1,586.6	128.1	67.2	10,159.5
Israel	–	–	7.1	–	–	–	–	–	–	–
China	–	–	–	–	–	–	–	–	–	–
Latvia	–	–	–	–	–	–	–	–	–	–
Lithuania	–	–	–	–	–	–	2.7	2.3	–	–
Mexico	–	–	–	–	–	–	–	–	–	–
Poland	–	–	85.9	–	–	–	–	–	290.3	–
Venezuela	–	–	19.2	–	–	–	–	42.7	169.4	107.0
Russia	–	–	17.7	–	164.1	–	7.0	–	0.1	–
Yhteensä	2.2	8,888.3	153.4	1,656.8	199.5	3,772.4	1,622.0	1,658.6	2,274.1	10,729.6

Receivables in the recovery process 31 Dec 2007 8)

(EUR 1,000)	Political risk	Commercial risk	Total
Buyer Credit Guarantees	–	1,125.5	1,125.5
Credit Risk Guarantees	–	484.3	484.3
Letter of Credit Guarantees	6,954.2	–	6,954.2
Other	–	–	–
Total	6,954.2	1,609.8	8,564.0

15 biggest country exposures, MEUR
31 Dec 2007 (Finnvera Plc + State Guarantee Fund)



1) Foreign risk-taking = export credit and special guarantees in which the object of the risk is abroad.
2) Outstanding commitments = commitments as per coverage; overlapping between guarantees that have been eliminated (net commitments).
3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 11.3 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.
4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 173.4 million.
5) The outstanding commitments arising from Credit Risk Guarantees include a provision of EUR 2.0 million for credit losses.
6) Exports covered with Buyer Credit, Credit Risk and Letter of Credit Guarantees.
7) Include collection charges.
8) Finnvera's share.

The Liability Managed by Finnvera

By virtue of the Act on the State Guarantee Fund, liability for the export credit guarantees and State guarantees granted by the Finnish Guarantee Board and outstanding on 31 December 1998 rests with the Fund, which is managed by the Ministry of Trade and Industry. The Ministry and Finnvera have signed an agreement on the management of this ‘old’ liability. Accordingly, the Fund pays Finnvera a management fee. The purpose of the State Guarantee Fund is to ensure that the liability arising from Finnvera’s export credit guarantees and domestic guarantees and from other commitments referred to in §4 of the Act on the State Guarantee Fund is covered. If the separate result calculated annually for export credit guarantees and special guarantees shows a defi cit, the corresponding sum is transferred from the State Guarantee Fund to Finnvera, unless the fund for export credit guarantees and special guarantees on Finnvera’s balance sheet has suffi cient assets to cover the deficit.

In order to illustrate the overall situation, the outstanding commitments are presented together with Finnvera’s corresponding figures.

Liability for guarantees under the Act on the State’s Export Credit Guarantees and for raw material guarantees (Act on the State Guarantees to Ensure the Supply of Basic Raw Material) [1] 31 Dec 2007

	Offers			Current commitments			Total			Book value [2]		
(MEUR)	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total
Export credit guarantees												
Buyer Credit Guarantees	–	2,001.4	2,001.4	95.0	2,169.4	2,264.4	95.0	4,170.8	4,265.8	94.1	3,123.5	3,217.6
Credit Risk Guarantees	–	0.6	0.6	–	140.4	140.4	–	140.9	140.9	–	141.6	141.6
Letter of Credit Guarantees	–	14.2	14.2	–	113.9	113.9	–	128.1	128.1	–	122.8	122.8
Investment Guarantees	–	–	–	–	78.1	78.1	–	78.1	78.1	–	85.1	85.1
Bond Guarantees	–	30.3	30.3	1.7	36.4	38.1	1.7	66.7	68.4	1.6	49.6	51.1
Finance Guarantees	–	65.0	65.0	–	177.6	177.6	–	242.6	242.6	–	210.1	210.1
Export Guarantees	–	1.1	1.1	–	89.7	89.7	–	90.8	90.8	–	90.2	90.2
Total	–	2,112.5	2,112.5	96.7	2,805.4	2,902.1	96.7	4,917.9	5,014.7	95.7	3,822.8	3,918.6
Raw Material Guarantees	–	–	–	–	–	–	–	–	–	–	–	–
Grand Total	–	2,112.5 [3]	2,112.5 [3]	96.7 [4]	2,805.4 [5,6]	2,902.1 [6,7]	96.7 [4]	4,917.9 [8]	5,014.7 [9]	95.7	3,822.8	3,918.6

Liability for special guarantee activities 31 Dec 2007

	Current commitment [10]		
(MEUR)	Fund	Finnvera	Total
State Guarantees			
Industry Guarantees	2.2	–	2.2
Ship Guarantees	–	–	–
Environmental Protection Guarantees	1.2	64.1	65.3
Stabilisation Guarantees	–	–	–
Micro-guarantees	0.0	–	0.0
Total	3.4	64.1	67.5

The State Guarantee Fund’s recovery receivables 31 Dec 2007

(MEUR)	Total receivables	The Fund’s share [11]	Book value
Based on political risk			
Rescheduled receivables	193.4	158.8	26.4
Other receivables based on political risk	37.6	36.5	2.6
Total	231.0	195.3	29.0
Based on commercial risk	96.0	115.0	43.9
Grand Total	327.0	310.3	72.9

1) Liability = commitments as per coverage; overlapping between guarantees has been eliminated (net liability).
2) Book value = current commitments + half of offers.
3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit Guarantees totalled EUR 11.3 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.
4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit guarantees totalled EUR 1.0 million.
5) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit guarantees totalled EUR 173.4 million.
6) The outstanding commitments arising from Credit Risk Guarantees include a provision of EUR 2.0 million for credit losses.
7) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit guarantees totalled EUR 174,4 million for credit losses.
8) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit guarantees totalled EUR 184.7 million for credit losses.
9) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State’s Export Credit guarantees totalled EUR 185.7 million for credit losses.
10) As per the Act.
11) The difference between the Fund’s share and total receivables represents the guarantee holder’s receivables under recovery.

Key Figures

Finnvera Group					
(MEUR)	2007	2006	2005	2004	2003
Turnover	199.3	169.9	171.0	164.2	153.2
Operating profit or loss	56.4	45.4	45.5	54.9	37.3
% of turnover	28.3	26.7	26.6	33.4	24.3
Return on equity, %	10.3	7.1	7.4	9.5	7.1
Return on assets, %	3.2	2,0	2,0	2.5	1.7
Equity ratio %	30.8	28.6	27.1	27.9	24.1
Capital adequacy ratio	19.5	18.4	18.1	16.4	15.8
Write-down on receivables, guarantee losses	44.8	39.8	48.0	36.5	34.1
*The key figures for 2007 and 2006 have been calculated according to IFRS.					
Finnvera plc, domestic financing					
Number of clients	3,467	3,641	3,638	2,956	2,576
Number of new jobs	10,907	11,134	10,548	11,457	9,730
Financing granted, MEUR	896.9	926.0	895.3	891.5	772.4
Outstanding commitments at year's end					
Outstanding credits, MEUR	1,368.9	1,372.3	1,376.3	1,337.8	1,246.6
Outstanding guarantees, MEUR	827.4	804.3	839.8	793.1	691.5
Finnvera plc, financing of exports					
Outstanding commitments, MEUR	4,980.2	4,556.5	3,902.9	3,367.1	3,138.6
Guarantees offered, MEUR	1,626.8	2,760.2	2,974.3	2,209.4	2,311.0
Guarantees that came into effect, MEUR	705.7	1,239.8	1,406.9	987.1	995.1
Finnvera plc, clients					
Domestic and export financing together	28,000	28,000	27,600	26,300	25,600

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Finnvera's Annual Review and Financial Review for 2007 are published in Finnish, Swedish and English. The Interim Report covering the period from 1 January 2008 to 30 June 2008 will be published on 28 August 2008, also in three languages. The Financial Review 2007 is available in Finnish, Swedish and English on Finnvera's website at www.finnvera.fi. The Finnish and English versions of the Annual Review can also be ordered from Finnvera's Corporate Communications, tel. +358 20 460 7402, e-mail kaisa.sailas@finnvera.fi.

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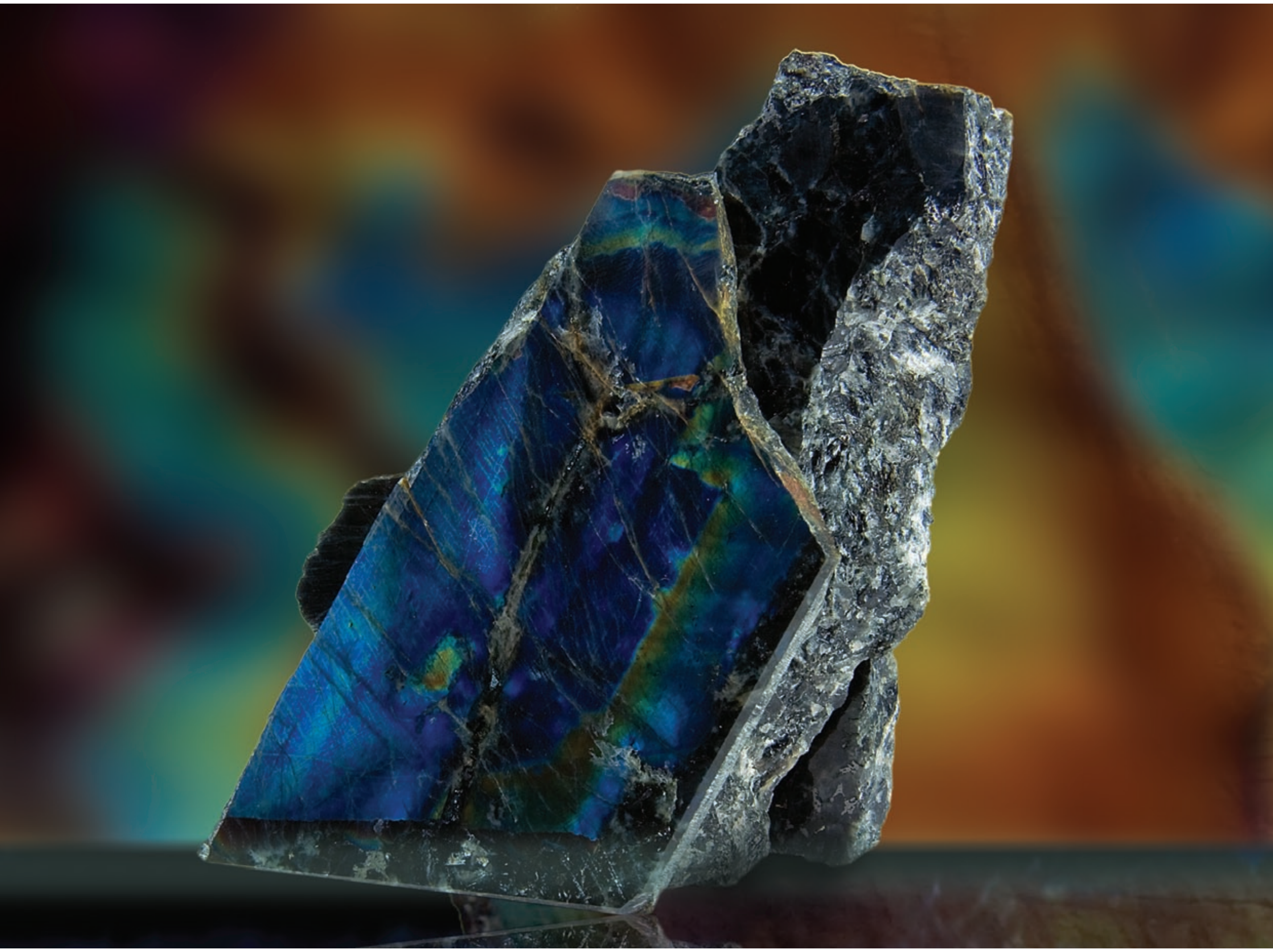
Financial Review 2007



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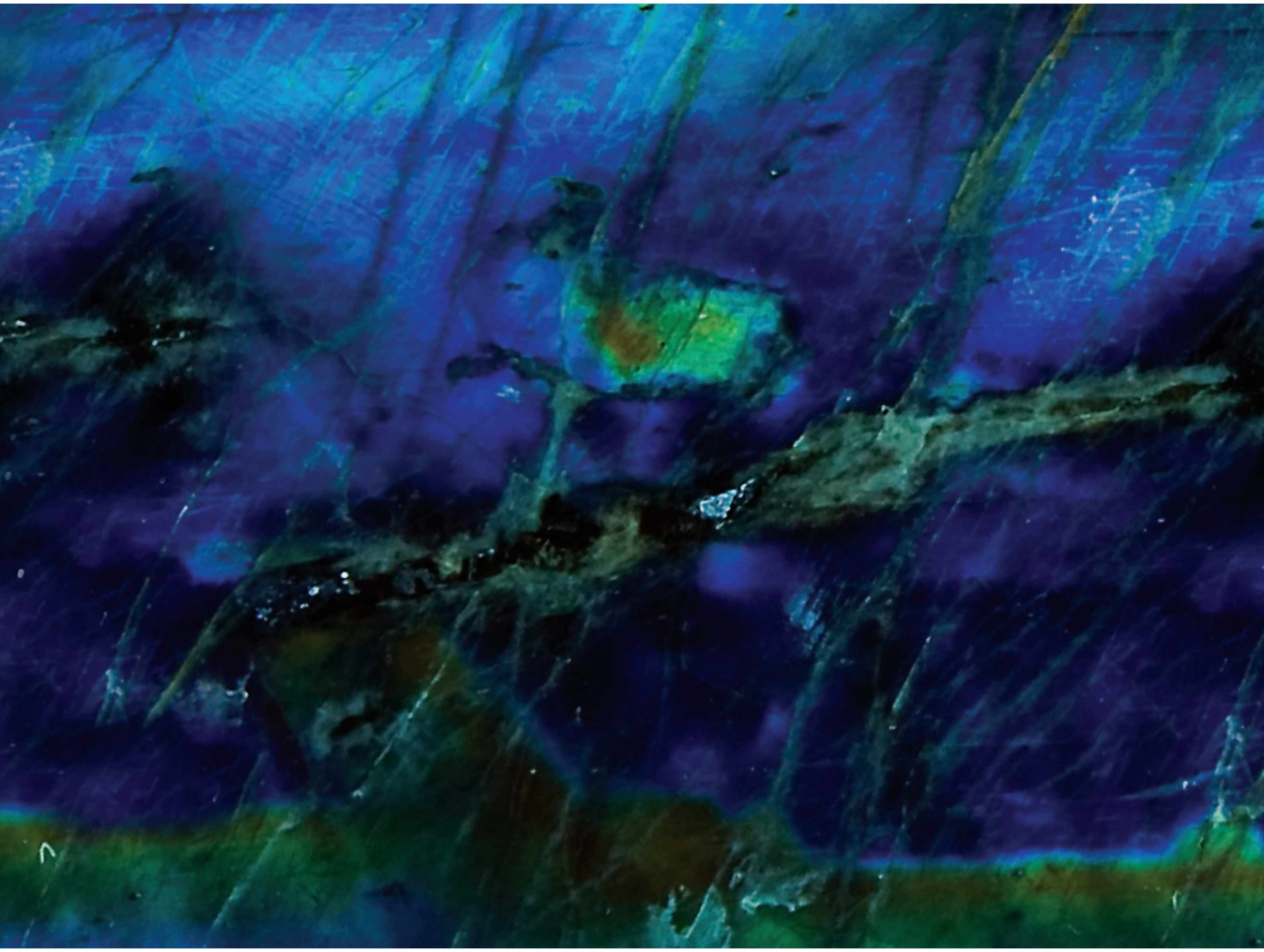

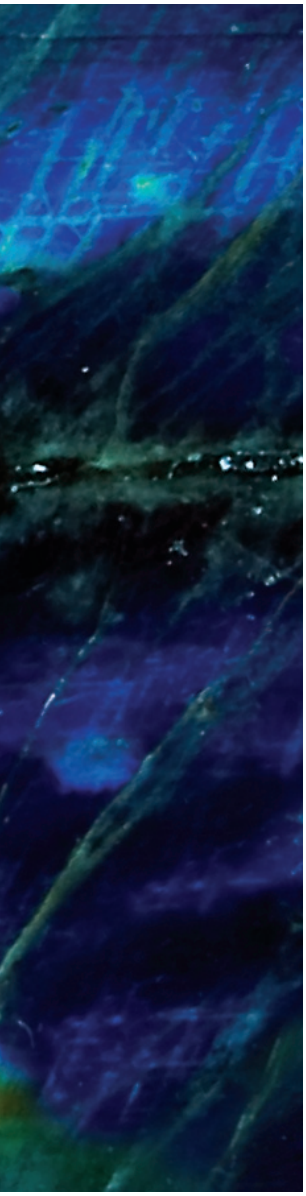

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Report of the Board of Directors

During the period under review, Finnvera continued to build the Finnish innovation environment together with the other organisations involved in the Finnish Growth Company Development Service, i.e. Finpro, Tekes and the Employment and Economic Development Centres. Positive experiences concerning the processing of financing plans of start-up enterprises were obtained from the pilot projects carried out with regional enterprise service centers. The operational model will be implemented on a more extensive scale during 2008.

Reforms improving customer service continued. The service areas' activities relating to the management system of the regional offices started on 1 July 2007. The objective of this organizational change is to ensure uniform quality of Finnvera's service throughout the entire country.

In order to implement Finnvera's strategy, also the human resources and its directing were reviewed. During the period under review, the "Kenttävoima" project ended. The objective of the project was to find more personnel to work in customer service. Due to the internal transfers, the number of employees in customer service in 2007 increased.

Finnvera's online application service was implemented. Customers and partners can file applications for financing through the internet safely and reliably. In addition, a telephone information service specifically for start-up enterprises was introduced.

Public venture capital investing in start-up enterprises

The public venture capital investing in start-up enterprises was centralized in Finnvera as from the beginning of 2008. The function is overseen by Finnvera's subsidiary Veraventure Oy, which manages Aloitusrahasto Vera Oy, which in turn invests in innovative start-up enterprises.

The objective is to set up and accelerate the target company's growth, as well as to develop the investments towards being more interesting targets for further financing by other financiers. Previously these functions have been conducted by Sitra and Finnish Industry Investment Ltd.

Finnvera hastened the funds' possibilities to increase the investments by making additional investments of EUR 24.3 million in total in Aloitusrahasto Vera Oy and Veraventure Oy during the financial period.

Changes in the operating environment

Some changes took place in the state subsidy regulation of the European Community during the period under review. The changes relate to Finnvera Group's venture capital investment activities as well as to domestic guarantees and export credit guarantees. The most significant change was the new ordinance given by the Commission on subsidy of minor importance, i.e. the so-called de minimis ordinance, which came into effect as from the beginning of 2007. The de minimis subsidy threshold in accordance with the new de minimis ordinance is EUR 200,000 within three years. According to the new EC regulation the share of Finnvera's guarantee on a loan or other financing commitment may be 80 per cent at maximum.

Finnvera's subsidiary Veraventure Oy has together with the Ministry of Employment and the Economy prepared the adaptation of the Group's venture capital investment activities as required by the new state subsidy regulations during the financial period.

Also the European Community's regional state subsidy regulations changed as from the beginning of 2007 and the Council of State redefined the subsidy areas. As from the beginning of 2007, Finland has been divided into three subsidy areas: I, II and III. The subsidy areas I and II constitute the development area. On 21 February 2007 Finnvera started to mediate the European Regional Development Fund's subsidy in the new program period 2007–2013.

Granting of the growth and micro-enterprise guarantees, which belong to the scope of the counter-guarantee of the European Investment Fund (EIF), was ceased on 30 June 2007. Finnvera is preparing a new corresponding contract with the EIF.

Finnvera exempted from income taxation

Finnvera plc's exemption from income taxation was confirmed by virtue of the ordinance of the Council of State on 20 December 2007.

Finnvera transfers the benefit arising from the income tax exemption by adjusting its pricing and by increasing its risk-taking. In financing decisions made after 1 January 2008 the income tax exemption decreases the future financing costs to be paid by the customer.

Due to the income tax exemption, Finnvera is able to better conduct its function as a complementing party on the financial market. The income tax exemption improves the Company's competitiveness in export financing because all the institutions conducting similar activities in Finland's competitor countries are exempt from taxation.

Business trends

Financial performance

The consolidated financial statements and the parent company's financial statements for the year 2007 are prepared in accordance with the International Financial Reporting Standards (IFRS). Also the figures for the comparative year 2006 have been restated to comply with the IFRS.

The Finnvera Group's profit for the year 2007 rose to EUR 53.1 million (34.0). The Group companies and associates had an effect of EUR 7.1 million (3.8) on the consolidated profit. The strong growth of the profit was affected by the fact that Finnvera plc was made exempt of income tax as from 1 January 2007 as well as by the fair value measurement of Finnvera's subsidiaries that make venture capital investments, which resulted in increase in value of the shares as well as growth in the yield of investments.

The parent company's profit for the period amounted to EUR 46.0 million which is EUR 15.8 million higher than in 2006. Approximately EUR 12 million of the increase was due to the exemption from income taxation.

Interest income and interest expenses

The interest income of Finnvera plc includes interest subsidy of EUR 17.1 million, passed on by the parent company directly to its customers and other interest subsidy of EUR 0.7 million. These amounts are presented as separate items in the income statement.

The interest subsidy from the State and from the European Regional Development Fund (ERDF) totaled EUR 17.8 million (19.0), of which the state accounted for EUR 10.6 million and the ERDF as well as the associated national interest subsidy for a total of EUR 7.2 million.

Owing to the rise of the general interest rate level, the interest income received from the customers and the interest expenses of the Group increased. The average interest rate paid by the customers for loans on 31 December 2007 was 5.97 per cent (5.06) and the average interest rate for borrowings was 4.56 per cent (3.59).

Fee and commission income and expenses

The Group's fee and commission income totaled EUR 68.8 million. This was EUR 9.2 million more than in the previous year. EUR 5.5 million of growth is accounted for by revenue recognition of repayments before maturity.

The fee and commission income includes EUR 43.5 million as fees and commissions received by the parent company for export credit guarantee and special guarantee operations EUR 16.4 million as other guarantee commissions, EUR 5.0 million as handling fees for loans and guarantees and EUR 3.9 million as other fees and commissions for the Group's financing operations.

The fee and commission expenses amounted to EUR 0.9 million (1.1), of which reinsurance operations accounted for EUR 0.8 million.

Gains and losses from items carried at fair value

The fair value changes from liabilities and derivatives carried at fair value were EUR -0.3 million and the fair value changes from venture capital companies' investments in shares were EUR 3.2 million. The foreign exchange losses arising mainly from the decline of the exchange rate for the U.S. dollar totaled EUR 1.5 million.

Other income

The gain on sale of shares and participations amounted to EUR 1.1 million and dividends received amounted to EUR 2.0 million. A total of EUR 0.8 million of impairment losses were recognized on shares.

The net income from investment properties, EUR -0.2 million, includes income and expenses from such properties that are not in the Group's own use.

Other operating income includes the management fee of EUR 0.4 million paid by the State Guarantee Fund for the management of the old portfolio for export credit guarantees and special guarantees arisen before 1999, and a fee of EUR 0.8 million for the management of the ERDF financing, as well as a EUR 0.5 million forgiveness under the terms of a subordinated loan received from the state for the share investment in Aloitusrahasto Vera Oy.

Net impairment losses on financial assets

The realized impairment losses on loans and guarantees were EUR 28.2 million (34.1). Reversals of previously recognized impairment losses totaled EUR 3.7 million, thus net impairment losses were EUR 24.5 million (30.2). In addition, the parent company's income statement includes increases of impairment losses of EUR 21.4 million, thus the parent company's impairment losses on loans and guarantees in the income statement amounted to EUR 45.9 million. The state's and the ERDF's share of the realized impairment losses was EUR 12.5 million, which is 51.0 per cent, hence Finnvera's share was EUR 33.4 million.

Claims paid by virtue of export credit guarantee and special guarantee operations totaled EUR 7.0 million. Accumulated recoveries were EUR 8.5 million and the recovery receivables decreased by EUR 0.03 million, thus the net compensation in the income statement totaled EUR 1.5 million

In the consolidated income statement the net impairment losses on financial assets totaled EUR 32.3 million (28.2), of which EUR 0.4 million (0.2) related to the subsidiaries.

Other expenses

The Group's administrative expenses were EUR 42.1 million (42.1), of which the employee benefit expenses accounted for 65.6 per cent. The parent company's administrative expenses were EUR 39.8 million (40.2), of which the employee benefit expenses accounted for 65.9 per cent. Other operating expenses were expenses relating to properties.

Separate results

The export credit guarantee and special guarantee operations' separate result after deferred taxes in accordance with the Act on the State Guarantee Fund (444/1998) Chapter 4 amounted to EUR 35.2 million and respectively the result of Finnvera plc's other operations amounted to EUR 10.7 million. The separate income statements are presented in note 29 to the financial statements.

Balance sheet

At the year-end, the consolidated balance sheet total was EUR 1,766.5 million and the parent company's balance sheet total was EUR 1,711.0 million. Among the subsidiaries, Aloitusrahasto Vera Oy, which showed a balance sheet total of EUR 58.4 million, and Finnish Export Credit Ltd, which showed a balance sheet total of EUR 55.9 million, had the greatest effect on the consolidated balance sheet.

At the year-end, Finnvera plc's credit portfolio totaled EUR 1,368.9 million. The credit portfolio decreased by EUR 2.6 million in 2007. The Group's credit portfolio totaled EUR 1,393.7 million. Finnvera plc's domestic guarantees grew by EUR 23.1 million. The domestic guarantees totaled EUR 827.4 million at the end of 2007. The carrying amount of the liability in accordance with the Act on the State's Export Credit Guarantees amounted to EUR 3,878.3 million (3,883.0). The total outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given) totaled EUR 4,980.2 million (5,072.3).

The parent company had non-current liabilities at the year-end totaling EUR 1,048.2 million, of which EUR 469.0 million were bonds. The liabilities include subordinated loans of EUR 16.0 million in total received from the state for the share capital of Aloitusrahasto Vera Oy. In addition, non-current liabilities in the balance sheet include EUR 14.3 million in derivative liabilities arising from interest rate and foreign exchange derivatives. The amount of liabilities fell during the year by EUR 47.4 million. The Group's non-current liabilities totaled EUR 1,075.5 million.

Other liabilities include a liability of EUR 27.6 million owed to the state. This liability pertains to the subsidy received for the acquisition of shares in associates and it shall be repaid as per contract terms.

The share premium reserve consists of the difference of EUR 42.9 million between the cost and the nominal value of KERA's shares and EUR 0.1 million that was generated in the transfer of assets of Takuukeskus and the acquisition of Fide Oy's shares as well as EUR 8.1 million generated by the raise of share capital of Finnvera as the shares of Finnish Export Credit Ltd were acquired. The share premium reserve totals EUR 51.0 million.

The fair value reserve includes the difference between the fair value and the cost of the publicly quoted shares and investment funds. The fair value reserve in the consolidate balance sheet totals EUR 2.6 million.

The Acts governing the operations of Finnvera plc were amended in 2006 so that two separate funds were established in the Company's balance sheet: one is used for covering future losses incurred in domestic operations and the other for covering future losses incurred in operations involving export credit guarantees and special guarantees. After the amendment became effective on 1 January 2007, losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the Company's new internal fund for export credit guarantees and special guarantees does not have sufficient assets. The State Guarantee Fund will continue to serve as a buffer between Finnvera and the state's budget funding in the event that operations involving export credit guarantees and special guarantees give rise to a deficit that cannot be covered using the fund in the Company's balance sheet.

Based on a decision of Finnvera plc's Extraordinary General Meeting held on 12 October 2006 the above mentioned two unrestricted funds were established. The legal reserve in Finnvera plc's balance sheet was dissolved and the retained earnings from the domestic operations were transferred to the fund for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the fund for export credit guarantee and special guarantee operations. The profit for the financial period 2006 was also transferred to the new funds according to the General Meeting's decision. The fund for domestic operations totaled EUR 144.9 million on 31 December 2007 and the fund for export credit guarantee and special guarantee operations totaled EUR 95.4 million.

Capital adequacy and acquisition of funds

Finnvera Group's capital adequacy ratio at the end of 2007 was 19.48 per cent (18.41). The objective for capital adequacy has been set at a range of 12–20 per cent.

The Group's own funds amounted to EUR 494.0 million and the risk-weighted receivables, investments and contingencies totaled EUR 2,535.0 million.

Finnvera plc's capital adequacy at the end of 2007 was 20.30 per cent (19.24). The parent company's own funds were EUR 511.9 million and the risk-weighted receivables, investments and contingencies totaled EUR 2,521.5 million.

The capital adequacy ratio is calculated in accordance with the Credit Institutions Act and the standard issued by the Financial Supervision on 30 November 2005, effective as from 1 December 2005.

The parent company's long-term borrowings totaled EUR 272.7 million. In total, EUR 327.1 million in non-current loans was repaid during the year.

Group structure and its changes

During the year, the Company acquired Veraventure Ltd's shares for EUR 0.8 million and Aloitusrahasto Vera Oy's shares for EUR 23.5 million. The subscription increased the Company's holding in Aloitusrahasto Vera Oy to 93.1 per cent.

On 31 December 2007, the Finnvera Group comprised the parent company and the 100 % owned Spikera Oy, Veraventure Ltd, Tietolaki Oy, and Finnish Export Credit Ltd, as well as Matkailunkehitys Nordia Oy (63.5 %

holding), Aloitusrahasto Vera Oy (93.1 % holding) and one company providing services in the business premises sector. The number of associates was 2.

Attainment of industrial and ownership policy goals

Finnvera's financial policies are set out in the Act on the State-Owned Specialised Financing Company (443/1998).

In defining the industry political objectives the Ministry of Employment and the Economy's industry political strategy and the objectives of the EU programs have been taken into consideration.

Finnvera attained almost all the objectives set for the Company by the Ministry.

Administration

Personnel

At the end of the financial period Finnvera had 397 employees, of which 383 were permanent and 14 were employed for a fixed term. The Group had 415 employees.

Wages, salaries and bonuses paid to the employees totaled EUR 20.4 million. This amount included EUR 1.3 million in bonus.

The Company's Board of Directors has confirmed the principles concerning bonus to be paid for the year 2007. The amount of bonuses totaled EUR 0.5 million for the year 2007.

Supervisory Board and auditor

Finnvera's Annual General Meeting elected on 25 April 2007 the Member of Parliament, Johannes Koskinen (The Social Democratic Parliamentary Group) as Chairman of the Supervisory Board, and the Member of Parliament, Kyösti Karjula (Finnish Centre Party) as First Vice Chairman and the Member of Parliament, Reijo Paajanen (National Coalition Party) as Second Vice Chairman.

The following are new members on the Supervisory Board: Director Kaija Erjanti (Federation of Finnish Financial Services), Corporate Analyst Ritvaliisa Mononen (Finnvera plc) and M.Sc. Tech. Ahti Vielma (National Coalition Party).

KPMG Oy Ab was elected as Finnvera plc's regular auditor with, Raija-Leena Hankonen, Authorised Public Accountant, as the principal auditor.

Board of Directors

Finnvera's Board of Directors decided at its meeting on 22 May 2007, that the Company's Board of Directors will continue in its current composition.

The members of the Supervisory Board and the Board of Directors are introduced in the Annual Report 2007 on pages 26–27 and in the address *www.finnvera.fi* > *Enterprise and Economy* > *Finnvera in brief* > *Organization*

Finnvera's Board of Directors appointed on 26 April 2007 M.Sc. (Econ.) Ulla Hagman as Senior Vice President, Finances as from 1 September 2007. The Company's Board of Directors appointed on 6 September 2007 LL.M. Johanna Tuomisto as Finnvera's General Counsel, Administration and M.Sc. Leena Jaakkola as Senior Vice President, Communications. They were appointed at the same time as members of the Corporate Management and the Management Group.

Future prospects

The uncertainties of the economic growth may have an influence on small and medium-sized companies' financing needs. The continuance of the disturbances on the finance market may result in weakening of the availability of companies' financing and increase in cost of capital In that case, Finnvera's role as a risk financier and a complementing party on the financial market is emphasized.

Finnvera will pay special attention to establishing new jobs and enterprises by means of financing on areas affected by the sudden structural change.

The country ratings describing the countries, which are exposed to political risk and which are target countries for export credit operations, have improved during the 2000's. Currently, the number of countries is increasing, including countries with deepening deficits in current accounts, which may weaken those countries' risk ratings in future. Many of the poorest countries, whose debts have been forgiven, have started to get into debt again. As a result of the crisis on the financial market, the demand for Finnvera's export credit guarantees has been growing after the slower period last year. Guarantees are applied increasingly for projects in forest, power generating, mining and basic metal industries.

According to the current understanding, the current year's result will realize as estimated in the business plan and the budget calculations. However, realization of risks on a greater scale than forecast may change the situation significantly.

Key Indicators Describing the Group's Financial Development

MEUR	2007	2006	2005	2004	2003
Operating profit or loss	56	45	46	55	37
Return on equity %	10.3	7.1	7.4	9.5	7.1
Return on assets %	3.2	1.9	2.0	2.5	1.7
Equity ratio %	30.8	27.7	27.1	27.9	24.1
Capital adequacy ratio	19.5	18.4	18.1	16.4	15.8
Expense-income ratio	0.3	0.4	0.4	0.3	0.3

Key indicators for the years 2007 and 2006 have been calculated in accordance with the IFRS.

Formulas for the key indicators:

Operating profit or loss	directly from the income statement
Return on equity % (ROE)	$\dfrac{\text{operating profit/loss - income taxes * 100}}{\text{equity + minority interest + accumulated appropriations deducted by the deferred tax liability (average of the beginning and the end of the year)}}$
Return on assets % (ROA)	$\dfrac{\text{operating profit/loss - income taxes * 100}}{\text{total assets in average (average of the beginning and the end of the year)}}$
Equity ratio %	$\dfrac{\text{equity + minority interest + accumulated appropriations deducted by the deferred tax liability * 100}}{\text{total assets}}$
Capital adequacy ratio	Calculated in accordance with the Financial Supervision Regulation no. 106.7.
Expense-income ratio	$\dfrac{\text{administrative expenses + depreciation, amortization and impairment losses property, plant and equipment and intangible assets + other operating expenses}}{\text{net interest income + net fee and commission income + gains/losses from financial instruments carried at fair value + net income from investment property + other operating income + share of profit of associates (net)}}$

The Board of Directors' Proposal for Measures Concerning the Profit for the Financial Period

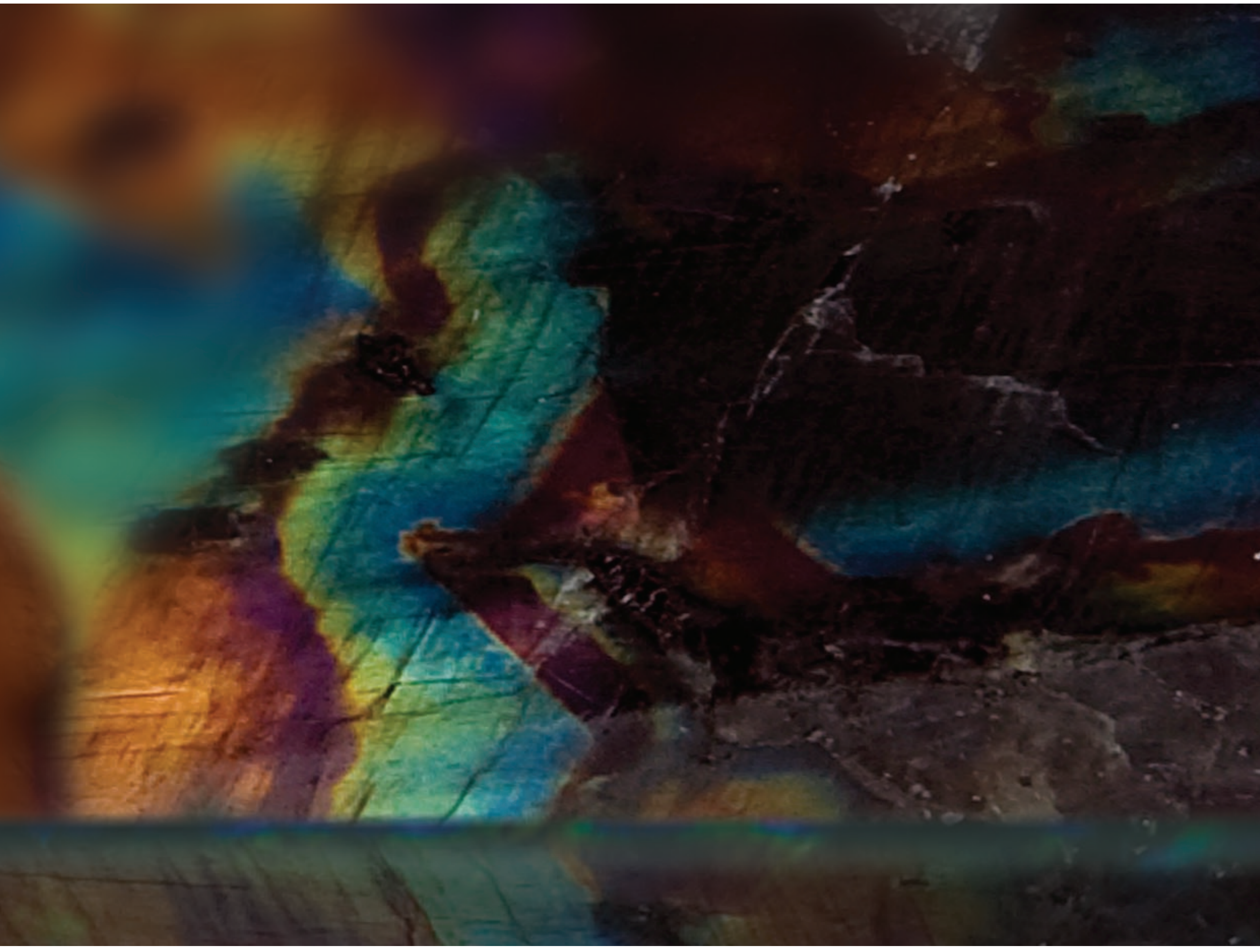
The parent company's profit for the financial period was EUR 45,963,923.76.

The Board of Directors proposes that, by virtue of Section 4 of the Act on the State-Owned Specialised Financing Company, the profit be transferred to unrestricted eq-uity funds as follows:

Profit from domestic operations to the fund for domestic operations	EUR 10,734,923.76
Profit from export credit guarantee and special guarantee operations to the fund for export credit guarantee and special guarantee operations	EUR 35,229,000.00
	EUR 45,963,923.76

The transition to IFRS affected the recognition of the profit for the financial period 2006 as follows:

Fund for domestic operations	EUR - 635,093.09
Fund for export credit guarantee and special guarantee operations	EUR - 1,891,857.97
	EUR - 2,526,951.06



Consolidated Income Statement

(EUR 1,000)	Note	1 Jan–31 Dec 2007			1 Jan–31 Dec 2006		
Interest income	1						
Loans		79,487			59,824		
Subsidies passed on to customers		17,054			17,966		
Export credit guarantee and special guarantee receivables		176			506		
Guarantee receivables		2,881			1,856		
Other		7,080	+	106,679	4,442	+	84,594
Interest expenses			-	46,681		-	34,557
Other interest subsidies			+	716		+	1,069
Net interest income			**+**	**60,715**		**+**	**51,106**
Net fee and commission income	2		+	67,876		+	58,570
Gains and losses from financial instruments carried at fair value through profit or loss	3		+	1,475		-	1,071
Net income from investments	4						
Debt securities							
Shares and participations		2,288			2,951		
Investment property		-199			-189		
Associates		3,521	+	5,610	2,625	+	5,387
Other operating income	5		+	4,422		+	8,254
Administrative expenses							
Employee benefit expenses	6						
Wages and salaries		22,110			22,445		
Social security costs		5,536			6,148		
Other administrative expenses		14,494	-	42,140	13,551	-	42,144
Other operating expenses	7		-	9,214		-	9,270
Net impairment loss on financial assets	8						
Loans and guarantees		46,339			36,355		
Credit loss compensation from the state		-12,497			-14,986		
Export credit guarantees and special guarantees		-1,517	-	32,325	6,830	-	28,200
Operating profit			**+**	**56,418**		**+**	**44,773**
Income tax expense	9						
Current tax expense		360			10,976		
Deferred tax expense		2,966	-	3,326	-176	-	10,800
Profit for the period			**+**	**53,092**		**+**	**33,973**
Attributable to							
Equity holders of the parent company				**52,430**			**34,050**
Minority interest			**+**	**662**		**-**	**77**
				53,092			**33,973**

Consolidated balance sheet

Assets

(EUR 1,000)	Note		31 Dec 2007		31 Dec 2006
Cash and cash equivalents					
Loans and receivables from credit institutions	10		30,487		55,196
Loans and receivables from customers	11				
Loans		1,393,677		1,392,052	
Guarantee receivables		17,200		12,645	
Receivables from export credit guarantee and special guarantee operations		7,580	1,418,457	8,163	1,412,860
Investments	12				
Debt securities		98,425		106,227	
Associates	27	64,141		58,723	
Other shares and participations	27	89,139		77,969	
Investment property		3,993	255,698	4,345	247,264
Derivatives					
Intangible assets	13	10,533		10,368	
Property, plant and equipment	14				
Properties		8,134		8,586	
Other tangible assets		2,648	10,782	2,709	11,295
Other assets	15				
Credit loss receivables from the state		4,842		6,593	
Other		7,464	12,307	7,849	14,441
Prepayments and accrued income	16		16,504		11,834
Tax assets	17		11,770		5,451
			1,766,536		**1,768,711**

Liabilities

(EUR 1,000)	Note			31 Dec 2007			31 Dec 2006
Liabilities to credit institutions	18		532,911			701,024	
Liabilities to other institutions			18				
At fair value through profit or loss			57,631			59,355	
Debt securities in issue	19						
At fair value through profit or loss			468,988			351,572	
Derivatives	20		16,012			25,703	
Provisions	21		15,208			5,454	
Other liabilities			30,038			28,439	
Accruals and deferred income	22		83,015			94,682	
Tax liability	17		2,263			1,116	
Subordinated liabilities	23		15,963	1,222,029		11,500	1,278,846
Equity	24						
Equity attributable to the parent company's shareholders							
Share capital			196,605			196,605	
Share premium			51,036			51,036	
Fair value reserve			2,604			1,052	
Unrestricted funds							
Fund for domestic operations		144,906			129,852		
Fund for export credit guarantee and special guarantee operations		95,379			80,223		
Other		59			59		
Retained earnings		44,640	284,984		22,463	232,597	
Minority interest			9,278	544,507		8,574	489,864
				1,766,536			**1,768,711**

Consolidated Statement of Changes in Equity

Equity attributable to the parent company's shareholders

(EUR 1,000)	Share capital	Share premium	Legal reserve	Fair value reserve	Fund for domestic operations	Fund for export credit guarantee and special guarantee operations	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2006	**196,605**	**51,036**	**177,334**	**500**	**0**	**0**	**59**	**21,992**	**447,526**	**6,679**	**454,205**
Available-for-sale financial assets:											
- change in fair value				552					552		552
Other items recognized in retained earnings										2,020	2,020
IAS 12 Income Taxes								-8	-8		-8
IAS 20 Government Grants								-838	-838		-838
IAS 38 Intangible Assets								72	72		72
IAS 39 Financial Instruments								-64	-64		-64
Profit for the period								34,050	34,050	-77	33,973
Total recognized income and expenses for the period	**196,605**	**51,036**	**177,334**	**1,052**	**0**	**0**	**59**	**55,204**	**481,290**	**8,622**	**489,912**
Transfers into legal reserve			32,741					-32,741			
Transfers between funds			-210,075		129,852	80,223					
Dividends								0	0	-48	-48
Balance at 31 December 2006	**196,605**	**51,036**	**0**	**1,052**	**129,852**	**80,223**	**59**	**22,463**	**481,290**	**8,574**	**489,864**
Balance at 1 January 2007	**196,605**	**51,036**	**0**	**1,052**	**129,852**	**80,223**	**59**	**22,463**	**481,290**	**8,574**	**489,864**
Available-for-sale financial assets:											
- change in fair value				1,552					1,552		1,552
Other items recognized in retained earnings											
IAS 12 Income Taxes								-1,140	-1,140		-1,140
IAS 19 Employee Benefits								84	84		84
IAS 38 Intangible Assets								-279	-279		-279
IAS 39 Financial Instruments								1,292	1,292	42	1,334
Profit for the period								52,430	52,430	662	53,092
Total recognized income and expenses for the period	**196,605**	**51,036**	**0**	**2,604**	**129,852**	**80,223**	**59**	**74,850**	**535,229**	**9,278**	**544,507**
Transfers between funds					15,054	15,156		-30,210	0	0	0
Dividends											
Balance at 31 December 2007	**196,605**	**51,036**	**0**	**2,604**	**144,906**	**95,379**	**59**	**44,640**	**535,229**	**9,278**	**544,507**

FINNVERA

Consolidated Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flows from operating activities		
Withdrawal of loans granted	-384,071	-332,799
Repayments of loans granted	367,292	320,473
Purchase of investments	-11,112	-29,782
Proceeds from investments	7,046	31,316
Interest received	84,889	59,381
Interest paid	-44,584	-32,934
Interest subsidy received	18,160	21,428
Payments received from commission income	54,748	79,254
Payments received from other operating income	18,473	29,997
Payments for operating expenses	-47,364	-45,737
Claims paid	-18,912	-20,844
Taxes paid	-8,714	-12,014
Net cash from operating activities (A)	**35,851**	**67,739**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-5,448	-4,818
Purchase of other investments	2,000	0
Proceeds from other investment	0	0
Dividends received from investments	1,685	227
Net cash used in investing activities (B)	**-1,763**	**-4,591**
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Proceeds from loans	273,091	188,704
Repayment of loans	-331,171	-203,884
Net cash used in financing activities (C)	**-58,080**	**-15,180**
Net change in cash and cash equivalents	**-23,992**	**47,968**
(A+B+C) increase (+) / decrease (-)		
Cash and cash equivalents at the beginning of the period	**229,220**	**181,252**
Cash and cash equivalents at the end of the period	**205,228**	**229,220**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	30,487	74,853
Debt securities	98,425	105,335
Investments in short-term interest funds	76,316	49,032
	205,228	**229,220**

Notes to the Financial Statements

Summary of significant accounting policies

Basic information of the company
Finnvera finances business of small and medium-sized enterprises (SMEs), exportation and internationalization activities and operates in its role as a realizer of the government's regional policy objectives.

The Group's parent company is a Finnish limited liability company established in accordance with the Finnish law and domiciled in Helsinki. Its registered address is Eteläesplanadi 8, 00100 Helsinki. The Board of Directors approved the financial statements on 13 March 2008.

Copies of the consolidated financial statements are available in internet at www.finnvera.fi or from the Group's parent company head office Eteläesplanadi 8, 00100 Helsinki.

Accounting principles for the consolidated financial statements
The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2007 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements comply also with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

Until 31 December 2006, the consolidated financial statements of Finnvera plc were prepared in accordance with Finnish Accounting Standards (FAS). The transition date into IFRS was 1 January 2006 and the adoption of IFRS was carried out in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The reconciliations required by IFRS 1 of equity and profit for the period between the Finnish Accounting Standards and IFRS are presented in the section entitled Transition to International Financial Reporting Standards.

The consolidated financial statements are prepared on the historical cost convention except for the available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss. The financial statements are presented in euros, rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions and to use judgment in application of the accounting principles. The estimates and assumptions affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of income and expenses during the reported period. The estimates and assumptions are based on the best possible and the most reliable knowledge and information available at the balance sheet date. Actual results may differ from the estimated amounts.

In the accounting principles' paragraph "Accounting principles requiring management's judgment and key sources of estimation uncertainty" information is provided about those accounting principles in which the management's judgment or the key sources of estimation uncertainty may have the strongest effect on the amounts presented.

Principles of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the parent company and all its subsidiaries. Subsidiaries are entities controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial or operating policies of a subsidiary so as to obtain benefits from its activities. Acquired subsidiaries are consolidated from the date of acquisition up to the date when the control is lost.

In accordance with the exemption granted under IFRS 1 the carrying amounts arising from business combinations occurred prior to the IFRS transition date 1 January 2006 have not been restated. The Group has not entered into business combinations after the date of transition.

Intra-group transactions, receivables and liabilities as well as unrealized profits and intra-group profit distributions are eliminated in the consolidation.

Minority interest
Minority interest is reported as a separate item within the equity of the consolidated balance sheet and in the profit for the period in the consolidated income statement.

Associates
Associated companies are those entities in which the Group has significant influence but not control over the financial and operational policies of the entity. Significant influence generally exists when the Group has 20 to 50 per cent of the voting shares of the entity. Associated companies are consolidated by using the equity method of accounting.

Venture capital investments carried out via Finnvera's subsidiaries are accounted for as investments at fair value through profit or loss in accordance with the provisions stated in IAS 28 *Investments in Associates*. Changes in fair value are recognized in the income statement in the financial period in which they incur.

Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are recognized using the exchange rates prevailing at the dates of the transactions and assets and liabilities denominated in foreign currencies are translated at the balance sheet date exchange rate. Foreign exchange gains and losses arising on translation are recognized in the income statement item Gains and losses from financial instruments carried at fair value.

Recognition of income and expenses

Net interest income
Interest income and interest expenses are recognized in the income statement over the maturity of the contract using the effective interest rate method. All fees received and paid, interest points that are an integral part of the effective interest rate of the contract, as well as transaction costs and any other premiums or discounts are taken into consideration in calculating the effective interest rate. Interest and commission subsidies received from the state are recognized correspondingly over the maturity of the contract using the effective interest rate method.

Fee and commission income and expenses, net
Credit and guarantee fees are recognized in the income statement over the maturity of the contract. Other fee income and expenses are usually recognized when the service is rendered.

Gains and losses from financial instruments carried at fair value
Gains and losses (both realized and unrealized) from derivatives, liabilities measured at fair value and venture capital investments as well as exchange rate differences are presented under the income statement item Gains and losses from financial instruments carried at fair value.

Net income from investments
Gains and losses from shares, participations and debt securities classified as available for sale, impairments of these items as well as income and expenses arising from investment properties are presented in the item Net income from investments.

In the item Net income from investments is presented also the net income from associates and dividends received. Dividends are recognized as income in the period in which the right to receive the payment is established.

Government grants
Finnvera receives interest and provision subsidies from the state as well as compensation for credit losses that have arisen from credits which Finnvera has granted on certain basis of regional policy agreed with the state. Credit and guarantee loss compensations are paid for credits and guarantees which have been granted without a protective security.

Interest and provision subsidies are recognized over the maturity of the contract using the effective interest rate method and compensation received for credit losses are recognized when the contractual right to receive them is established.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand receivables from credit institutions.

Financial instruments

Classification
Financial assets and financial liabilities are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments at fair value through profit or loss
Financial items at fair value through profit or loss comprise financial assets and financial liabilities held for trading, derivatives held for trading as well as financial liabilities designated at fair value through profit or loss.

Financial items at fair value through profit or loss comprise derivatives and those liabilities designated at fair value through profit or loss for which interest rate risk or currency risk has been hedged with these derivatives.

Finnvera applies the fair value option in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* to above mentioned items that are accounted for as an aggregate in accordance with the risk management strategy of the Company.

Fair value changes in assets at fair value through profit or loss are recognized in the income statement in the item “Gains and losses from financial instruments carried at fair value”.

Venture capital investments made by the Group are classified as financial assets at fair value through profit or loss upon initial recognition. Such investments are measured at fair value and the resulting change in fair value is recognized in the income statement as incurred. (For the fair value of venture capital investments; see the paragraph Determination of fair value).

Loans and receivables
Contracts with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Upon initial recognition loans and receivables are measured at fair value plus any directly attributable costs. Subsequently these items are measured at amortized cost using the effective interest method.

Available-for-sale financial assets
Those non-derivative financial assets, which are classified as available for sale or which do not belong to any other category of financial assets, are classified as available-for-sale financial assets.

In Finnvera, debt securities as well as shares and participations are classified as available-for-sale financial assets. Upon initial recognition these assets are measured at fair value plus any transaction costs directly attributable to the acquisition. Subsequently available-for-sale financial assets are measured at fair value and the change in fair value is recognized directly in equity in the fair value reserve. If there is objective evidence of impairment on an asset classified as an available-for-sale financial asset the accumulated loss recognized in equity is transferred in the income statement.

Other financial liabilities
Other financial liabilities comprise those other liabilities to credit institutions and customers as well as debt securities in issue that are not classified as financial liabilities at fair value through profit or loss.

Also the state subsidies and grants received for the purpose of acquisition of subsidiaries are classified as other financial liabilities based on the repayment obligation relating to these assets in certain situations.

Financial liabilities are recorded in the balance sheet at the amount of the consideration received, adjusted for any transaction costs incurred, and are measured at amortized cost using the effective interest method.

Finnvera treats the subordinated loans granted to the Group by the state at nominal value due to their special nature and related special clauses.

IAS 32 *Financial Instruments: Presentation and Disclosure* defines a financial liability as a contractual obligation to deliver financial assets to another entity and an equity instrument as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Impairment losses on receivables and credit and guarantee losses

An impairment loss is recorded on loans and receivables when there is objective evidence of impairment as a result of one or more loss events and this has an impact on future cash flows to be received.

Objective evidence of a customer's capability to fulfill obligations is based on risk classification of the customers, past experience and estimates made by management about the effect of delayed payments on accruing of receivables.

Impairment is assessed individually and collectively. Those receivables are assessed individually where the customer's total risk exposure is significant. For the purposes of assessing receivables collectively the receivables are divided to subgroups that are similar in terms of credit risk.

An impairment loss is recognized if the present value of the future cash flows discounted at the receivable's original effective interest rate is lower than the carrying amount of the receivable. The amount recovered at the realization of the collateral as well as the credit loss compensations received from the state are taken into account in the assessment.

An impairment loss is recognized as a realized loss when the customer has been found indigent in the liquidation proceedings or the receivable has been forgiven in either voluntary or statutory loan arrangement.

Determination of fair value

Fair value of financial instruments is determined on the basis of published price quotations on an active market. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active market exists for its components, fair value is determined on the basis of relevant market prices for the component. If the market is not active or the security is unlisted, fair value is determined by using generally accepted valuation techniques.

The fair values of financial liabilities at fair value through profit or loss and derivatives are determined through discounted cash flows.

Fair values of venture capital investments are determined using an applicable valuation method and in accordance with the guidelines of European Venture Capital Association (EVCA). The effect of any options and conversion options on the value of the ownership is taken into consideration when determining the fair value. If a reliable determination of fair value is not possible, venture capital investments are measured at cost less any impairment losses.

Recognition and derecognition of financial assets and financial liabilities

Loans and receivables are recognized in the balance sheet when a customer takes out a loan, available-for-sale financial assets and derivatives using trade date accounting and financial liabilities at fair value through profit or loss when the consideration is received.

Financial assets are derecognized from the balance sheet when the contractual right to the asset expires or when the rights are transferred to another party. Financial liabilities are derecognized when the related obligations are fulfilled.

Leases

Leases are classified as finance leases and operating leases. The classification is based on transferring substantially all the risks and rewards incidental to ownership to the lessee. Finnvera does not have leases classified as finance leases.

Finnvera enters operating leases both as a lessee and a lessor. Lease payments under operating leases are recognized as income or expense on a straight-line basis over the lease term. Operating leases are mostly comprised of contracts relating to premises.

Intangible assets

As intangible assets are treated the development costs of IT applications and software as well as other intangible assets if their cost can be measured reliably and it is probable that future economical benefits will flow from the asset to the Group.

Intangible assets are carried at historical cost less accumulated amortizations and impairment losses. Intangible assets are amortized over their estimated useful life that is five years.

Property, plant and equipment

Property, plant and equipment comprises the properties in own use as well as the machinery and equipment. As properties in own use have been classified the properties in which a significant part of the square area is in Finnvera's or its subsidiaries' use.

Property, plant and equipment are carried at historical cost less accumulated depreciations and impairment losses. Property, plant and equipment are depreciated over their estimated useful lives as follows:

Property	30–40 years
Machinery and equipment	3–10 years

Impairment of intangible assets and property, plant and equipment

At every balance sheet date the carrying amounts of the intangible assets and property, plant and equipment are reviewed to determine whether there are indications of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized into the income statement when the carrying amount of an asset exceeds its recoverable amount.

Investment property

Investment property is held to earn rentals and for capital appreciation. Investment property is carried at historical cost less accumulated depreciations and impairment losses (cost model). The useful lives and depreciation bases for investment property is the same as for corresponding properties in own use. The fair value of investment property is disclosed in the notes. The fair values are based on information from actual sales of corresponding property with corresponding location and condition in the market as well as on rental value calculated based on the market information. For significant properties the valuation is based on a valuation of an independent valuer.

Provisions

Employee benefits

Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions into a pension insurance company and has no legal or constructive obligation to pay further contributions. Obligations resulting from a defined contribution plan are expensed in the period to which they relate. The cost of providing defined benefit plans is charged to the income statement over the working lives of the employees participating in the plan on the basis of actuarial calculations. The pension plan assets measured at fair value at the balance sheet date are deducted from the present value of the pension obligation to be recognized in the balance sheet taking into account the recognized actuarial gains and losses. Actuarial gains and losses are recognized in the income statement over the expected average remaining working lives of the employees participating in the plan to the extent that such gains and losses exceed the greater of 10 % of the present value of the defined benefit obligation and 10 % the fair value of any plan assets.

Provisions for export credit guarantee losses
A provision for export credit guarantee losses is recognized when the Group has a present legal or constructive obligation to pay a guarantee indemnity, realization of the obligation is probable and it can be estimated reliably.

Provision for domestic guarantee losses
A provision for guarantee losses is recognized in accordance with the same principles as the impairment losses recognized either individually or collectively by groups of receivables on loans and receivables.

Income taxes

Income taxes in the consolidated income statement consist of current tax based on the taxable profit for the period and deferred tax. The tax expense is recognized in the income statement except for deferred tax relating to items charged or credited directly to equity when that tax is itself charged or credited directly to equity.

Deferred taxes are calculated for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Tax rates enacted by the balance sheet date are used in determining deferred taxes.

The amendment to the Income Tax Act enacted by the Parliament has been passed by the ordinance of the Council of State on 20 December 2007, which made Finnvera plc exempt from the income taxation as from 1 January 2007.

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

The preparation of financial statements requires partly making of judgments. In the Group the essential judgments concern the fair value measurement of financial instruments and investment properties as well as the impairment testing of loans and receivables.

In determining the fair value of financial instruments it is essential to assess the method for determining the fair value and the verifiability of the market parameters. The assessment of the fair values of the investment properties is affected by expected future yield, the location of the property as well as general cost trends.

The impairment testing is based on estimates on future cash flows to be received.

Events after the balance sheet date

Application of new IFRSs
In 2008 the Group will adopt the following interpretations. The adoption of following interpretations is assessed to have no effect on the consolidated financial statements of Finnvera plc.

IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*
IFRIC 12 – *Service Concession Arrangements*
IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

In 2009 the Group will adopt IFRS 8 *Operating Segments* (effective on 1 January 2009). The new standard will replace the existing IAS 14 *Segment Reporting*. Effects of the new standard are under assessment in the Group.

In addition, the following standards and interpretations will come into force in 2009:

IAS 1 – *Presentation of Financial Statements (revised)*
IAS 23 – *Borrowing Costs (revised)*
IFRIC 13 – *Customer Loyalty Programmes*

The IAS 1 Presentation of Financial Statements has an effect on the content and presentation of the financial statements. The other standards and interpretation are assessed to have no material effect on the consolidated financial statements.

Risk Management

Finnvera operates as a financier supplementing the financial markets and it takes higher credit risks than financiers operating on commercial grounds.

Risk management is of central importance for the maintenance of Finnvera's ability to take risks and for the attainment of economic objectives in the long run. The company's Board of Directors and the top management are responsible for arranging and organizing internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the outlines for risk-taking. In keeping with the company's strategy, the outlines ensure a controlled increase in risk-taking, especially as concerns starting and growth enterprises. For its part, the goal of risk management is to ensure prerequisites for implementing the company's strategy.

The state of Finland compensates Finnvera for some of the losses that arise in domestic financing. Using revenues from its operations, Finnvera must cover its own share of any domestic credit and guarantee losses arisen from one economic cycle to the next. In regard to export credit operations, foreign country, bank and enterprise risks are secured by the State Guarantee Fund and the state of Finland. In the long term, profits from operations must cover the expenses and guarantee losses arising from operations. Finnvera's goal is to take credit risks in a controlled manner in line with its operating principles, and to hedge against other risks or to minimize them. A part of the investments in subsidiaries is capital investments made by the state through the parent company and one part is capital invested directly by the parent company.

Domestic risk-taking is guided through the credit policy and risk-taking goals specific to each business area. These take into account, for instance, differences in the clientele and in the operating environment. The risk-taking goals are based on the targets set for Finnvera vis-à-vis its ownership policy, profitability and effectiveness. Risk-taking pertaining to export credit guarantees is guided by means of the country and guarantee policies ratified by the Board of Directors. For the export credit operations, a hedging policy has been approved, according to which a part of the credit risk may be hedged among others with credit derivatives or reinsurance agreements.

The subsidiaries that are involved in venture capital investment activities carry out, for their part, strategic policies focusing on companies starting their businesses and on growth companies in order to increase the risk-taking. The parent company manages the risks arising in a subsidiary by ownership steering and by including the subsidiaries in the Group risk management and internal auditing.

Working independently of Finnvera's business areas, the Risk Management Unit is responsible for the development of risk management principles, methods and guidelines for the monitoring of the company's risk standing. The Risk Management Unit reports to the Managing Director. The practical measures regarding the risk management are a part of the day-to-day management and they are carried out by the entire Finnvera organization and the Group companies.

Credit and guarantee risks

The risk of a credit loss arises when a debtor or another counterpart does not meet its obligations to the full. In domestic financing, the reason for a credit loss may be the insolvency of a corporate client. In the case of export credit guarantees, a guarantee loss may stem from the inability or unwillingness of a country, bank or corporate client to meet their payments.

Management of credit risks in domestic operations is based on the assessment of credit risks for each enterprise. Finnvera applies a risk classification system of eight categories, which is based on long-term observation of insolvency events for each risk category. The scale in use has seven categories for operating enterprises and one category for insolvent enterprises. When a decision on financing is made, the account manager is responsible for assessing the credit risk, for applying the risk classification and for drafting the financing proposal. The risk rating of Finnvera's client companies is updated at least every second year. The value of any available collateral is also assessed and updated in a similar way.

Finnvera monitors its risk-taking monthly with a diversified set of indicators. The main indicators in Finnvera's risk management are as follows: distribution of current commitments and the change in commitments by risk category; the anticipated statistical value of credit losses, describing the amount of risk-taking in terms of outstanding commitments and the financing granted; and the credit losses that have materialized.

For granting export credit guarantees, Finnvera classifies countries into eight categories. The classification is based on methods used by export credit agencies and on country risk assessment. Since there may be considerable differences between individual countries, even within the same category, risk-taking is based on a separately defined country policy. Various factors affect the determination of the country category: assessment of the country's ability to manage its external liabilities; expectations of the future trend of the country's economy; and political stability and the legislative framework. Finnvera keeps a close eye on the economic and political situations of countries and makes adjustments to country categories and to the risk-taking policy depending on the changes that have occurred. The category of each country is checked at least once a year.

The taking of bank risks is based on an assessment of each country's banking system and on the risk analyses and risk ratings of individual banks. On the basis of both qualitative and quantitative factors, a risk-taking outline is determined for each individual bank, depending on the risk category. The risk rating of banks is updated whenever needed and always when new projects are introduced.

The taking of enterprise risks is based on an analysis of the enterprise's management, business and finances. The analysis can be concise in the case of small and short-term guarantees. The analysis results in internal risk classification of eight levels, which partly corresponds to the risk classification method used by international rating agencies. The classification is updated when new projects are introduced and at least once a year.

The Risk Management Unit is responsible for coordinating the development and maintenance of the risk classification systems as well as for the follow-up of the functionality of the classification systems.

Basel II

The operating environment of financial markets has undergone major changes since the beginning of 2007 when the calculation of the capital adequacy of banks was revised according to the Basel II Framework. Finnvera is not required to implement the official calculation of capital adequacy in accordance with Basel II. Nonetheless, Finnvera uses internally Basel II complying techniques that are based on clients' insolvency probabilities in assessing the capital adequacy.

The Acts governing Finnvera have been amended to the extent necessary in order to keep the risk weight of Finnvera's guarantees at zero in the capital adequacy calculations of banks.

Interest rate and currency risks

Interest rate and currency risks associated with Finnvera's refinancing are managed by reconciling the terms of borrowing and lending, for instance by means of interest rate and currency swaps. Limits have been set for the consequent interest rate and currency risks. These limits are monitored actively, and the Board of Directors receives reports on them on a regular basis. The effect of market risks on Finnvera's performance is deemed to be small.

Provision has been made for any claims that may need to be paid in dollars by virtue of export credit guarantees granted. The associated currency risk has been reduced by keeping an amount of liquid assets in dollar accounts corresponding the amount of expected losses denominated in dollars.

Liquidity risk

Finnvera has arranged long-term refinancing by using several sources of financing and the availability of refinancing can be secured by making use of guarantees granted by the state. Liquidity is managed by using short-term investment instruments that must meet the criteria set for credit rating.

The possible high claim application arising from the export credit guarantee operations may lead to an unexpected need of liquidity. Finnvera has entered into contractual arrangements with the state of Finland to prepare itself for the realization of such liquidity risk.

Operational risks

An operational risk is a risk of loss caused by insufficient or inoperable internal processes, systems, human resources or external events. Operational risks also include legal risks and the risk of damage to reputation.

The management of operational risks has been developed systematically since 2006 by charting all operational risk occurrences in all business areas and support units. The results obtained from this risk survey, and from the survey of information security risks conducted earlier, have been utilized when assessing the severity of operational risks. Systematic collection and registration of materialized risk occurrences started at the beginning of 2007. In Finnvera the management of operational risks and the related work is carried out together with the work for improving the quality of the operations. Safeguards are taken against operational risks, for instance, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

Venture capital investments

Within the Finnvera Group, venture capital investments are carried out by Veraventure Ltd, Aloitusrahasto Vera Oy and Matkailunkehitys Nordia Oy. Investments made in these companies are included within the scope of Finnvera plc's credit risk monitoring.

The risk management carried out by the subsidiaries engaged in venture capital investment activities is based on limiting the size of investments, on sharing the risk with other investors, and on sufficient distribution of the investment portfolio.

The companies engaged in venture capital investment activities comply with the recommendations of the European Venture Capital Association (EVCA) in valuing the venture capital investments and investments in short-term interest funds. After the transition to IFRS these investments are measured to fair value in accordance with the before mentioned recommendations.

Capital management

Due to the nature of the business, Finnvera plc has to make sure that the amount of equity is sufficient in relation to the credit risks taken. Equity and retained earnings have been allocated to the fund for domestic operations and to the fund for export credit guarantee and special guarantee operations. As a part of Finnvera plc's domestic financing is the credit and guarantee loss compensation paid by the state. At the moment, the credit and guarantee loss compensation varies between 40–80 % of the existing loan and guarantee portfolio. In regard to the export credit guarantee operations, the state of Finland is responsible, among others through the State Guarantee Fund, for those losses arisen during the financial period that have exceeded the funds in the fund for export credit guarantee and special guar-antee operations.

The Company's equity at 31 December 2007 totals EUR 521 million, of which the fund for domestic operations amounts to EUR 144 million and the fund for export credit guarantee and special guarantee operations amounts to EUR 95 million.

The adequacy of equity is assessed in relation to credit risks to be taken and to existing credit risks by using, among others, an indicator representing economic capital in the internal accounting as well as by estimating the amounts of credit losses arising in potential extreme situations.

Finnvera Group

1. Credit risks

Receivables (EUR 1,000)	31 Dec 2007	31 Dec 2006
Loans and receivables from credit institutions	30,487	55,196
Loans and receivables from customers	1,418,457	1,412,860
Debt securities	98,425	106,227
Derivatives	0	0
	1,547,369	**1,574,283**
Contingencies (Note 25)	**6,076,511**	**6,108,772**

2. Receivables from customers and guarantees whose value has not impaired

Risk class (EUR 1,000)	31 Dec 2007	%	31 Dec 2006	%
A1	3,625	0 %	3,323	0 %
A2	29,837	1 %	28,123	1 %
A3	156,974	7 %	168,329	8 %
B1	578,098	26 %	603,335	27 %
B2	1,090,312	49 %	1,068,605	48 %
B3	310,340	14 %	300,341	13 %
C	47,039	2 %	38,187	2 %
D	29,636	1 %	29,426	1 %
Total	**2,245,861**	**100 %**	**2,239,668**	**100 %**

3. Concentrations

3.1. Receivables from customers and guarantees by industry

(EUR 1,000)	31 Dec 2007	31 Dec 2006
Rural trades	15,796	19,473
Industry	1,208,615	1,256,904
Tourism	210,157	201,188
Services to business	463,811	427,739
Trade and consumer services	347,483	334,364
Total	**2,245,861**	**2,239,668**

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3.2. Commercial commitments of the export credit guarantee operations by industry

(EUR 1,000)			31 Dec 2007			31 Dec 2006
	Offered	In force	Total	Offered	In force	Total
Telecommunications	0	756,492	756,492	362,404	976,896	1,339,300
Wood processing	16,323	478,161	494,484	224,035	357,205	581,240
Power generation	0	1,161	1,161	0	2,372	2,372
Shipping companies	1,942,900	699,115	2,642,015	1,243,412	845,642	2,089,054
Metal industry and ore mining	0	107,647	107,647	10,827	117,347	128,174
Other	18,029	82,822	100,851	21,069	85,269	106,338
Total	**1,977,252**	**2,125,398**	**4,102,650**	**1,861,747**	**2,384,731**	**4,246,478**

3.3. Bank commitments of the export credit guarantee operations

(EUR 1,000)			31 Dec 2007			31 Dec 2006
	Offered	In force	Total	Offered	In force	Total
Banks and financing	32,054	345,950	378,004	23,857	295,057	318,914

4. Commitments by area

4.1. Loans and guarantees by area

(EUR 1,000)	31 Dec 2007	31 Dec 2006
Finland	2,245,861	2,239,668

4.2. Commitments of the export credit guarantee operations by area

(EUR 1,000)			31 Dec 2007			31 Dec 2006
	Offered	In force	Total	Offered	In force	Total
Asia	63,430	599,028	662,458	595,386	281,907	877,292
CIS*	10,057	474,587	484,644	595,857	27,468	623,325
Central and East Europe	115,200	94,281	209,481	100,200	115,200	215,400
Latin America	750	640,923	641,673	466,282	278,856	745,139
Middle East and North Africa	76,295	167,530	243,825	212,092	17,412	229,504
Sub-Saharan Africa	0	35,747	35,747	14,557	13,428	27,985
Industrial countries	1,750,435	494,792	2,245,227	583,259	1,254,600	1,837,859
Total	**2,016,167**	**2,506,888**	**4,523,055**	**2,567,632**	**1,988,870**	**4,556,503**

*The term CIS area is used for the 12 independent, former Soviet Union countries.

5. Collateral shortage

(EUR 1,000)			31 Dec 2007					31 Dec 2006
Risk category	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%	Amount of commitment	Amountof c ollaterals	Collateral shortage-%	Collateral shortage
A1	3,625	2,491	1,134	31 %	3,323	2,307	1,016	31 %
A2	29,837	20,095	9,743	33 %	28,123	20,784	7,339	26 %
A3	156,974	72,126	84,848	54 %	168,329	84,038	84,291	50 %
B1	578,098	238,175	339,922	59 %	603,335	283,627	319,707	53 %
B2	1,090,312	397,080	693,231	64 %	1,068,605	445,440	623,165	58 %
B3	310,340	81,127	229,213	74 %	300,341	107,820	192,521	64 %
C	47,039	9,885	37,154	79 %	38,187	9,781	28,406	74 %
D	29,636	5,464	24,173	82 %	29,426	5,763	23,663	80 %
Total	**2,245,861**	**826,443**	**1,419,418**	**63 %**	**2,239,668**	**959,560**	**1,280,108**	**57 %**

6. Impaired loans and guarantees for which a guarantee provision has been made

Impairment losses on individually assessed loans and guarantee provisions 31 Dec 2007

Loans (EUR 1,000)	Risk category B2	B3	C	D	Total
Commitment before the impairment	0	51,661	0	11,229	62,890
Impairment loss	0	19,062	0	3,005	22,067
Commitment after the impairment	0	32,599	0	8,224	40,823

Guarantees (EUR 1,000)	B2	B3	C	D	Total
Commitment before the guarantee provision	0	22,185	0	0	22,185
Guarantee provision	0	6,037	0	0	6,037
Commitment after the guarantee provision	0	16,148	0	0	16,148

Impairment losses on collectively assessed loans and guarantee provisions

Loans (EUR 1,000)	Risk category B2	B3	C	D	Total
Commitment before the impairment	23,893	32,779	12,953	26,405	96,030
Impairment loss	2,097	6,334	5,177	8,862	22,469
Commitment after the impairment	21,796	26,445	7,777	17,543	73,561

Guarantees (EUR 1,000)	B2	B3	C	D	Total
Commitment before the guarantee provision	7,057	7,114	2,227	6,584	22,982
Guarantee provision	970	1,630	919	2,715	6,234
Commitment after the guarantee provision	6,087	5,484	1,309	3,869	16,749

Impairment losses on individually assessed loans and guarantee provisions 31 Dec 2006

Loans (EUR 1,000)	Risk category B2	B3	C	D	Total
Commitment before the impairment	0	33,072	0	0	33,072
Impairment loss	0	9,263	0	0	9,263
Commitment after the impairment	0	23,809	0	0	23,809

Guarantees (EUR 1,000)	B2	B3	C	D	Total
Commitment before the guarantee provision	0	13,201	0	0	13,201
Guarantee provision	0	2,073	0	0	2,073
Commitment after the guarantee provision	0	11,128	0	0	11,128

Impairment losses on collectively assessed loans and guarantee provisions

Loans (EUR 1,000)	Risk category B2	B3	C	D	Total
Commitment before the impairment	10,019	24,806	13,754	28,082	76,661
Impairment loss	1,106	4,509	5,104	8,805	19,524
Commitment after the impairment	8,913	20,297	8,650	19,277	57,137

Guarantees (EUR 1,000)	B2	B3	C	D	Total
Commitment before the guarantee provision	4,681	4,844	3,395	13,271	26,191
Guarantee provision	376	783	957	3,417	5,533
Commitment after the guarantee provision	4,305	4,061	2,438	9,854	20,658

7. Past due receivables

(EUR 1,000)	31 Dec 2007	31 Dec 2006
1 day – 3 months	10,613	11,668
3–6 months	3,557	5,399
6–12 months	11,496	5,265
Over 12 months	15,731	13,024
Total	**41,397**	**35,356**

As past due receivables have been presented unpaid interests, loan instalments and guarantee commission payments at the balance sheet date of the entire financing portfolio, including loans subject to a possible impairment.

8. Liquidity risk

Maturity of liabilities **31 Dec 2007**

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Liabilities to credit institutions	532,911	586,140	38,343	51,537	496,260	0	0
Liabilities to the public and public sector	57,631	64,227	0	518	32,084	1,092	30,534
Debt securities in issue	468,988	580,934	1,050	22,328	412,250	145,307	0
Subordinated liablities	15,963	15,963	0	0	0	0	15,963
Binding financing offers		268,941	268,941	0	0	0	0
Total liabilities	**1,075,493**	**1,516,206**	**308,334**	**74,382**	**940,594**	**146,399**	**46,497**
Derivatives - receivables	2,991	588,496	1,050	20,401	388,269	146,455	32,320
Derivatives - liabilities	19,003	611,269	5,287	17,942	397,070	156,056	34,913
Derivatives - net (receivables + / liabilities -)	**-16,012**	**-22,773**	**-4,237**	**2,460**	**-8,801**	**-9,601**	**-2,593**

Maturity of liabilities **31 Dec 2006**

(EUR 1,000)	Carrying amount	Payable	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Liabilities to credit institutions	701,024	782,162	18,229	60,253	550,104	153,577	0
Liabilities to the public and public sector	59,355	68,044	0	543	34,033	1,148	32,320
Debt securities in issue	351,572	414,899	610	88,533	199,524	126,232	0
Subordinated liablities	11,500	11,500	0	0	0	0	11,500
Binding financing offers		90,357	90,357	0	0	0	0
Total liabilities	**1,123,451**	**1,366,963**	**109,196**	**149,329**	**783,662**	**280,957**	**43,820**
Derivatives - receivables	27,875	424,491	610	87,196	176,984	127,380	32,320
Derivatives - liabilities	53,578	456,751	2,277	94,307	192,194	133,059	34,913
Derivatives - net (receivables + / liabilities -)	**-25,703**	**-32,261**	**-1,667**	**-7,111**	**-15,210**	**-5,679**	**-2,593**

9. Interest rate risk

Determination of the interest rate on receivables and liabilities 31 Dec 2007

(EUR 1,000)	Carrying amount	Nominal value	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Receivables from credit institutions	30,487	30,487	30,487	0	0	0	0
Receivables from customers	1,418,457	1,418,609	421,666	945,377	41,060	10,072	434
Debt securities	98,425	98,425	97,925	500	0	0	0
Total receivables	**1,547,369**	**1,547,521**	**550,078**	**945,877**	**41,060**	**10,072**	**434**
Liabilities to credit institutions	532,911	532,911	60,000	472,911	0	0	0
Liabilities to others	57,631	60,632	0	0	30,316	0	30,316
Debt securities in issue	468,988	477,243	75,396	0	263,622	138,226	0
Subordinated liabilities	15,963	15,963	5,000	0	0	0	10,963
Total liabilities	**1,075,493**	**1,086,748**	**140,396**	**472,911**	**293,937**	**138,226**	**41,279**
Derivatives - receivables	2,991	537,875	75,396	0	293,937	138,226	30,316
Derivatives - liabilities	19,004	542,324	69,613	472,710	0	0	0
Derivatives - net	**-16,013**	**-4,449**	**5,783**	**-472,710**	**293,937**	**138,226**	**30,316**

The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate and currency swops hedging the liabilities.

Sensitivity to interest rate

An immediate increase of 1 percentage unit decreases the net interest income by EUR 3.7 million and an equal decrease in the interest rate increases the net interest income by EUR 3.7 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 541 thousand if the interest rates decrease by 1 percentage unit. Respectively, their fair value decreases by EUR 541 thousand of the interest rates increase by 1 percentage unit. The change in the fair value is recognised in the balance sheet.

The changes in fair values of liabilities at fair value through profit or loss and the interest rates of the derivatives hedging them offset each other and therefore they do not have an impact on the profit or loss.

Determination of the interest rate on receivables and liabilities 31 Dec 2006

(EUR 1,000)	Carrying amount	Nominal value	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years
Receivables from credit institutions	55,196	55,196	55,196				
Receivables from customers	1,412,860	1,412,860	345,789	1,019,342	37,771	8,423	1,535
Debt securities	106,227	106,227	96,689	9,536	2		
Total receivables	**1,574,283**	**1,574,283**	**497,674**	**1,028,878**	**37,773**	**8,423**	**1,535**
Liabilities to credit institutions	701,024	701,024		701,024			
Liabilities to others	59,355	63,722				31,861	31,861
Debt securities in issue	351,572	353,472	72,833	72,833	86,417	121,389	
Subordinated liabilities	11,500	11,500					11,500
Total liabilities	**1,123,451**	**1,129,718**	**72,833**	**773,857**	**86,417**	**153,250**	**43,361**
Derivatives - receivables	27,875	417,194	72,833	72,833	86,417	153,250	31,861
Derivatives - liabilities	53,577	436,584	145,429	291,155			
Derivatives - net	**-25,702**	**-19,390**	**-72,596**	**-218,322**	**86,417**	**153,250**	**31,861**

The table presents the interest rate determination dates for interest-bound receivables and liabilities as well as for interest rate and currency swops hedging the liabilities.

Sensitivity to interest rate

An immediate increase of 1 percentage unit decreases the net interest income by EUR 3.5 million and an equal decrease in the interest rate increases the net interest income by EUR 3.5 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.2 million if the interest rates decrease by 1 percentage unit. Respectively, their fair value decreases by EUR 0.2 million of the interest rates increase by 1 percentage unit. The change in the fair value is recognised in the balance sheet.

The changes in fair values of liabilities at fair value through profit or loss and the interest rates of the derivatives hedging them offset each other and therefore they do not have an impact on the profit or loss.

10. Currency risk

The Company's profit is affected by the changes in the US dollar exchange rate. The table below presents the effect of 10 % in the U.S. dollar exchange rate on the Company's profit.

	31 Dec 2007	31 Dec 2006
The USD strengthens by 10 % against the euro	+187	+2,368
The USD weakens by 10 % against the euro	-152	-1,937

Finnvera Group

1. Segment information

Segment reporting in Finnvera Group is based on internal business areas and organisational structure.
In the consolidated financial statements intersegment transactions, receivables and liabilities are eliminated.

Consolidated income statement and balance sheet by segments for the period 1 Jan 2007–31 Dec 2007

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalization	Export financing	Capital investments	Eliminations	Total
Net interest income	19,088	24,631	8,819	6,807	1,369	0	60,714
Net fee and commission income	7,477	12,358	6,058	42,004	-21	0	67,876
Net impairment loss on financial assets, guarantee and security losses	-6,766	-17,316	-9,426	421	0	0	-33,087
Operating expenses *	-14,035	-13,729	-7,601	-9,180	-2,615	1,236	-45,924
Depreciation and amortization	-1,413	-1,259	-863	-1,895	0	0	-5,430
Other income/expenses**	1,275	2,355	452	1,052	4,850	2,285	12,269
Operating profit	**5,626**	**7,040**	**-2,561**	**39,209**	**3,583**	**3,521**	**56,418**
Total assets	**422,483**	**748,725**	**223,966**	**272,437**	**116,467**	**-17,542**	**1,766,536**
Receivables from customers	414,849	744,132	227,474	24,107	10,097	-2,202	1,418,457
Total liabilities	**323,233**	**572,787**	**175,938**	**100,535**	**51,777**	**-2,241**	**1,222,029**

Consolidated income statement and balance sheet by segments for the period 1 Jan 2006–31 Dec 2006

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalization	Export financing	Capital investments	Eliminations	Total
Net interest income	20,496	21,166	5,304	3,841	299	0	51,106
Net fee and commission income	7,685	12,287	4,821	33,784	-7	0	58,570
Net impairment loss on financial assets, guarantee and security losses	-7,782	-9,089	-4,344	-6,830	-155	0	-28,200
Operating expenses *	-13,514	-15,018	-6,326	-9,711	-1,784	547	-45,806
Depreciation and amortization	-1,729	-1,978	-757	-1,145	0	0	-5,609
Other income / expenses **	810	9,343	-2,071	2,598	3,755	277	14,712
Operating profit	**5,966**	**16,711**	**-3,373**	**22,537**	**2,108**	**824**	**44,773**
Total assets	**495,817**	**735,138**	**211,529**	**263,326**	**88,768**	**-25,667**	**1,768,911**
Receivables from customers	505,566	677,868	200,729	29,819	5,163	-6,285	1,412,860
Total liabilities	**415,438**	**562,125**	**164,635**	**117,104**	**26,408**	**-6,864**	**1,278,846**

*) Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization

**) Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant. Export financing segment includes the associate of the Group, Finnfund Oy, whose profit for the period amounted to EUR 17,432 thousand (5,048) and total assets EUR 174,218 thousand (161,317).

Finnvera Group

Financial assets and liabilities 31 Dec 2007

(EUR 1,000) Financial assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Cash and cash equivalents	0			0	0
Loans and receivables from credit institutions	30,487			30,487	30,487
Loand and receivables from customers	1,418,457			1,418,457	1,412,668
Debt securities			98,425	98,425	98,425
Derivatives		0		0	0
Investments in associates		37,734	26,407	64,141	64,141
Shares and participations		78,818	10,321	89,139	89,139
Other financial assets	17,193			17,193	17,193
	1,466,137	**116,552**	**135,153**	**1,717,842**	**1,712,053**

The Company does not have financial receivables held for trading or held-to-maturity.

(EUR 1,000) Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		532,911	532,911	532,911
Liabilities to other institutions	57,631		57,631	57,631
Debt securities in issue	468,988		468,988	468,988
Derivatives	16,012		16,012	16,012
Other financial liabilities		78,199	78,199	78,199
Subordinated liabilities		15,963	15,963	15,963
	542,631	**627,073**	**1,169,704**	**1,169,704**

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2006

(EUR 1,000) Financial assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Cash and cash equivalents	0			0	0
Loans and receivables from credit institutions	55,196			55,196	55,196
Loand and receivables from customers	1,412,860			1,412,860	1,408,892
Debt securities			106,227	106,227	106,227
Derivatives		0		0	0
Investments in associates		34,578	24,145	58,723	58,723
Shares and participations		4,260	73,710	77,970	77,970
Other financial assets	14,156			14,156	14,156
	1,482,212	**38,838**	**204,082**	**1,725,132**	**1,721,164**

(EUR 1,000) Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		701,024	701,024	701,024
Liabilities to other institutions	59,355	0	59,355	59,355
Debt securities in issue	278,739	72,833	351,572	351,572
Derivatives	25,703		25,703	25,703
Other financial liabilities		89,462	89,462	89,462
Subordinated liabilities		11,500	11,500	11,500
	363,797	**874,819**	**1,238,616**	**1,238,616**

Notes to the Finnvera Group

Notes to the consolidated income statements (EUR 1,000)

Note no. 1		2007		2006
Net interest income				
Interest income				
Loans to customers		79,487		59,824
Subsidies passed on to customers				
Regional interest subsidy	1,166		1,427	
Interest subsidy to special loans	8,656		9,617	
Interest subsidy from the ERDF	3,354		3,195	
National interest subsidy (ERDF)	3,878	17,054	3,727	17,966
Interest on export credit guarantee and special guarantee receivables		177		506
Interest on guarantee receivables		2,881		1,856
Other interest income				
On receivables from credit institutions	1,847		1,437	
On debt securities, available-for-sale	4,309		2,786	
On other	924	7,080	219	4,442
Total interest income		**106,679**		**84,594**
Interest expenses				
On liabilities to credit institutions		24,762		20,580
On liabilities to other institutions		3,194		2,969
On debt securities in issue		18,424		10,526
Other interest expenses		300		482
Total interest expenses		**46,680**		**34,557**
Other interest subsidy				
Basic subsidy to loans granted before 1999		716		1,069
Net interest income		**60,715**		**51,106**
Interest income on financial assets which are not carried at fair value totalled		107,395		85,663
Interest expenses on financial liabilities which are not carried at fair value totalled		25,062		21,062
Interest income include interest accrued on impaired loans		2,951		2,943

Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December 2005 and for the loans granted between 1999 - 2005 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

The interest subsidy is divided to subsidy directly passed on to customers and to basic interest subsidy paid to loans granted before 1999. The interest subsidy passed on to customers includes in the interest income and the basic interest subsidy is presented as a separate item before the net interest income.

	2007	2006
Interest-subsidized loans and guarantees in total at 31 December	**872,156**	**784,027**

Note no. 2

	2007	2006
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	43,534	35,002
From other guarantees	16,434	16,162
From credit operations	7,038	6,579
From other	1,793	1,889
Total fee and commission income	**68,799**	**59,632**

All fee and commission income is from financial assets which are not carried at fair value totalled.

	2007	2006
Fee and commission expenses		
From reinsurance	788	960
From borrowing	68	50
From payment transactions	47	45
From other	20	7
Total fee and commission expenses	**923**	**1,062**
Fee and commission expenses from financial assets which are not carried at fair value totalled	68	50
Net fee and commission income	**67,876**	**58,570**

Note no. 3

Gains and losses from financial instruments carried at fair value through profit or loss

	2007 Gains and losses from sale	2007 Changes in fair value	2007 Total	2006 Gains and losses from sale	2006 Changes in fair value	2006 Total
Derivatives	0	-6,199	-6,199	0	-12,890	-12,890
Liabilities carried at fair value	0	5,936	5936	0	12,880	12,880
Shares and participations	0	3,225	3,225	0	2,740	2,740
Translation differences	-1,487	0	-1,487	-1,659	0	-1,659
	-1,487	**2,962**	**1,475**	**-1,659**	**2,730**	**1,071**

Gains/losses by categories of financial instruments (categories in accordance with IAS 39)

	2007 Gains and losses from sale	2007 Changes in fair value	2007 Total	2006 Gains and losses from sale	2006 Changes in fair value	2006 Total
Liabilities carried at fair value	0	2,962	2962	0	2,730	2,730
Loans and other receivables	-1,487	0	-1,487	-1,659	0	-1,659
	-1,487	**2,962**	**1,475**	**-1,659**	**2,730**	**1,071**

Note no. 4

		2007		2006
Net income from investments				
Available-for-sale financial assets				
Debt securities		0		0
Shares and participations				
Gains/losses	1,143		2,898	
Items transferred from fair value reserve during the period	0		0	
Impairment losses	-810	333	-702	2,196
Dividends		1,955		755
Total available-for-sale financial assets		**2,288**		**2,951**
Investment property				
Rental income	216		281	
Rental expenses and maintenance charges	-36		-35	
Depreciation	-71		-72	
Gains/losses from sale	-217		34	
Other income and expenses	-91	-199	-397	-189
Share of profit of associates		3,521		2,625
Total net income from investments		**5,610**		**5,387**

Note no. 5

	2007	2006

Other operating income

Other operating income comprise mainly of the management of the so-called old portfolio and the fees received from the management of ERDF interest subsidies.

Note no. 6

		2007		2006
Employee benefit expenses				
Wages and salaries		22,110		22,445
Social security costs				
Pension costs				
Defined contribution plans	3,000		4,468	
Defined benefit plans	875		-84	
Other social security costs	1,661	5,536	1,764	6,148
Total		**27,646**		**28,593**
Personnel in average				
Permanent full-time		376		387
Permanent part-time		23		25
Temporary		20		18
Total		**419**		**430**

Note no. 7

Other operating expenses		
Rental expenses	2,499	2,354
Expenses from property in own use	1,184	1,220
Other expenses	102	87
Total	**3,785**	**3,661**
Depreciation and amortization		
Intangible assets	4,545	4,326
Property, plant and equipment		
Properties	154	172
Machinery and equipment	730	809
Total	**5,429**	**5,307**
Impairment losses		
Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	0	302
Total	**0**	**302**
Total other operating expenses	**9,214**	**9,270**

Note no. 8

Note no. 8	2007	2006
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	19,910	25,523
Guarantee losses	8,759	8,618
Reversal of losses recognized		
Credit losses	-2,895	-3,352
Guarantee losses	-862	-536
Change in impairment of individually assessed loans during the period	17,693	5,026
Change in impairment of collectively assessed loans during the period	3,734	1,076
Total impairment losses on loans and guarantees	**46,339**	**36,355**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-12,497**	**-14,986**
Finnvera plc's share	**33,421**	**21,214**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2007 these loans and guarantees totalled EUR 2,207 (2,162) million. The compensation was 51.0 % (49.5 %) of the credit and guarantee losses recognized during the period.

	2007	2006
Export credit guarantees and special guarantees		
Claims paid	6,991	2,758
Change in the claims provision during the period	-30	3,813
Accumulated recoveries	-8,892	-1,758
Change in recovery receivables	414	2,017
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	**-1,517**	**6,830**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**32,325**	**28,199**

Note no. 9

Note no. 9	2007	2006
Income tax expense		
Current period	360	10,975
Adjustment for priod periods	0	0
Deferred taxes	2,966	-175
Income tax expense in the income statement	**3,326**	**10,800**

Reconciliation between the income tax expense and income tax calculated using the income tax rate of 26 %

	2007	2006
Profit for the period before income tax expense	56,417	44,773
Income tax calculated using the income tax rate of 26 %	14,668	11,641
Tax exempt income	-12,724	-1,072
Other non-deductible expenses	0	231
Adjustment for prior periods	1,382	0
	3,326	**10,800**

The parent company Finnvera plc was made exempt from the income taxation as from 1 January 2007.

Notes to the consolidated balance sheet (EUR 1,000)

Note no. 10	2007	2006
Loans and receivables from credit institutions		
Payable on demand	30,486	55,196
Other	0	0
Total	**30,486**	**55,196**

Note no. 11	2007	2006
Loans and receivables from customers		
Loans		
Subordinated loans	75,163	102,864
Other loans	1,318,514	1,289,188
Total loans	**1,393,677**	**1,392,052**
Guarantee receivables	**17,200**	**12,645**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	90	499
Recovery receivables	7,490	7,664
Total receivables from export credit guarantee and special guarantee operations	**7,580**	**8,163**
Total receivables from customers	**1,418,457**	**1,412,860**
Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	**9,263**	**2,474**
- Credit losses realized during the period on which		
an impairment loss has been earlier recognized	-840	-1,143
+ Impairment losses recognized during the period	14,144	7,932
- Reversal of impairment losses	-500	0
Effect of discounting	1,395	0
Impairment losses at the end of the period	**23,462**	**9,263**
Impairment losses on collectively assessed loans at the beginning of the period	**23,415**	**23,239**
Impairment losses on collectively assessed loans recognized during the period	-946	177
Impairment losses on collectively assessed loans at the end of the period	**22,469**	**23,416**
Total impairment losses	**45,931**	**32,679**
Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	**2,073**	**4,286**
- Guarantee losses realized during the period on which		
an impairment loss has been earlier recognized	0	-607
+ Impairment losses recognized during the period	5,464	0
- Reversal of impairment losses	-1,500	-1,606
Effect of discounting	142	0
Impairment losses at the end of the period	**6,179**	**2,073**
Impairment losses on collectively assessed guarantees at the beginning of the period	**0**	**0**
Impairment losses on collectively assessed guarantees recognized during the period	6,234	0
Impairment losses on collectively assessed guarantees at the end of the period	**6,234**	**0**
Total impairment losses	**12,413**	**2,073**

An impairment loss on loans and other receivables is recognized when objective evidence of their impairment exists. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

Note no. 12

	2007	2006
Investments		
Debt securities	98,425	106,227
Associates	64,141	58,723
Other shares and participations	89,139	77,969
Investment property	3,993	4,345
	255,698	**247,264**

	2007	2006
Debt securities		
Available-for-sale		
Certificates of deposits	4,690	4,540
Commercial papers	93,735	99,687
Other	0	2,000
	98,425	**106,227**

Investments have been made to non-publicly quoted debt securities.

	2007	2006
Associates		
At the beginning of the period	58,723	56,840
Share of profit for the period	0	802
Additions	12,673	6,752
Disposals	-7,255	-5,671
At the end of the period	**64,141**	**58,723**

Associates accounted for using the equity method in 2007

Name	Carrying amount	Owner-ship	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23,08 %	332	413	38	1
Teollisen yhteistyön rahasto Oy	13,670	20,00 %	174,218	64,500	33,788	17,432
Kiinteistö Oy Joensuun Torikatu 9	637	27,73 %	5,742	9	137	6
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43 %	1,585	23	95	22
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37,00 %	1,475	757	295	68
Kiinteistö Oy Oulun Asemakatu 37	1,079	41,82 %	1,667	4	100	0
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31,71 %	2,932	14	97	1
Juolukkakiinteistöt Oy	0	50,00 %	216	265	19	-10
Myllymäen Teollisuuskiinteistö Oy	8	50,00 %	552	506	40	1

Associates accounted for using the equity method in 2006

Name	Carrying amount	Owner-ship	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23,08 %	276	358	81	10
Teollisen yhteistyön rahasto Oy	13,670	20,00 %	161,317	69,031	19,161	5,048
Kiinteistö Oy Joensuun Torikatu 9	637	27,73 %	5,734	8	106	-7
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43 %	1,586	46	85	-46
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37,00 %	1,578	927	329	102
Kiinteistö Oy Oulun Asemakatu 37	1,066	41,68 %	1,676	12	104	0
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31,71 %	2,928	11	91	2
Juolukkakiinteistöt Oy	0	50,00 %	217	256	0	-23
Myllymäen Teollisuuskiinteistö Oy	8	50,00 %	608	562	40	-14
Finnritilä Oy	3,104	40,00 %	13,349	5,621	13,104	1,811

FINNVERA

Note no. 12 continued	2007	2006
Other shares and participations		
At fair value through profit or loss	78,840	39,046
Available-for-sale	10,321	38,923
	89,161	**77,969**
Other shares that are publicly quoted	78,840	34,705
Investment property		
Acquisition cost		
Acquisition cost at 1 Jan	5,583	4,256
Additions	18	2,049
Disposals	-465	-722
Transferred to own use	15	0
Acquisition cost at 31 Dec	**5,151**	**5,583**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	1,238	864
Depreciation for the period	70	71
Impairment losses	-150	303
Accumulated depreciation and impairment losses at 31 Dec	**1,158**	**1,238**
Carrying amount at 1 Jan	4,345	3,392
Carrying amount at 31 Dec	3,993	4,345
Total investments	**255,720**	**247,264**
Fair value of investment property	**3,993**	**4,345**
Investment property companies' shares that are publicly quoted	703	932

Note no. 13	**2007**	**2006**
Intangible assets		
Acquisition cost		
Acquisition cost at 1 Jan	26,008	22,913
Additions	5,158	3,095
Disposals	-763	0
Acquisition cost at 31 Dec	**30,403**	**26,008**
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	15,639	11,168
Amortization for the period	4,230	4,471
Impairment losses	0	0
Accumulated amortization and impairment losses at 31 Dec	**19,869**	**15,639**
Carrying amount at 1 Jan	10,369	11,745
Carrying amount at 31 Dec	10,534	10,369

Amortization is included in the other operating expenses in the income statement.

Note no. 14 — 2007 / 2006

Property, plant and equipment

Acquisition cost	2007 Properties	2007 Machinery and equipment	2007 Total	2006 Properties	2006 Machinery and equipment	2006 Total
Acquisition cost at 1 Jan	13,567	8,729	22,296	13,943	8,151	22,094
Additions	29	707	736	307	743	1,050
Disposals	0	-38	-38	-220	-165	-385
Transfers between items	-13		-13	-463	0	-463
Acquisition cost at 31 Dec	**13,583**	**9,398**	**22,981**	**13,567**	**8,729**	**22,296**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	4,980	6,020	11,000	4,538	5,205	9,743
Depreciation for the period	469	730	1,199	276	815	1,091
Impairment losses	0	0	0	166	0	166
Acc. depreciation and impairment losses at 31 Dec	**5,449**	**6,750**	**12,199**	**4,980**	**6,020**	**11,000**
Carrying amount at 1 Jan	8,587	2,709	11,296	9,405	2,946	12,351
Carrying amount at 31 Dec	8,134	2,648	10,782	8,587	2,709	11,296

Depreciation is included in the other operating expenses in the income statement.

Note no. 15

Other assets	2007	2006
Credit loss receivables from the state and the ERDF	4,842	6,593
Other	7,464	7,849
	12,306	**14,442**

The state and the European Regional Development Fund (ERDF) has granted Finnvera commitments to partially compensate Finnvera for the credit and guarantee losses. The commitments enable Finnvera to take higher risks in domestic business than financiers operating on commercial grounds.

Note no. 16

Prepayments and accrued income	2007	2006
Interest	10,348	6,704
Fee and commission receivables	1,936	738
Prepayments and other accrued income	4,220	4,391
Total prepayments and accrued income	**16,504**	**11,833**

Note no. 17

Tax assets and liabilities	2007	2007	2006	2006
Tax assets				
Current income tax receivables		11,770		3,424
Deferred tax assets				
On timing differences	0		20	
On fair value changes	0	0	2,007	2,027
		11,770		**5,451**
Deferred tax assets at 1 Jan		2,027		1,158
Increase/decrease to income statement during the period		-2,027		887
Increase/decrease to equity during the period		0		-18
Deferred tax assets at 31 Dec		**0**		**2,027**

Note no. 17 continued	2007	2006
Tax liabilities		
Current income tax liabilities	0	175
Deferred tax liabilities		
On fair value changes recognized in fair value reserve	2,263	941
	2,263	**1,116**
Deferred tax liabilities at 1 Jan	941	181
Increase/decrease to income statement during the period	1,322	536
Increase/decrease to equity during the period	0	224
Deferred tax liabilities at 31 Dec	**2,263**	**941**

Note no. 18

Liabilities to credit and other institutions	2007 Nominal value	2007 Change in fair value	2007 Carrying amount	2006 Nominal value	2006 Change in fair value	2006 Carrying amount
Credit institutions	532,911	0	532,911	701,024	0	701,024
Other institutions						
At fair value through profit or loss	57,593	38	57,631	59,736	-381	59,355
At amortized cost	0	0	0	0	0	0
	590,504	**38**	**590,542**	**760,760**	**-381**	**760,379**

Note no. 19

Debt securities in issue	2007 Nominal value	2007 Change in fair value	2007 Carrying amount	2006 Nominal value	2006 Change in fair value	2006 Carrying amount
Bonds						
At fair value through profit or loss	477,243	-8,255	468,988	353,472	-1,900	351,572
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	477,243	**-8,255**	**468,988**	**353,472**	**-1,900**	**351,572**
Average interest rate, %		4,90			4,00	

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option).

An amount equaling the nominal value of a liability is repaid at the maturity date.

The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 20

Derivatives **Contracts entered in hedging purposes**	2007 Fair value Positive	2007 Fair value Negative	2007 Total nominal value	2006 Fair value Positive	2006 Fair value Negative	2006 Total nominal value
Currency derivatives						
Interest rate swaps and foreign exchange derivatives	0	14,999	491,235	0	25,339	366,910
Interest rate derivatives						
Interest rate swaps	0	1,013	50,000	0	364	50,000
Total derivatives	**0**	**16,012**	**541,235**	**0**	**25,703**	**416,910**

Derivatives hedge liabilities. The derivative contracts and the liabilities hedged with them have been measured at fair value and the changes in their fair values have been recognized in the income statement (fair value option).

Note no. 21

	2007	2006
Provisions		
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	0	0
Provisions used during the period	0	0
Provisions reversed during the period	0	0
Effect of discounting	0	0
Provision for export credit guarantee losses at 31 Dec	**2,000**	**2,000**

A provision for export credit guarantee losses is recognized when the Group has a constructive and legal obligation to pay a guarantee indemnity, the realization of the obligation is probable and it can be measured reliably.

	2007	2006
Provision for domestic guarantee losses at 1 Jan	2,073	0
Provisions made during the period	12,410	2,073
Provisions reversed during the period	-1,500	0
Effect of discounting	-570	0
Provision for domestic guarantee losses at 31 Dec	**12,413**	**2,073**

A provision for domestic guarantee losses is recognized when objective evidence exists of impairment of guarantees' value. The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

	2007	2006
Other provisions at 1 Jan	250	250
Provisions made during the period	0	0
Provisions used during the period	-250	0
Provisions reversed during the period	0	0
Other provisions at 31 Dec	**0**	**250**

Other provisions comprise of the costs arising from the restoration of the ground under the property possessed by the Group.

	2007	2006
Defined benefit pension plans at 1 Jan	1,131	1,131
Change during the period	-336	0
Defined benefit pension plans at 31 Dec	**795**	**1,131**
Total provisions	**15,208**	**5,454**

Employee benefits

Defined benefit pensions plans

The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.

	2007	2006
Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	6,032	4,551
Fair value of plan assets	-4,421	-3,253
	1,611	**1,298**
Unrecognized actuarial gains (+) or losses (-)	-816	-167
Net liability recognized in the balance sheet	**795**	**1,131**
Expenses recognized in the income statement		
Current service costs	651	633
Interest on obligation	205	175
Expected return on plan assets	-202	-137
Total expenses recognized in the income statement	**654**	**671**
Actual return on plan assets	**179**	**-165**

Note no. 21 continued	2007	2006
Change in the fair value of plan assets		
Fair value at 1 Jan	3,253	2,662
Expected return on plan assets	202	137
Contributions paid into the plan	990	755
Actuarial gains (+) or losses (-)	-24	-301
Fair value of plan assets at 31 Dec	**4,421**	**3,253**
Change in the present value of the obligation		
Present value at 1 Jan	4,551	3,877
Current service costs	652	633
Interest on obligation	205	175
Actuarial gains (-) or losses (+)	625	-134
Present value of the obligation at 31 Dec	**6,033**	**4,551**
Amounts for the current and previous periods		
Defined benefit obligation	6,032	4,551
Plan assets	-4,421	-3,253
Surplus/deficit	**1,611**	**1,298**
Experience adjustments arising on plan assets	824	-134
Experience adjustments arising on plan liabilities	-24	301

The expected return on plan assets has been determined by the insurance company. Information about the distribution of plan assets by asset category is not available.

Actuarial assumptions		
Discount rate	4,50 %	4,50 %
Expected return on plan assets	6,50 %	5,40 %
Future salary increases	3,00 %	3,60 %
Inflation	2,00 %	2,00 %
Future pension increases	2,10 %	2,10 %
Turnover of personnel	3,20 %	3,20 %
Expected average remaining working life (years)	10	11

Finnvera expects to pay EUR 1,050,000 in contributions to defined benefit plans in 2008.

Note no. 22	**2007**	**2006**
Accruals and deferred income		
Interest	76,731	88,201
Security advances	0	0
Other accruals and deferred income	6,284	6,481
Total accruals and deferred income	**83,015**	**94,682**

Note no. 23		**2007**		**2006**
Subordinated liabilities				
Finnvera plc				
Subordinated loans to the state, 2006 and 2007	Saldo	15,963	Saldo	11,500
	Interest rate, %	0	Interest rate, %	0
	Loan period	20 years	Loan period	20 years

The loans are to be used as investment raising the share capital of Aloitusrahasto Vera Oy. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered.

Note no. 24

		2007		2006
Equity				
Equity attributable to the parent company's shareholders				
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	2,604	53,640	1,052	52,088
Unrestricted reserves				
Fund for domestic operations	144,906		129,852	
Fund for export credit guarantee and special guarantee operations	95,379		80,223	
Other unrestricted reserves	59	240,344	59	210,134
Retained earnings				
Profit/loss for previous periods	-7,790		-11,587	
Profit/loss for the period	52,430	44,640	34,050	22,463
Total equity attributable to the parent company's shareholders		**535,229**		**481,290**
Minority interest		**9,278**		**8,574**
Total equity		**544,507**		**489,864**

Share capital	Number of shares	Ownership %	Number of shares	Ownership %
The state	11,565	100	11,565	100

Reserves

Share premium

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

Fund for domestic operations and fund for export credit guarantee and special guarantee operations

In 2006 the laws regulating the operations of Finnvera plc were amended so that separate funds to cover future losses from domestic operations and from export credit guarantee and special guarantee operations were established in equity. Losses from export credit guarantee and special guarantee operations will be covered by resources from the State Guarantee Fund only when the export credit guarantee and special guarantee fund is insufficient. The retained earnings from the domestic operations were transferred to the fund for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the fund for export credit guarantee and special guarantee operations.

Fair value reserve

The reserve includes the fair value change of available-for-sale financial assets. The items recognized in the fair value reserve are taken to the income statement when an available-for-sale financial asset is disposed of or an impairment loss on such an asset is recognized.

Other notes (EUR 1,000)

Note no. 25	2007	2006
Contingencies at 31 Dec		
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
Buyer credit guarantees	4,170,807	4,205,658
Credit risk guarantees	140,924	154,724
Letter of credit guarantees	128,100	111,690
Investment guarantees	78,125	84,430
Bond guarantees	119,857	205,136
Finance guarantees	280,134	226,891
	4,917,947	**4,988,529**
Special guarantees		
Environmental guarantees	64,144	85,352
Ship guarantees	0	0
Raw material guarantees	0	0
Venture capital guarantees	75	412
	64,219	**85,764**
Total export credit guarantees and special guarantees	4,982,166	5,074,293
Provision for export credit guarantees	-2,000	-2,000
Total	**4,980,166**	**5,072,293**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 4.2 (8.1) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

	2007	2006
Binding financing offers	**268,941**	**209,671**

	Total	Group and associated companies	Total	Group and associated companies
Domestic guarantees	827,404		826,808	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	3,878,343		3,815,468	
Liability for special guarantees	64,219		139,334	
	4,769,966	**0**	**4,781,610**	**0**

When calculating the carrying amount of the liability according to the Act on the State's Export Credit Guarantees, the commitments arisen from current export credit guarantees are taken into account in their entirety insofar as the guaranteed capital is concerned, without any other items that might be indemnified in addition to the capital. Moreover, half of the liability arisen from binding guarantee offers is taken into account insofar as the guaranteed capital is concerned.

Note no. 26	2007	2006
Operating leases		
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	24	33
Between one and five years	7,673	1,739
Later than five years	1,689	9,534
Total	**9,386**	**11,306**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	507	334
Between one and five years	192	472
Later than five years	0	0
Total	**699**	**806**

Group companies (EUR 1,000)

Note no. 27

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

Company	Sector	Holding of all shares	Share of votes
Aloitusrahasto Vera Oy, Kuopio	Development and investment company	93,07 %	93,07 %
Kera Oy, Kuopio	No operations	100,00 %	100,00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69,74 %	69,74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63,52 %	63,52 %
Spikera Oy, Kuopio	Development and investment company	100,00 %	100,00 %
Suomen Vientiluotto Oy, Helsinki	Export financing and interest equalization	100,00 %	100,00 %
Tietolaki Oy, Kuopio	No operations	100,00 %	100,00 %
Tietoraha Oy, Kuopio	No operations	100,00 %	100,00 %
Veraventure Oy, Kuopio	Development and investment company	100,00 %	100,00 %
Shares and holdings in associates			
Iin Micropolis Oy, Ii	Development company	23,08 %	23,08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27,73 %	27,73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36,43 %	36,43 %
Kiinteistö Oyj Lappeenrannan Snellmaninkatu 10	Real estate company	37,00 %	37,00 %
Kiinteistö Oy Oulun Asematu 37	Real estate company	41,82 %	41,82 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31,71 %	31,71 %
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20,00 %	20,00 %

Subsidiaries' shares and holdings in 2007

Company	Sector	Holding of all shares	Share of votes	Equity	Profit for the year
Spikera Oy					
Alfalink Oy, Oulu	No operations	100,00 %	100,00 %	3	0
Kiinteistö Oy Kotkan kisällinkatu 6, Kotka	Real estate company	100,00 %	100,00 %	-313	-3
Polator Oy, Kuopio	Real estate company	100,00 %	100,00 %	309	10
Postum Oy, Kuopio	Real estate company	100,00 %	100,00 %	-33	-1
Renatur Oy, Kuopio	No operations	100,00 %	100,00 %	8	0
Soljet Oy, Kuopio	No operations	100,00 %	100,00 %	8	0
Juolukkakiinteistöt Oy, Kemijärvi	Real estate company	50,00 %	50,00 %	-49	-10
Myllymäen Teollisuuskiinteistö Oy, Jämsänkoski	Real estate company	50,00 %	50,00 %	46	1
Aloitusrahasto Vera Oy					
Finnester Coatings Oy	Manufacturing of other rubber products	20,00 %	20,00 %	63	-3
Global Response Oy	Data processing	23,05 %	23,05 %	-43	-142
Histola Research Oy	Other natural scientific research and development	20,00 %	20,00 %	-145	-123
Medeia Therapeutics Oy	Medical research and development	21,65 %	21,65 %	-6	-23
Mikcell Oy	Electronics	20,00 %	20,00 %	-186	-188

Note no. 27 continued

Company	Sector	Holding of all shares	Share of votes	Equity	Profit for the year
Veraventure Oy					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61,67 %	49,38 %	3,410	8
Indekon Oy, Lappeenranta	Venture capital investments	46,53 %	46,53 %	2,733	-701
JyväsSeed Fund Oy, Jyväskylä	Venture capital investments	40,00 %	40,00 %	2,873	-130
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49,64 %	49,64 %	1,329	-69
Karinvest Oy, Joensuu	Venture capital investments	28,08 %	28,08 %	2,955	-20
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69,99 %	49,99 %	3,890	-72
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	38,97 %	38,97 %	The first financial period	
Midinvest Oy, Jyväskylä	Venture capital investments	29,23 %	29,23 %	4,280	1,362
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49,00 %	49,00 %	7,943	166
Savon Teknia Oy, Kuopio	Venture capital investments	33,45 %	33,45 %	4,875	-42
Spinno-seed Oy, Espoo	Venture capital investments	28,30 %	28,30 %	4,433	-2
Teknoventure Oy, Oulu	Venture capital investments	48,30 %	48,30 %	14,669	536
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39,03 %	39,03 %	6,783	-162
Virtaa Hämeeseen Oy	Venture capital investments	21,71 %	21,71 %	3,196	20
Oy Wedeco Ab, Vaasa	Venture capital investments	39,80 %	39,80 %	13,169	4,340
Matkailunkehitys Nordia Oy					
FTM Incoming Oy, Helsinki	Travel agency	44,61 %	44,61 %	-344	-122
Hotelli Luostotuntuti Oy, Sodankylä	Hotel and restaurant business	49,95 %	49,95 %	264	-24
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25,00 %	25,00 %	196	-4
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45,00 %	45,00 %	146	-54
Kristina Cruises Oy, Kotka	Cruises	20,00 %	20,00 %	1,329	687
Kiinteistö Oy Luoston Tuotto 1, Sodankylä	Hotel and restaurant business	17,83 %	17,83 %	The first financial period	
Levi Magic Oy, Kittilä	Project / No operations	22,56 %	22,56 %	696	377
LKS - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47,41 %	47,41 %	356	524
Lomakouhero Oy, Karstula	Hotel and restaurant business	51,72 %	51,72 %	-223	-124
Opteam Henkilöstöpalvelut Oy, Helsinki	Staffing services	38,03 %	38,03 %	536	393
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49,00 %	49,00 %	2,267	2,283
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50,00 %	50,00 %	540	213

Finnvera plc's shares and holdings in 2006

Shares and holdings in Group companies

Company	Sector	Holding of all shares	Share of votes
Aloitusrahasto Vera Oy, Kuopio	Investment and development company	88,49 %	88,49 %
Kera Oy, Kuopio	No operations	100,00 %	100,00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real-estate company	69,74 %	69,74 %
Matkailunkehitys Nordia Oy, Kuopio	Investment and development company	63,52 %	63,52 %
Spikera Oy, Kuopio	Investment and development company	100,00 %	100,00 %
Suomen Vientiluotto Oy, Helsinki	Export financing and interest equalization	100,00 %	100,00 %
Tietolaki Oy, Kuopio	No operations	100,00 %	100,00 %
Tietoraha Oy, Kuopio	No operations	100,00 %	100,00 %
Veraventure Oy, Kuopio	Investment and development company	100,00 %	100,00 %
Shares and holdings in associates			
Iin Micropolis Oy, Ii	Development company	23,08 %	23,08 %
Teollisen yhteistyön rahasto Oy, Helsinki	Investment and development company	20,00 %	20,00 %

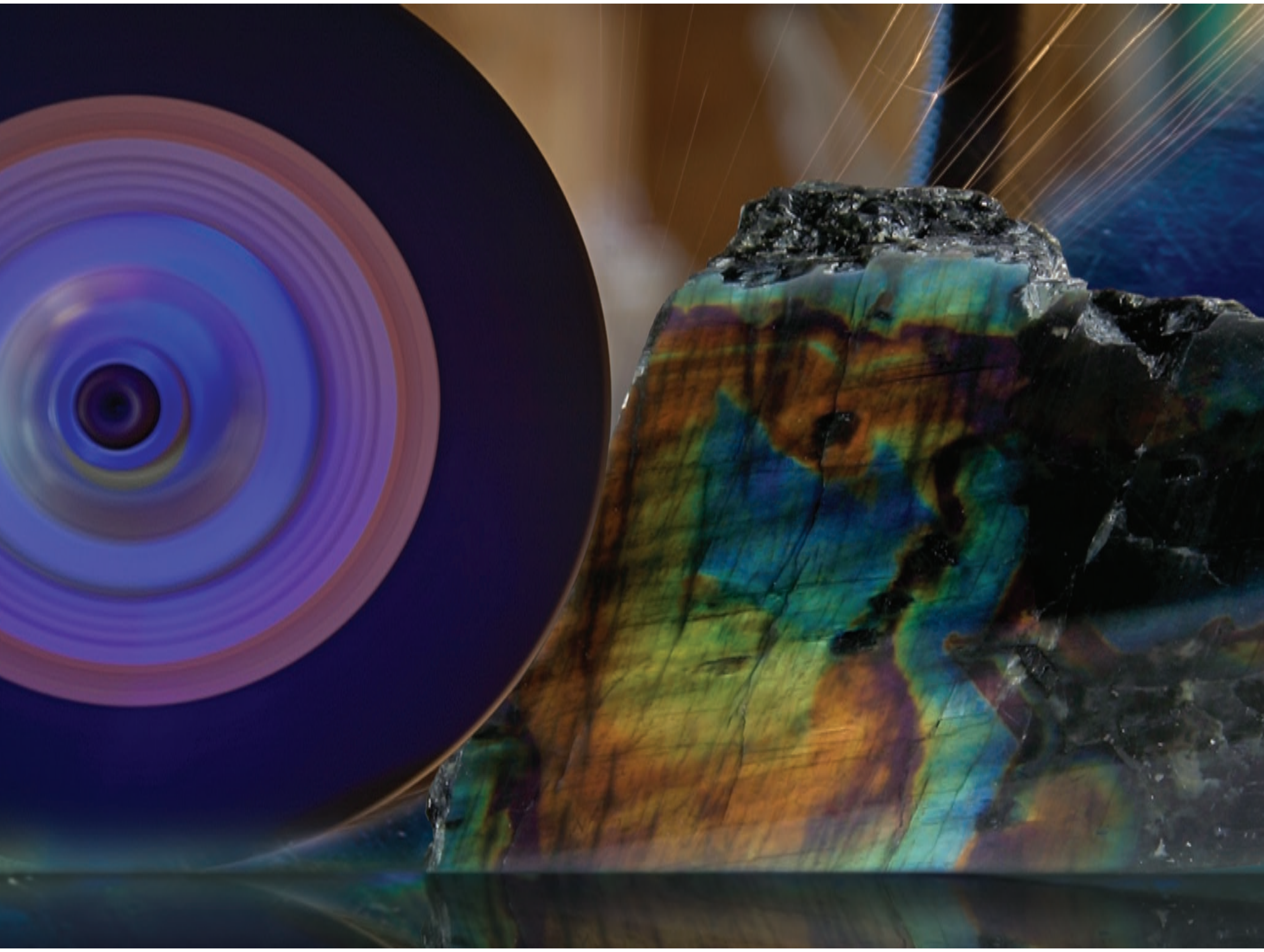
Note no. 27 continued

Subsidiaries' shares and holdings in 2006

Company	Sector	Holding of all shares	Share of votes	Equity	Profit for the year
Spikera Oy					
Alfalink Oy, Oulu	No operations	100,00 %	100,00 %	11	0
Apetta Oy, Kajaani	No operations	100,00 %	100,00 %	3	0
Deltalink Oy, Oulu	No operations	100,00 %	100,00 %	3	0
EL Assets Oy, Kuopio	Holding company	100,00 %	100,00 %	434	74
Kiinteistö Oy Kotkan kisällinkatu 6, Kotka	Real-estate company	100,00 %	100,00 %	91	2
Polator Oy, Kuopio	Real-estate company	100,00 %	100,00 %	299	4
Postum Oy, Kuopio	Real-estate company	100,00 %	100,00 %	40	-1
Renatur Oy, Kuopio	No operations	100,00 %	100,00 %	8	0
Soljet Oy, Kuopio	No operations	100,00 %	100,00 %	8	0
Teknoinvest Oy, Oulu	No operations	100,00 %	100,00 %	2	0
Tornion Teknologiakeskus Oy, Tornio	No operations	100,00 %	100,00 %	9	0
Juolukkakiinteistöt Oy, Kemijärvi	Real-estate company	50,00 %	50,00 %	-39	-23
Myllymäen Teollisuuskiinteistö Oy, Jämsänkoski	Real-estate company	50,00 %	50,00 %	45	-14
Aloitusrahasto Vera Oy					
Finnester Coatings Oy	Manufacturing of other rubber products	20,00 %	20,00 %	63	0
Global Response Oy Ltd	Computer software	23,00 %	23,00 %	99	-120
GlobalWare Corporation Oy	Computer software	25,00 %	25,00 %	52	-53
Mikcell Oy	Electronics	20,00 %	20,00 %	80	-23
MORS Software Oy	Electronics	20,00 %	20,00 %	The first financial period	
Whitevector Oy	Computer software	20,00 %	20,00 %	63	-24
Veraventure Oy					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61,67 %	43,98 %	3,403	-505
Indekon Oy, Lappeenranta	Venture capital investments	46,53 %	46,53 %	3,404	-813
JyväsSeed Fund Oy, Jyväskylä	Venture capital investments	40,00 %	40,00 %	2,903	-46
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49,64 %	49,64 %	1,398	-66
Karhu Pääomarahasto Ky, Pori	Venture capital investments	22,60 %	22,60 %	1,082	-407
Karinvest Oy, Joensuu	Venture capital investments	28,08 %	28,08 %	2,975	-24
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69,99 %	49,99 %	The first financial period	
Midinvest Oy, Jyväskylä	Venture capital investments	29,23 %	29,23 %	2,917	-181
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49,00 %	49,00 %	7,777	39
Savon Teknia Oy, Kuopio	Venture capital investments	49,42 %	49,42 %	4,917	-6
Spinno-seed Oy, Espoo	Venture capital investments	28,30 %	28,30 %	4,435	-164
Teknoventure Oy, Oulu	Venture capital investments	43,38 %	43,38 %	14,133	1,128
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	40,00 %	40,00 %	3,444	-56
Oy Wedeco Ab, Vaasa	Venture capital investments	39,80 %	39,80 %	9,015	472
Matkailunkehitys Nordia Oy					
FTM Incoming Oy, Helsinki	Travel agency	44,61 %	44,61 %	-222	-99
Hotelli Luostotuntuti Oy, Sodankylä	Hotel and restaurant business	49,95 %	49,95 %	288	34
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25,00 %	25,00 %	The first financial period	
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45,00 %	45,00 %	The first financial period	
Kiinteistö Oy Saimaan Lomaranta, Taipalsaari	Real-estate company	37,18 %	37,18 %	96	0
Kristina Cruises Oy, Kotka	Cruises	20,00 %	20,00 %	642	3,291
Kultaranta Golf Oy Naantali, Naantali	Golf course	30,00 %	30,00 %	The first financial period	
Levi Magic Oy, Kittilä	Project / No operations	22,56 %	22,56 %	319	-13
Lomakeskus Saimaanranta Oy, Taipalsaari	Hotel and restaurant business	47,41 %	47,41 %	-96	-41
Lomakouhero Oy, Karstula	Hotel and restaurant business	51,72 %	51,72 %	-99	3
Opteam Henkilöstöpalvelut Oy, Helsinki	Staffing services	38,50 %	38,50 %	326	211
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49,00 %	49,00 %	614	514
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50,00 %	50,00 %	698	362

Note no. 28

	2007	2006
Related parties		
The relationships within the Group are presented in note no. 27.		
The related party transactions		
Operations with the state-owned companies, in which the state has a minimum ownership of 20 %		
Finance income	187	131
Services purchased	250	896
Loans	3,010	3,983
Guarantees	797	999
Management employee benefit expenses		
Salaries and other short-term employee benefits	604	576
Termination benefits	A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company	
Post-employment benefits	0	0
Other long-term benefits	0	0
The total salary, remuneration and social security costs of the parent company's Managing Director and his deputy		
Managing Director	331	309
Deputy Managing Director	273	267
Total	**604**	**576**
The total salaries, remuneration and social security costs of the members and deputy members of the parent company's Board of Directors	**177**	**189**
The remuneration paid to the parent company's Board of Directors		
Monthly remuneration: chairman of the Board EUR 1,200, deputy chairman EUR 700, member EUR 600 and deputy member EUR 300		
Attendance allowance for all members EUR 500/meeting		
The total salaries, remuneration and social security costs of the members and the deputy members of the Supervisory Board	**134**	**142**
The remuneration paid to the Supervisory Board		
Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600 and member EUR 500		
Attendance allowance for all members EUR 200/meeting		
Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy		
Loans at 1 January	9	14
Decreases during the financial period	-6	-5
Loans at 31 December	**3**	**9**



Finnvera plc

Income statement

(EUR 1,000)	Note	1 Jan–31 Dec 2007			1 Jan–31 Dec 2006		
Interest income	1						
Loans		77,878			58,638		
Subsidies passed on to customers		17,054			17,966		
Export credit guarantee and special guarantee receivables		176			506		
Guarantee receivables		2,881			1,856		
Other		6,229	+	104,218	4,194	+	83,160
Interest expenses	1		-	45,056		-	32,807
Other interest subsidies	1		+	716		+	1,069
Net interest income	1		**+**	**59,878**		**+**	**51,423**
Net fee and commission income	2		+	65,955		+	56,559
Gains and losses from financial instruments carried at fair value through profit or loss	3		-	1,757		-	1,715
Net income from investments	4						
Debt securities							
Shares and participations		411			2,003		
Investment property		-163	+	247	-214	+	1,789
Other operating income	5		+	4,430		+	9,086
Administrative expenses							
Employee benefit expenses	6						
Wages and salaries		21,004			21,555		
Social security costs		5,212			5,900		
Other administrative expenses		13,549	-	39,765,	12,626	-	40,081
Other operating expenses	7		-	9,094		-	9,043
Net impairment loss on financial assets							
Loans and guarantees	8	45,918			36,200		
Credit loss compensation from the state		-12,497			-14,986		
Export credit guarantees and special guarantees		-1,517	-	31,904	6,830	-	28,045
Operating profit			**+**	**47,991**		**+**	**39,973**
Income tax expense	9						
Current and previous periods' tax expense					10,652		
Deferred tax expense		-2,027	-	2,027	-888	-	9,764
Profit for the period			**+**	**45,964**		**+**	**30,210**

Balance sheet

Assets

(EUR 1,000)	Note		31 Dec 2007		31 Dec 2006
Loans and receivables from credit institutions	10		15,239		53,377
Loans and receivables from customers	11				
Loans		1,368,894		1,371,516	
Guarantee receivables		17,200		12,645	
Receivables from export credit guarantee and special guarantee operations		7,580	1,393,674	8,163	1,392,324
Investments	12				
Debt securities		93,735		99,687	
Investments in Group companies	27	123,834		99,016	
Associates	27	18,386		18,373	
Other shares and participations		4,886		3,832	
Investment property		1,988	242,828	2,700	223,607
Derivatives			0		0
Intangible assets	13		10,517		10,331
Property, plant and equipment	14				
Properties		7,314		8,247	
Other tangible assets		2,543	9,857	2,597	10,844
Other assets	15				
Credit loss receivables from the state		4,842		6,593	
Other		7,443	12,285	7,953	14,545
Prepayments and accrued income	16		14,791		9,842
Tax assets	17		11,768		5,451
			1,710,960		**1,720,321**

Liabilities

(EUR 1,000)	Note			31 Dec 2007			31 Dec 2006
Liabilities to credit institutions	18		532,911			701,024	
Liabilities to other institutions	18						
At fair value through profit or loss			30,354			31,480	
Debt securities in issue	19						
At fair value through profit or loss			468,988			351,572	
Derivatives	20		14,313			21,703	
Provisions	21		15,208			5,454	
Other liabilities			29,633			28,555	
Accruals and deferred income	22		82,359			93,999	
Tax liability	17					97	
Subordinated liabilities	23		15,963	1,189,729		11,500	1,245,385
Equity	24						
Share capital			196,605			196,605	
Share premium			51,036			51,036	
Fair value reserve			606			276	
Unrestricted funds							
Fund for domestic operations		144,906			129,852		
Fund for export credit guarantee and special guarantee operations		95,379			80,223		
Retained earnings		32,699	272,984	521,231	16,945	227,020	474,936
				1,710,960			**1,720,321**

Finnvera plc's Statement of Changes in Equity

(EUR 1,000)	Capital	Share premium	Share reserve	Legal reserve	Fair value operations	Fund for domestic operations	Fund for export credit guarantee and special guarantee earnings	Retained Total
Balance at 1 January 2006	**196,605**	**51,036**	**177,334**	**245**	**0**	**0**	**33,582**	**458,802**
Available-for-sale financial assets:								
- change in fair value				31				31
Other items recognized in retained earnings								
IAS 12 Income Taxes							494	494
IAS 19 Employee Benefits							-1,215	-1,215
IAS 20 Government Grants							-12,698	-12,698
IAS 38 Intangible Assets							1,027	1,027
IAS 39 Financial Instruments							-1,714	-1,714
Profit for the period							30,210	30,210
Total recognized income and expenses for the period	**196,605**	**51,036**	**177,334**	**276**	**0**	**0**	**49,686**	**474,937**
Transfers into legal reserve			32,741				-32,741	
Transfers between funds			-210,075		129,852	80,223		
Balance at 31 December 2006	**196,605**	**51,036**	**0**	**276**	**129,852**	**80,223**	**16,945**	**474,937**
Balance at 1 January 2007	**196,605**	**51,036**	**0**	**276**	**129,852**	**80,223**	**16,945**	**474,937**
Available-for-sale financial assets:								
- change in fair value				330				330
Other items recognized in retained earnings								
IAS 12 Income Taxes							887	887
IAS 19 Employee Benefits							84	84
IAS 20 Government Grants							0	0
IAS 38 Intangible Assets							-279	-279
IAS 39 Financial Instruments							-692	-692
Profit for the period							45,964	45,964
Total recognized income and expenses for the period	**196,605**	**51,036**	**0**	**606**	**129,852**	**80,223**	**62,909**	**521,231**
Transfer into funds					15,054	15,156	-30,210	0
Balance at 31 December 2007	**196,605**	**51,036**	**0**	**606**	**144,906**	**95,379**	**32,699**	**521,231**

Finnvera plc's Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flows from operating activities		
Withdrawal of loans granted	-378,978	-326,944
Repayments of loans granted	361,682	318,336
Purchase of investments	-24,498	-25,019
Proceeds from investments	314	7,637
Interest received	82,607	57,985
Interest paid	-42,799	-31,223
Interest subsidy received	18,160	21,428
Payments received from commission income	51,432	77,564
Payments received from other operating income	19,328	28,123
Payments for operating expenses	-44,328	-43,374
Claims paid	-18,912	-20,844
Taxes paid	-8,344	-11,768
Net cash used in operating activities (A)	**15,664**	**51,901**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-5,446	-4,754
Purchase of other investments	0	0
Proceeds from other investment	0	0
Dividends received from investments	150	165
Net cash used in investing activities (B)	**-5,296**	**-4,589**
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Proceeds from loans	272,663	188,704
Repayment of loans	-327,121	-203,915
Net cash used in financing activities (C)	**-54,458**	**-15,211**
Net change in cash and cash equivalents	**-44,090**	**32,101**
(A+B+C) increase (+) / decrease (-)		
Cash and cash equivalents at the beginning of the period	**153,063**	**120,962**
Cash and cash equivalents at the end of the period	**108,973**	**153,063**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	15,238	53,377
Debt securities	93,735	99,686
	108,973	**153,063**

Finnvera plc's Notes to the Financial Statement

1. Segment information

Segment reporting in Finnvera Group is based on internal business areas and organisational structure. In the consolidated financial statements intersegment transactions, receivables and liabilities are eliminated.

Consolidated income statement and balance sheet by segments for the period 1 Jan 2007–31 Dec 2007

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalization	Export financing	Capital investments	Total
Net interest income	19,088	24,708	8,819	7,263	0	59,878
Net fee and commission income	7,477	12,315	6,058	40,105	0	65,955
Net impairment loss on financial assets, guarantee and security losses	-6,766	-17,316	-9,426	1,604	0	-31,904
Operating expenses *	-14,035	-13,305	-7,601	-8,502	0	-43,443
Depreciation and amortization	-1,413	-1,256	-863	-1,883	0	-5,415
Other income/expenses**	1,274	1,399	453	-743	537	2,920
Operating profit	**5,625**	**6,545**	**-2,560**	**37,844**	**537**	**47,991**
Total assets	**422,483**	**743,565**	**223,966**	**217,844**	**103,102**	**1,710,960**
Receivables from customers	414,848	743,772	227,474	7,580	0	1,393,674
Total liabilities	**323,233**	**570,063**	**175,938**	**70,782**	**49,713**	**1,189,729**

Consolidated income statement and balance sheet by segments for the period 1 Jan 2006–31 Dec 2006

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internationalization	Export financing	Capital investments	Total
Net interest income	20,496	21,333	5,304	4,290	0	51,423
Net fee and commission income	7,685	12,091	4,821	31,961	0	56,558
Net impairment loss on financial assets, guarantee and security losses	-7,782	-9,089	-4,344	-6,830	0	-28,045
Operating expenses *	-13,514	-14,727	-6,326	-9,017	0	-43,584
Depreciation and amortization	-1,729	-1,919	-757	-1,134	0	-5,539
Other income / expenses **	810	8,396	-2,071	2,025	0	9,160
Operating profit	**5,966**	**16,085**	**-3,373**	**21,295**	**0**	**39,973**
Total assets	495,817	726,761	211,529	207,449	78,765	1,720,321
Receivables from customers	505,566	677,866	200,729	8,163	0	1,392,324
Total liabilities	**415,438**	**555,410**	**164,635**	**84,527**	**25,375**	**1,245,385**

*) Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization

**) Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant. Export financing segment includes the associate of the Group, Finnfund Oy, whose profit for the period amounted to EUR 17,432 thousand (5,048) and total assets EUR 174,218 thousand (161,317).

Financial assets and liabilities 31 Dec 2007

(EUR 1,000) Financial assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Cash and cash equivalents	0			0	0
Loans and receivables from credit institutions	15,239			15,239	15,239
Loand and receivables from customers	1,393,674			1,393,674	1,387,912
Debt securities			93,735	93,735	93,735
Derivatives		0		0	0
Investments in Group companies			123,834	123,834	123,834
Investments in associates			18,386	18,386	18,386
Shares and participations			4,886	4,886	4,886
Other financial assets	16,466			16,466	16,466
	1,425,379	**0**	**240,841**	**1,666,220**	**1,660,458**

The Company does not have financial receivables held for trading or held-to-maturity.

(EUR 1,000) Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		532,911	532,911	701,024
Liabilities to other institutions	30,354	0	30,354	59,355
Debt securities in issue	468,988	0	468,988	468,988
Derivatives	14,313		14,313	14,313
Other financial liabilities		77,777	77,777	77,777
Subordinated liabilities		15,963	15,963	15,963
	513,655	**626,651**	**1,140,306**	**1,337,420**

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2006

(EUR 1,000) Financial assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Cash and cash equivalents	0			0	0
Loans and receivables from credit institutions	53,377			53,377	53,377
Loand and receivables from customers	1,392,324			1,392,324	1,386,310
Debt securities			99,687	99,687	99,687
Derivatives		0		0	0
Investments in Group companies			99,016	99,016	99,016
Investments in associates		0	18,373	18,373	55,984
Shares and participations		0	3,832	3,832	3,832
Other financial assets	17,993			17,993	17,993
	1,463,694	**0**	**220,908**	**1,684,602**	**1,716,199**

The Company does not have financial receivables held for trading or held-to-maturity.

(EUR 1,000) Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		701,024	701,024	701,024
Liabilities to other institutions	31,480	0	31,480	31,480
Debt securities in issue	351,572	0	351,572	351,572
Derivatives	21,703		21,703	21,703
Other financial liabilities		89,162	89,162	89,162
Subordinated liabilities		11,500	11,500	11,500
	404,755	**801,686**	**1,206,441**	**1,206,441**

The Company does not have financial liabilities held for trading.

Notes to Finnvera

Notes to the income statement (EUR 1,000)

Note no. 1		2007		2006
Net interest income				
Interest income				
Loans to customers		77,878		58,638
Subsidies passed on to customers				
Regional interest subsidy	1,166		1,427	
Interest subsidy to special loans	8,656		9,617	
Interest subsidy from the ERDF	3,354		3,195	
National interest subsidy (ERDF)	3,878	17,054	3,727	17,966
Interest on export credit guarantee and special guarantee receivables		176		506
Interest on guarantee receivables		2,881		1,856
Other interest income				
On receivables from credit institutions	1,922		1,399	
On debt securities, available-for-sale	4,027		2,612	
On other	280	6,229	183	4,194
Total interest income		**104,218**		**83,160**
Interest expenses				
On liabilities to credit institutions		24,762		20,580
On liabilities to other institutions		1,570		1,219
On debt securities in issue		18,424		10,526
Other interest expenses		300		482
Total interest expenses		**45,056**		**32,807**
Other interest subsidy				
Basic subsidy to loans granted before 1999		716		1,069
Net interest income		**59,878**		**51,422**
Interest income on financial assets which are not carried at fair value totalled		104,934		84,229
Interest expenses on financial liabilities which are not carried at fair value totalled		25,062		21,151
Interest income include interest accrued on impaired loans		2,951		2,943

Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December 2005 and for the loans granted between 1999 - 2005 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

The interest subsidy is divided to subsidy directly passed on to customers and to basic interest subsidy paid to loans granted before 1999. The interest subsidy passed on to customers includes in the interest income and the basic interest subsidy is presented as a separate item before the net interest income.

	2007	2006
Interest-subsidized loans and guarantees in total at 31 December	**872,156**	**784,027**

Note no. 2	**2007**	**2006**
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	43,534	35,002
From other guarantees	16,433	16,163
From credit operations	6,795	6,319
From other	94	129
Total fee and commission income	**66,856**	**57,613**
All fee and commission income is from financial assets which are not carried at fair value totalled		
Fee and commission expenses		
From reinsurance	788	960
From borrowing	67	50
From payment transactions	46	44
From other	0	0
Total fee and commission expenses	**901**	**1,054**
Fee and commission expenses from financial assets which are not carried at fair value totalled	67	50
Net fee and commission income	**65,955**	**56,559**

Note no. 3			**2007**			**2006**
Gains and losses from financial instruments carried at fair value through profit or loss						
	Gains and losses from sale	Changes in fair value	Total	Gains and losses from sale	Changes in fair value	Total
Derivatives			-6,180	-6,180		
Liabilities carried at fair value0		5,936	5,936	0	-8	-8
Translation differences	-1,513	0	-1,513	-1,707	0	-1,707
	-1,513	**-244**	**-1,757**	**-1,707**	**-8**	**-1,715**
Gains/losses by categories of financial instruments (categories in accordance with IAS 39)						
Liabilities carried at fair value	0	-244	-244	0	-8	-8
Loans and other receivables	-1,513	0	-1,513	-1,707	0	-1,707
Available-for-sale financial assets	0	0	0	0	0	0
	-1,513	**-244**	**-1,757**	**-1,707**	**-8**	**-1,715**

Note no. 4		**2007**		**2006**
Net income from investments				
Available-for-sale financial assets				
Debt securities		0		0
Shares and participations				
Gains/losses	261		2,300	
Items transferred from fair value reserve during the period	0		0	
Impairment losses	0	261	-462	1,838
Dividends		149		165
Total available-for-sale financial assets		**410**		**2,003**
Investment property				
Rental income	149		144	
Rental expenses and maintenance charges	-38		-35	
Depreciation	-19		-20	
Gains/losses from sale	-217		34	
Other income and expenses	-38	-163	-337	-214
Total net income from investments		**247**		**1,789**

Note no. 5

Note no. 5	2007	2006

Other operating income

Other operating income comprise mainly of the management of the so-called old portfolio and the fees received from the management of ERDF interest subsidies.

Note no. 6

Note no. 6		2007		2006
Employee benefit expenses				
Wages and salaries		21,004		21,555
Social security costs				
Pension costs				
Defined contribution plans	2,752		4,308	
Defined benefit plans	875		-84	
Other social security costs	1,585	5,212	1,676	5,900
Total		**26,216**		**27,455**
Personnel in average				
Permanent full-time		359		371
Permanent part-time		22		24
Temporary		20		18
Total		**401**		**413**

Note no. 7

Note no. 7	2007	2006
Other operating expenses		
Rental expenses	2,499	2,290
Expenses from property in own use	1,176	1,207
Other expenses	3	7
Total	**3,678**	**3,504**
Depreciation and amortization		
Intangible assets	4,538	4,320
Property, plant and equipment		
Properties	155	161
Machinery and equipment	723	756
Total	**5,416**	**5,237**
Impairment losses		
Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	0	302
Total	**0**	**302**
Total other operating expenses	**9,094**	**9,043**

Note no. 8

Note no. 8	2007	2006
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	19,489	25,523
Guarantee losses	8,759	8,618
Reversal of losses recognized		
Credit losses	-2,895	-3,352
Guarantee losses	-862	-536
Change in impairment of individually assessed loans during the period	17,693	4,871
Change in impairment of collectively assessed loans during the period	3,734	1,076
Total impairment losses on loans and guarantees	**45,918**	**36,200**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-12,497**	**-14,986**
Finnvera plc's share	**33,421**	**21,214**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2007 these loans and guarantees totalled EUR 2,207 (2,162) million. The compensation was 51.0 % (49.5 %) of the credit and guarantee losses recognized during the period.

	2007	2006
Export credit guarantees and special guarantees		
Claims paid	6,991	2,758
Change in the claims provision during the period	-30	3,813
Accumulated recoveries	-8,892	-1,758
Change in recovery receivables	414	2,017
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	**-1,517**	**6,830**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**31,904**	**28,044**

Note no. 9

Note no. 9	2007	2006
Income tax expense		
Current period		10,652
Adjustment for priod periods		0
Deferred taxes	-2,027	-888
Income tax expense in the income statement	**-2,027**	**9,764**

Reconciliation between the income tax expense and income tax calculated using the income tax rate of 26 %	
Profit for the period before income tax expense	39,973
Income tax calculated using the income tax rate of 26 %	10,393
Tax exempt income	-859
Other non-deductible expenses	230
Adjustment for prior periods	0
Income tax expense in the income statement	**9,764**

Finnvera plc was made exempt from the income taxation as from 1 January 2007.

Notes to the balance sheet (EUR 1,000)

Note no. 10	2007	2006
Loans and receivables from credit institutions		
Payable on demand	15,239	53,377
Other	0	0
Total	**15,239**	**53,377**

Note no. 11	2007	2006
Loans and receivables from customers		
Loans		
Subordinated loans	73,862	99,146
Other loans	1,295,032	1,272,370
Total loans	**1,368,894**	**1,371,516**
Guarantee receivables	**17,200**	**12,645**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	90	499
Recovery receivables	7,490	7,664
Total receivables from export credit guarantee and special guarantee operations	**7,580**	**8,163**
Total receivables from customers	**1,393,674**	**1,392,324**
Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	**9,263**	**2,474**
- Credit losses realized during the period on which an impairment loss has been earlier recognized	-840	-1,143
+ Impairment losses recognized during the period	14,144	7,932
- Reversal of impairment losses	-500	0
Effect of discounting	1,395	0
Impairment losses at the end of the period	**23,462**	**9,263**
Impairment losses on collectively assessed loans at the beginning of the period	**23,415**	**23,239**
Impairment losses on collectively assessed loans recognized during the period	-946	176
Impairment losses on collectively assessed loans at the end of the period	**22,469**	**23,415**
Total impairment losses	**45,931**	**32,678**
Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	**2,073**	**4,286**
- Guarantee losses realized during the period on which an impairment loss has been earlier recognized	0	-607
+ Impairment losses recognized during the period	5,464	0
- Reversal of impairment losses	-1,500	-1,606
Effect of discounting	142	
Impairment losses at the end of the period	**6,179**	**2,073**
Impairment losses on collectively assessed guarantees at the beginning of the period	**0**	**0**
Impairment losses on collectively assessed guarantees recognized during the period	6,234	0
Impairment losses on collectively assessed guarantees at the end of the period	**6,234**	**0**
Total impairment losses	**12,413**	**2,073**

An impairment loss on loans and other receivables is recognized when objective evidence of their impairment exists.

The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

Note no. 12

	2007	2006
Investments		
Debt securities	93,735	99,686
Investments in Group companies	123,834	99,016
Associates	18,386	18,373
Other shares and participations	4,886	3,832
Investment property	1,988	2,700
Total	**242,829**	**223,607**

Debt securities		
Available-for-sale		
Certificates of deposits	0	0
Commercial papers	93,735	99,686
Other	0	0
Total	**93,735**	**99,686**

Investments have been made to non-publicly quoted debt securities.

Investments in Group companies		
At the beginning of the period	99,016	75,515
Additions	24,818	23,501
Disposals	0	0
At the end of the period	**123,834**	**99,016**

Associates		
At the beginning of the period	18,373	18,564
Additions	13	0
Disposals	0	-191
At the end of the period	**18,386**	**18,373**

Associates accounted for using the equity method in 2007

Name	Carrying amount	Owner-ship	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23,08 %	332	413	38	1
Teollisen yhteistyön rahasto Oy	13,670	20,00 %	174,218	64,500	33,788	17,432
Kiinteistö Oy Joensuun Torikatu 9	637	27,73 %	5,742	9	137	6
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43 %	1,585	23	95	22
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37,00 %	1,475	757	295	68
Kiinteistö Oy Oulun Asemakatu 37	1,079	41,82 %	1,667	4	100	0
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31,71 %	2,932	14	97	1

Associates accounted for using the equity method in 2006

Name	Carrying amount	Owner-ship	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23,08 %	276	358	81	10
Teollisen yhteistyön rahasto Oy	13,670	20,00 %	161,317	69,031	19,161	5,048
Kiinteistö Oy Joensuun Torikatu 9	637	27,73 %	5,734	8	106	-7
Kiinteistö Oy Kajaanin Kauppakatu	526	36,43 %	1,586	46	85	-46
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37,00 %	1,578	927	329	102
Kiinteistö Oy Oulun Asemakatu 37	1,066	41,68 %	1,676	12	104	0
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31,71 %	2,928	11	91	2

Note no. 12 continued	2007	2006
Other shares and participations		
At fair value through profit or loss	0	0
Available-for-sale	4,886	3,832
	4,886	**3,832**
Other shares that are publicly quoted	2,559	1,595
Investment property		
Acquisition cost		
Acquisition cost at 1 Jan	3,712	2,848
Additions	0	1,586
Disposals	-464	-722
Acquisition cost at 31 Dec	**3,248**	**3,712**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	1,012	691
Depreciation for the period	19	20
Impairment losses	229	301
Accumulated depreciation and impairment losses at 31 Dec	**1,260**	**1,012**
Carrying amount at 1 Jan	2,700	2,157
Carrying amount at 31 Dec	1,988	2,700
Total investments	**242,829**	**223,607**
Fair value of investment property	**1,988**	**2,700**
Investment property companies' shares that are publicly quoted	**703**	**932**

Note no. 13	**2007**	**2006**
Intangible assets		
Acquisition cost		
Acquisition cost at 1 Jan	25,954	22,859
Additions	5,158	3,095
Transfers between items	-749	0
Acquisition cost at 31 Dec	**30,363**	**25,954**
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	15,623	11,158
Amortization for the period	4,223	4,465
Impairment losses	0	0
Accumulated amortization and impairment losses at 31 Dec	**19,846**	**15,623**
Carrying amount at 1 Jan	10,331	11,701
Carrying amount at 31 Dec	10,517	10,331

Amortization is included in the other operating expenses in the income statement.

Note no. 14

Property, plant and equipment

Acquisition cost	2007 Properties	2007 Machinery and equipment	2007 Total	2006 Properties	2006 Machinery and equipment	2006 Total
Acquisition cost at 1 Jan	13,214	8,419	21,633	13,170	7,863	21,033
Additions	29	706	735	264	721	985
Disposals	0	-37	-37	-220	-165	-385
Transfers between items	-493	0	-493	0	0	0
Acquisition cost at 31 Dec	**12,750**	**9,088**	**21,838**	**13,214**	**8,419**	**21,633**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	4,967	5,822	10,789	4,531	5,066	9,597
Depreciation for the period	469	724	1,193	436	756	1,192
Impairment losses	0	0	0		0	0
Acc. depreciation and impairment losses at 31 Dec	**5,436**	**6,546**	**11,982**	**4,967**	**5,822**	**10,789**
Carrying amount at 1 Jan	8,247	2,597	10,844	8,639	2,797	11,436
Carrying amount at 31 Dec	**7,314**	**2,542**	**9,856**	**8,247**	**2,597**	**10,844**

Depreciation is included in the other operating expenses in the income statement.

Note no. 15

Other assets	2007	2006
Credit loss receivables from the state and the ERDF	4,842	6,593
Other	7,443	7,952
	12,285	**14,545**

The state and the European Regional Development Fund (ERDF) has granted Finnvera commitments to partially compensate Finnvera for the credit and guarantee losses. The commitments enable Finnvera to take higher risks in domestic business than financiers operating on commercial grounds.

Note no. 16

Prepayments and accrued income	2007	2006
Interest	9,826	6,303
Fee and commission receivables	1,659	93
Prepayments and other accrued income	3,306	3,446
Total prepayments and accrued income	**14,791**	**9,842**

Note no. 17

Tax assets and liabilities	2007		2006
Tax assets			
Current income tax receivables	11,768		3,424
Deferred tax assets			
On timing differences		20	
On fair value changes		2,007	2,027
	11,768		**5,451**
Deferred tax assets at 1 Jan	2,027		1,158
Increase/decrease to income statement during the period	-2,027		887
Increase/decrease to equity during the period	0		-18
Deferred tax assets at 31 Dec	**0**		**2,027**

Note no. 17 continued	2007	2006
Tax liabilities		
Current income tax liabilities		0
Deferred tax liabilities		
On fair value changes recognized in fair value reserve		97
		97
Deferred tax liabilities at 1 Jan	97	86
Increase/decrease to income statement during the period	0	0
Increase/decrease to equity during the period	-97	11
Deferred tax liabilities at 31 Dec	**0**	**97**

Note no. 18

Liabilities to credit and other institutions	2007 Nominal value	2007 Change in fair value	2007 Carrying amount	2006 Nominal value	2006 Change in fair value	2006 Carrying amount
Credit institutions	532,911	0	532,911	701,024	0	701,024
Other institutions						
At fair value through profit or loss	30,316	38	30,354	31,861	-381	31,480
At amortized cost	0	0	0	0	0	0
	563,227	**38**	**563,265**	**732,885**	**-381**	**732,504**

Note no. 19

Debt securities in issue	2007 Nominal value	2007 Change in fair value	2007 Carrying amount	2006 Nominal value	2006 Change in fair value	2006 Carrying amount
Bonds						
At fair value through profit or loss	477,243	-8,255	468,988	353,472	-1,900	351,572
At amortized cost	0	0	0			
Commercial papers	0	0	0	0	0	0
	477,243	**-8,255**	**468,988**	**353,472**	**-1,900**	**351,572**
Average interest rate, %		4,90			4,00	

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option).

An amount equaling the nominal value of a liability is repaid at the maturity date.

The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 20

Derivatives

Contracts entered in hedging purposes	2007 Fair value Positive	2007 Fair value Negative	2007 Total nominal value	2006 Fair value Positive	2006 Fair value Negative	2006 Total nominal value
Currency derivatives						
Interest rate swaps and foreign exchange derivatives		13,299	463,360		21,339	335,333
Interest rate derivatives						
Interest rate swaps		1,013	50,000		364	50,000
Total derivatives		**14,312**	**513,360**		**21,703**	**385,333**

Derivatives hedge liabilities. The derivative contracts and the liabilities hedged with them have been measured at fair value and the changes in their fair values have been recognized in the income statement (fair value option).

Note no. 21

	2007	2006
Provisions		
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	0	0
Provisions used during the period	0	0
Provisions reversed during the period	0	0
Provision for export credit guarantee losses at 31 Dec	**2,000**	**2,000**

A provision for export credit guarantee losses is recognized when the Group has a constructive and legal obligation to pay a guarantee indemnity, the realization of the obligation is probable and it can be measured reliably.

	2007	2006
Provision for domestic guarantee losses at 1 Jan	2,073	0
Provisions made during the period	12,410	2,073
Provisions reversed during the period	-1,500	0
Effect of discounting	-570	0
Provision for domestic guarantee losses at 31 Dec	**12,413**	**2,073**

A provision for domestic guarantee losses is recognized when objective evidence exists of impairment of guarantees' value.
The objective evidence of a customer's ability to fulfil its obligations is based on the customers' risk classification as well as on the Company's experience and the management's estimate of effect of defaults on the recovery of loan receivables.

	2007	2006
Other provisions at 1 Jan	250	250
Provisions made during the period	0	0
Provisions used during the period	-250	0
Provisions reversed during the period	0	0
Other provisions at 31 Dec	**0**	**250**

Other provisions comprised of the costs arising from the restoration of the ground under the property possessed by the Group.

	2007	2006
Defined benefit pension plans at 1 Jan	1,131	1,131
Change during the period	-336	0
Defined benefit pension plans at 31 Dec	**795**	**1,131**
Total provisions	**15,208**	**5,454**

Employee benefits

Defined benefit pensions plans

The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.

	2007	2006
Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	6,032	4,551
Fair value of plan assets	-4,421	-3,253
	1,611	**1,298**
Unrecognized actuarial gains (+) or losses (-)	-816	-167
Net liability recognized in the balance sheet	**795**	**1,131**

	2007	2006
Expenses recognized in the income statement		
Current service costs	651	633
Interest on obligation	205	175
Expected return on plan assets	-202	-137
Total expenses recognized in the income statement	**654**	**671**
Actual return on plan assets	**179**	**-165**

Note no. 21 continued	2007	2006
Change in the fair value of plan assets		
Fair value at 1 Jan	3,253	2,662
Expected return on plan assets	202	137
Contributions paid into the plan	990	755
Actuarial gains (+) or losses (-)	-24	-301
Fair value of plan assets at 31 Dec	**4,421**	**3,253**
Change in the present value of the obligation		
Present value at 1 Jan	4,551	3,877
Current service costs	652	633
Interest on obligation	205	175
Actuarial gains (-) or losses (+)	625	-134
Present value of the obligation at 31 Dec	**6,033**	**4,551**
Amounts for the current and previous periods		
Defined benefit obligation	6,032	4,551
Plan assets	-4,421	-3,253
Surplus/deficit	**1,611**	**1,298**
Experience adjustments arising on plan assets	824	-134
Experience adjustments arising on plan liabilities	-24	301

The expected return on plan assets has been determined by the insurance company. Information about the distribution of plan assets by asset category is not available.

	2007	2006
Actuarial assumptions		
Discount rate	4,50 %	4,50 %
Expected return on plan assets	6,50 %	5,40 %
Future salary increases	3,00 %	3,60 %
Inflation	2,00 %	2,00 %
Future pension increases	2,10 %	2,10 %
Turnover of personnel	3,20 %	3,20 %
Expected average remaining working life (years)	10	11

Finnvera expects to pay EUR 1,050,000 in contributions to defined benefit plans in 2008.

Note no. 22	**2007**	**2006**
Accruals and deferred income		
Interest	8,898	6,641
Security advances	67,458	81,116
Other accruals and deferred income	6,003	6,242
Total accruals and deferred income	**82,359**	**93,999**

Note no. 23		**2007**		**2006**
Subordinated liabilities				
Finnvera plc				
Subordinated loans to the state 2006 and 2007	Saldo	15,963	Saldo	11,500
	Interest rate, %	0	Interest rate, %	0
	Loan period	20 years	Loan period	20 years

The loans are to be used as investment raising the share capital of Aloitusrahasto Vera Oy. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company’s financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered.

Note no. 24

Equity		2007		2006
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	606	51,642	276	51,312
Unrestricted reserves				
Fund for domestic operations	144,906		129,852	
Fund for export credit guarantee and special guarantee operations	95,379		80,223	
Other unrestricted reserves	0	240,285	0	210,075
Retained earnings				
Profit/loss for previous periods	-13,265		-13,265	
Profit/loss for the period	45,964	32,699	30,210	16,945
Total equity		**521,231**		**474,937**

Share capital	Number of shares	Ownership	Number of shares	Ownership
The state	11,565	100,00 %	11,565	100,00 %

Reserves

Share premium

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

Fund for domestic operations and fund for export credit guarantee and special guarantee operations

In 2006 the laws regulating the operations of Finnvera plc were amended so that separate funds to cover future losses from domestic operations and from export credit guarantee and special guarantee operations were established in equity. Losses from export credit guarantee and special guarantee operations will be covered by resources from the State Guarantee Fund only when the export credit guarantee and special guarantee fund is insufficient. The retained earnings from the domestic operations were transferred to the fund for domestic operations and the retained earnings from the export credit guarantee and special guarantee operations were transferred to the fund for export credit guarantee and special guarantee operations.

Fair value reserve

The reserve includes the fair value change of available-for-sale financial assets. The items recognized in the fair value reserve are taken to the income statement when an available-for-sale financial asset is disposed of or an impairment loss on such an asset is recognized.

Other notes (EUR 1,000)

Note no. 25

Contingencies at 31 Dec	2007	2006
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
Buyer credit guarantees	4,170,807	4,205,658
Credit risk guarantees	140,924	154,724
Letter of credit guarantees	128,100	111,690
Investment guarantees	78,125	84,430
Bond guarantees	119,857	205,136
Finance guarantees	280,134	226,891
	4,917,947	**4,988,529**

Note no. 25 continued	2007	2006
Special guarantees		
Environmental guarantees	64,144	85,352
Ship guarantees	0	0
Raw material guarantees	0	0
Venture capital guarantees	75	412
	64,219	**85,764**
Total export credit guarantees and special guarantees	4,982,166	5,074,293
Provision for export credit guarantees	-2,000	-2,000
Total	**4,980,166**	**5,072,293**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 4.2 (8.1) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

Binding financing offers		**188,104**		**209,281**
	Total	Group and associated companies	Total	Group and associated companies
Domestic guarantees	827,404		804,333	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	3,878,343		3,883,045	
Liability for special guarantees	64,219		85,764	
	4,769,966	**0**	**4,773,142**	**0**

When calculating the carrying amount of the liability according to the Act on the State's Export Credit Guarantees, the commitments arisen from current export credit guarantees are taken into account in their entirety insofar as the guaranteed capital is concerned, without any other items that might be indemnified in addition to the capital. Moreover, half of the liability arisen from binding guarantee offers is taken into account insofar as the guaranteed capital is concerned.

Note no. 26	**2007**	**2006**
Operating leases		
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	24	33
Between one and five years	7,673	1,739
Later than five years	1,689	9,534
Total	**9,386**	**11,306**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	507	334
Between one and five years	192	472
Later than five years	0	0
Total	**699**	**806**

Group companies (EUR 1,000)

Note no. 27

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

Company	Sector	Holding of all shares	Share of votes
Aloitusrahasto Vera Oy, Kuopio	Development and investment company	93,07 %	93,07 %
Kera Oy, Kuopio	No operations	100,00 %	100,00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69,74 %	69,74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63,52 %	63,52 %
Spikera Oy, Kuopio	Development and investment company	100,00 %	100,00 %
Suomen Vientiluotto Oy, Helsinki	Export financing and interest equalization	100,00 %	100,00 %
Tietolaki Oy, Kuopio	No operations	100,00 %	100,00 %
Tietoraha Oy, Kuopio	No operations	100,00 %	100,00 %
Veraventure Oy, Kuopio	Development and investment company	100,00 %	100,00 %

Shares and holdings in associates

Company	Sector	Holding of all shares	Share of votes
Iin Micropolis Oy, Ii	Development company	23,08 %	23,08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27,73 %	27,73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36,43 %	36,43 %
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37,00 %	37,00 %
Kiinteistö Oy Oulun Asemakatu 37	Real estate company	41,82 %	41,82 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31,71 %	31,71 %
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20,00 %	20,00 %

Finnvera plc's shares and holdings in 2006

Shares and holdings in Group companies

Company	Sector	Holding of all shares	Share of votes
Aloitusrahasto Vera Oy, Kuopio	Development and investment company	88,49 %	88,49 %
Kera Oy, Kuopio	No operations	100,00 %	100,00 %
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69,74 %	69,74 %
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63,52 %	63,52 %
Spikera Oy, Kuopio	Development and investment company	100,00 %	100,00 %
Suomen Vientiluotto Oy, Helsinki	Export financing and interest equalization	100,00 %	100,00 %
Tietolaki Oy, Kuopio	No operations	100,00 %	100,00 %
Tietoraha Oy, Kuopio	No operations	100,00 %	100,00 %
Veraventure Oy, Kuopio	Development and investment company	100,00 %	100,00 %

Shares and holdings in associates

Company	Sector	Holding of all shares	Share of votes
Iin Micropolis Oy, Ii	Development company	23,08 %	23,08 %
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20,00 %	20,00 %

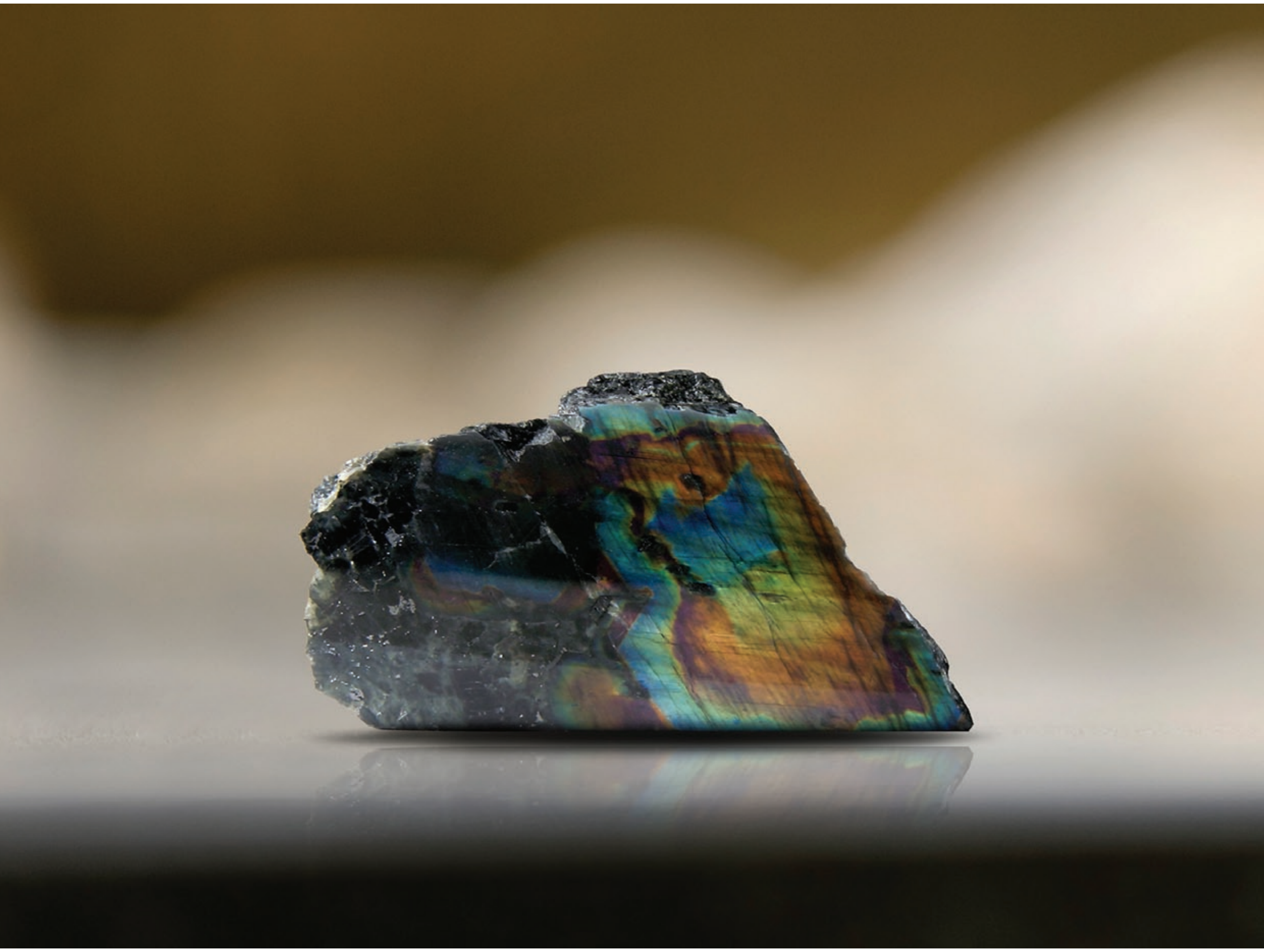
Note no. 28	2007	2006
Related parties		
The relationships within the Group are presented in note no. 27.		
The related party transactions		
Operations with the state-owned companies, in which the state has a minimum ownership of 20 %.		
Finance income	187	131
Services purchased	250	896
Loans	3,010	3,983
Guarantees	797	999
Management employee benefit expenses		
Salaries and other short-term employee benefits	604	576
Termination benefits	A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company	
Post-employment benefits	0	0
Other long-term benefits	0	0
The total salary, remuneration and social security costs of the Managing Director and his deputy		
Managing Director	331	309
Deputy Managing Director	273	267
Total	**604**	**576**
The total salaries, remuneration and social security costs of the members and deputy members of the Board of Directors	**177**	**189**
The remuneration paid to the Board of Directors		
Monthly remuneration: chairman of the Board EUR 1,200, deputy chairman EUR 700, member EUR 600 and deputy member EUR 300		
Attendance allowance for all members EUR 500 / meeting		
The total salaries, remuneration and social security costs of the members of the Supervisory Board	**132**	**142**
The remuneration paid to the Supervisory Board		
Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600, member EUR 500		
Attendance allowance for all members EUR 200 / meeting		
Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy		
Loans at 1 January	9	14
Decreases during the financial period	-6	-5
Loans at 31 December	**3**	**9**

Note no. 29

Separate result of activities* referred to in the Act on the State Guarantee Fund §4, and its share of the total result of Finnvera plc (1,000 MEUR)

Income statement	Share of activities defined in the act 1 Jan–31 Dec 2007			Share of other activities 1 Jan–31 Dec 2007			Finnvera total 1 Jan–31 Dec 2007		
Interest income									
Interest from the public and public corporations	0			77,878			77,878		
Subsidies passed on to customers	0			17,054			17,054		
Interest from guarantee receivables	176			2,881			3,057		
Other interest income	6,973	+	7,149	-744	+	97,069	6,229	+	104,218
Interest expenses		-	0		-	45,056		-	45,056
Other interest subsidies		+	0		+	716		+	716
Net interest income		**+**	**7,149**		**+**	**52,729**		**+**	**59,878**
Net fee and commission income		+	42,749		+	23,206		+	65,955
Gains and losses from financial instruments carried at fair value through profit or loss		-	1,513		-	244		-	1,757
Net income from investments		+	0		+	247		+	247
Other operating income		+	846		+	3,584		+	4,430
Administrative expenses									
Wages and salaries	5,597			15,407			21,004		
Social security costs	1,363			3,849			5,212		
Other administrative expenses	3,794	-	10,754	9,755	-	29,011	13,549	-	39,765
Other operating expenses		-	3,212		-	5,882		-	9,094
Net impairment loss on financial assets									
Loans and guarantees	0			45,918			45,918		
Credit loss compensation from the state	0			-12,497			-12,497		
Export credit guarantees and special guarantees	-1,517	+	1,517	0	-	33,421	-1,517	-	31,904
Operating profit		**+**	**36,782**		**+**	**11,208**		**+**	**47,990**
Income tax expense		-	1,553		-	473		-	2,026
Profit for the period		**+**	**35,229**		**+**	**10,735**		**+**	**45,964**

*) The separate result of export credit guarantee and special guarantee activities refers to the activities for which the state is responsible and which have been defined in §4 of the Act on the State Guarantee Fund (44/1998).



Finnvera plc's Transition to International Financial Reporting Standards (IFRS)

In accordance with a regulation laid down in 2001 by the EU Commission European companies listed in an EU securities market must prepare their consolidated financial statements in compliance with IFRS not later than for the financial year beginning on 1 January 2005 or thereafter. The European Parliament and the Council adopted the regulation in June 2002.

The Finnish Accounting Act was amended on 31 December 2004. The amendment was due to the implementation of the transitional provision included in the EU regulation, according to which application of IFRS is obligatory for those companies which have only publicly traded debt securities, for the financial periods beginning on or after 1 January 2007.

As an issuer of debt instruments Finnvera's date of transition to IFRS was 1 January 2007 and the financial statements are prepared in compliance with the IFRSs as adopted by the EU. The comparative figures for the year 2006 have been adjusted to comply with the IFRSs. The effects of the adjustments have been presented below.

Most significant effects of transition to IFRS

Finnvera finances business of small and medium-sized enterprises (SMEs), exportation and internationalization activities and operates in its role as a realizer of the government's regional policy objectives. Loans, guarantees, venture capital investments and export credits are used as financing forms.

Finnvera prepared its FAS financial statements (FAS = Finnish Accounting Standards) in compliance with the 4th chapter of the Credit Institutions Act (1607/1993), with the Ordinance issued by the Ministry of Finance regarding financial statements and consolidated financial statements of credit institutions and investment companies (1259/2000) and the standard 3.1 Financial Statements and Annual Report issued by the Finnish Financial Supervision, even though Finnvera does not operate under the Credit Institutions Act.

The most significant changes in the transition to IFRS relate to the implementation of IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 32 *Financial Instruments: Disclosure and Presentation*.

The most significant change in accounting principles is the designation of all the derivatives held for hedging purposes as well as of the underlying hedged borrowings as at fair value through profit or loss (the fair value option). However, the change has no material effect on the consolidated equity. The change increased the borrowings by EUR 4,764 thousand and decreased the carrying amount of derivative liabilities by EUR 4,729 thousand in the opening balance sheet. The balance sheet comparatives at 31 December 2006 amounted to EUR -6,268 thousand and EUR 6,313 thousand.

The determination of impairment losses on receivables, on an individual or collective basis, using the discounted estimated future cash flows is a major change. The effect of discounting on the value of receivables amounted to EUR -1,671 thousand in the opening balance sheet and EUR -4,884 thousand at 31 December 2006.

Subsidies and grants received from the Finnish state are accounted for as other financial liabilities to the extent that there is a repayment obligation. The effect of the restatement on consolidated equity in the opening balance sheet amounted to EUR 11,861 thousand.

Other aspects relating to application of IFRS

Finnvera does not apply IFRS 3 *Business Combinations* retrospectively to those acquisitions occurred prior to 1 January 2004.

Investments in associates under Finnvera's venture capital investment strategy are accounted for as investments at fair value through profit or loss in accordance with the recognition principle applicable to venture capital investments stated in IAS 28 *Investments in Associates*.

Investment property is accounted for using the cost model as defined under IAS 40 *Investment Property*.

In the transition to IFRS the pension plans are classified either as defined contribution plans or defined benefit plans. For the defined benefit plans the difference of the present value of the pension obligations and the fair value of any plan assets is recognized in the opening balance sheet. Finnvera applied the exemption granted under IFRS 1 and recognized the cumulative actuarial gains and losses in retained earnings in the opening balance sheet.

Reconciliations of equity

Consolidated balance sheet		1 Jan 2006			31 Dec 2006		
Assets (EUR 1,000)	Ref.	FAS	IFRS adjustments	IFRS	FAS	IFRS adjustments	IFRS
Cash and cash equivalents		0		0	0		0
Loans and receivables from credit institutions		30,829		30,829	55,196		55,196
Loans and receivables from customers	1)	1,425,723	-1,671	1,424,052	1,417,744	-4,884	1,412,860
Loans		1,396,689	-1,671	1,395,018	1,394,919	-2,867	1,392,052
Guarantee receivables		12,636		12,636	12,645		12,645
Receivables from export credit and special guarantee operations		16,398		16,398	10,180	-2,017	8,163
Investments	2)	214,479	4,627	219,106	239,897	7,367	247,264
Debt securities		98,228		98,228	106,227		106,227
Associates		51,019	4,627	55,646	51,356	7,367	58,723
Other shares and participations		62,161		62,161	77,969		77,969
Investment property		3,070		3,070	4,345		4,345
Intangible assets	3)	11,791	1,027	12,818	9,619	749	10,368
Property and equipment	2)	12,465	-4,627	7,838	15,922	-4,627	11,295
Properties		9,519	-4,627	4,892	13,213	-4,627	8,586
Equipment		2,946		2,946	2,709		2,709
Other assets		18,631		18,631	14,441		14,441
Credit loss receivables from the state		11,380		11,380	6,593		6,593
Other		7,251		7,251	7,849		7,849
Prepayments and accrued income		13,355		13,355	11,834		11,834
Tax assets	4)	664	494	1,158	4,069	1,382	5,451
Total assets		**1,727,937**	**-150**	**1,727,787**	**1,768,724**	**-13**	**1,768,711**
Liabilities							
Liabilities to credit institutions		693,858		693,858	701,024		701,024
Liabilities to other institutions	5)	75,510	-6,014	69,496	63,723	-4,368	59,355
Debt securities in issue	5)	375,611	10,778	386,389	353,472	-1,900	351,572
Derivatives	5)	13,143	-4,729	8,414	19,390	6,313	25,703
Provisions	6)	2,250	1,215	3,465	4,323	1,131	5,454
Other liabilities	7)	16,106	11,861	27,967	15,741	12,698	28,439
Accruals and deferred income		72,258		72,258	94,682		94,682
Capital loans		11,500	0	11,500	11,500	0	11,500
Tax liability		232	2	234	402	714	1,116
Total liabilities		**1,260,468**	**13,113**	**1,273,582**	**1,264,257**	**14,588**	**1,278,846**
Equity							
Equity attributable to the parent company's shareholders		460,789		447,526	495,892		481,290
Share capital		196,605		196,605	196,605		196,605
Share premium		51,036		51,036	51,036		51,036
Legal reserve		177,334		177,334	0		0
Fair value reserve		500		500	1,052		1,052
Unrestricted funds		35,314	-13,263	22,051	247,199	-14,602	232,597
Fund for domestic operations		0		0	129,852		129,852
Fund for export credit guarantees and special guarantee operations		0		0	80,223		80,223
Other		59		59	59		59
Retained earnings		35,255	-13,263	21,992	37,065	-14,602	22,463
Minority interest		6,679		6,679	8,574		8,574
Total equity		**467,468**	**-13,263**	**454,205**	**504,466**	**-14,602**	**489,864**
Total liabilities and equity		**1,727,937**	**-150**	**1,727,787**	**1,768,724**	**-13**	**1,768,711**

Reconciliations of profit

Consolidated income statement		1 Jan–31 Dec 2006		
(EUR 1,000)	Ref.	FAS	IFRS-adjustments	IFRS
Interest income		84,594		84,594
Loans		59,824		59,824
Subsidies passed on to customers		17,966		17,966
Export credit and special guarantees receivables		506		506
Guarantee receivables		1,856		1,856
Other		4,441		4,441
Interest expenses	1)	-34,527	-30	-34,557
Other interest subsidies		1,069		1,069
Net interest income		**51,136**	**-30**	**51,106**
Net fee and commission income		58,570		58,570
Gains and losses from financial instruments carried value at fair	5)	-1,659	2730	1,071
Net income from investments		5,387		5,387
Shares and participations		2,951		2,951
Investment property		-189		-189
Associates		2,625		2,625
Other operating income		8,254		8,254
Administrative expenses		-42,252	108	-42,144
Employee benefit expenses		-28,701	108	-28,593
Wages and salaries	3)	-22,464	19	-22,445
Social security costs	3) and 6)	-6,237	89	-6,148
Other administrative expenses		-13,551		-13,551
Other operating expenses	3)	-8,968	-303	-9,270
Net impairment loss on financial assets	1)	-25,017	-3,183	-28,199
Loans and guarantees		-35,159	-1,196	-36,355
Credit loss compensation from state		14,986		14,986
Export credit and special guarantee		-4,843	-1,987	-6,830
Profit before income tax		**45,450**	**-677**	**44,773**
Income tax expense		-10,976	176	-10,800
Current tax expense		-10,976		-10,976
Deferred tax expense	4)		176	176
Profit for the period		**34,475**	**-501**	**33,973**
Attributable to				
Equity holders of the parent company		34,551	-501	34,050
Minority interest		-77		-77

Retained earnings

(EUR 1,000)	1 Jan 2006	31 Dec 2006
Retained earnings under FAS	35,255	37,065
IAS 12 Income Taxes	493	1,383
IAS 19 Employee Benefits	-1,215	-1,131
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	-11,861	-12,698
IAS 38 Intangible Assets	1,027	749
IAS 39 Financial Instruments: Recognition and Measurement	-1,707	-2,905
Retained earnings under IFRS	**21,992**	**22,463**

Notes to the reconciliations of equity at 1 January 2006 and 31 December 2006 and profit for the period of 1 January–31 December 2006

1) Loans and receivables

Under IFRS an impairment loss on loans and loan portfolios measured at amortized cost is determined as a difference between the asset's carrying amount and the estimated future cash flows discounted at the original effective interest rate.

If a financial asset has been written down as a result of an impairment loss, interest income is thereafter accrued on the impaired balance amount using the original effective interest rate of that asset.

Under FAS impairment losses were determined individually and collectively without discounting.

In the transition to IFRS the effect of the implementation of discounting method on recognition of impairment losses in the balance sheets amounted to EUR -1,671 thousand at 1 January 2006 and EUR -4,884 thousand at 31 December 2006. The impact on profit for the period of 1 January–31 December 2006 totaled EUR -3,213 thousand, of which loans accounted for EUR -1,196 thousand and recovery receivables related to export guarantees as a whole EUR -2,017 thousand.

2) Investments / Property, plant and equipment

Investment property is reclassified from Property, plant and equipment into Investments if the Group ownership is or exceeds 20 %.

3) Intangible assets

Costs relating to development of computer software that were expensed in accordance with the previous GAAP are capitalized as certain capitalization criteria set under IAS 38 *Intangible Assets* are met. Capitalization increased the opening balance sheet total by EUR 1,027 thousand and the closing balance sheet total at 31 December 2006 by EUR 749 thousand. The amortization for the period amounted EUR 303 thousand.

4) Tax assets

As a result from the transition, the effect of deferred tax assets on the opening balance sheet amounted to EUR 494 thousand and on the balance sheet at 31 December 2006 EUR 1,382 thousand. Increase in deferred tax assets is due to the implementation of the discounting method in recognition of impairment losses and in fair value measurement of borrowings and related derivatives held for hedging purposes. The impact on profit for the period of 1 January–31 December 2006 amounted to EUR 176 thousand.

5) Liabilities to other institutions, debt securities in issue and derivatives

Borrowings are mainly hedged against interest rate risk and currency risk. Interest rate swaps as well as interest and currency swaps are used as hedging instruments.

Under FAS derivatives were measured at cost as permitted in the Credit Institutions Act since the liabilities to be hedged were also measured at cost except for exchange rate differences caused by changes in exchange rates.

In the transition these liabilities and related hedging derivatives are designated as "financial instruments at fair value through profit or loss" and the fair value option is applied to liabilities. These items are measured to fair value and the resulting fair value change is recognized in the income statement.

Effect of the change in classification was:

(EUR 1,000)	1 Jan 2006	31 Dec 2006
Liabilities to other institutions	- 6,014	- 4,368
Debt securities in issue	10,778	- 1,900
Derivatives	- 4,729	6,313
Total	**- 35**	**- 45**

6) Provisions

A provision of EUR 1,215 thousand for the defined benefit pension plans was recognized in the opening balance sheet and at 31 December 2006 this provision amounted to EUR 1,131 thousand. The effect on the income statement, EUR 84 thousand, decreased the employee benefit expense of the period of 1 January–31 December 2006.

7) Other liabilities

The subsidies and grants received from the Finnish state, amounting to EUR 11,861 thousand, are reclassified to be presented as other liabilities in the opening balance sheet. As these grants received for the purpose of establishing a subsidiary in certain situations involve a repayment obligation they are considered a liability in nature in accordance with IAS 32 *Financial Instruments: Disclosure and Presentation*. The consolidated retained earnings are restated respectively.

Events After the Balance Sheet Date

In the beginning of February 2008 Veraventure Oy started an internet service named SijoittajaExtra. The service presents potential investment targets to registered private investors. The service presents those companies of Aloitusrahasto Vera Oy managed by Veraventure Oy that are interested in private equity and a possibility to obtain, in addition to the investment, e.g. private investors' knowhow to Board of Directors.

Signatures of the Board of Directors on the Report of the Board of Directors and the Financial Statements

In Helsinki, on 13 March 2008

Kalle J. Korhonen	Pekka Huhtaniemi
Päivi Kerminen	Jyrki Kiviharju
Pekka Laajanen	Martti Mäenpää
Risto Suominen	Matti Viialainen

Pauli Heikkilä
Managing Director

Auditors' Report

To the Annual General Meeting of Finnvera plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Finnvera plc for the period January 1 – December 31, 2007. The Board of Directors and the President have prepared the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated and parent company's balance sheets, income statements, cash flow statements, statements on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors prepared in accordance with prevailing regulations in Finland. Based on our audit, we express an opinion on the consolidated and parent company's financial statements, as well as the report of the Board of Directors and the administration of the parent company.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Supervisory Board and the Board of Directors as well as the President of the parent company have complied with the rules of the Limited Liability Companies Act.

In our opinion the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated and parent company results of operations as well as of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the consolidated and parent company results of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Supervisory Board and the Board of Directors as well as the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, 25 March 2008

KPMG OY AB

Raija-Leena Hankonen
Authorised Public Accountant

Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including the consolidated financial statements, for the period 1 January–31 December 2007, as well as the auditors' report issued 25 March 2008.

We propose to the Annual General Meeting that the financial statements, in which the consolidated profit and loss account shows a profit of EUR 53,091,658.28 and the parent company's profit and loss account shows a profit of EUR 45,963,923.76, be adopted and that the parent company's profits be used in accordance with the proposal made by the Board of Directors.

Helsinki, 26 March 2008

Johannes Koskinen	Erkki K. Mäkinen
Peter Boström	Reijo Paajanen
Kaija Erjanti	Iivo Polvi
Susanna Haapoja	Eero Reijonen
Sinikka Hurskainen	Heikki Ropponen
Kyösti Karjula	Osmo Soininvaara
Timo Kekkonen	Veli-Matti Töyrylä
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Finnvera's Annual Review and Financial Review for 2007 are published in Finnish, Swedish and English. The Interim Report covering the period from 1 January 2008 to 30 June 2008 will be published on 28 August 2008, also in three languages. The Financial Review 2007 is available in Finnish, Swedish and English on Finnvera's website at www.finnvera.fi. The Finnish and English versions of the Annual Review can also be ordered from Finnvera's Corporate Communications, tel. +358 20 460 7402, e-mail kaisa.sailas@finnvera.fi.

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