

2008

ANNUAL REPORT

NORVESTIA
NORVESTIA PLC



CONTENTS

| | |
|---|----|
| Norvestia in brief | 2 |
| Managing Director's review | 4 |
| Share capital and ownership structure | 6 |
| Net asset value, Norvestia Group | 7 |
| Review of industrial investments | 8 |
| Investments December 31, 2008 | 10 |
| Report by the Board of Directors | 14 |
| Financial Statements 2008 | |
| IFRS Income statement, Norvestia Group | 18 |
| IFRS Balance sheet, Norvestia Group | 19 |
| IFRS Cash flow statement, Norvestia Group | 20 |
| IFRS Changes in shareholders' equity, Norvestia Group | 21 |
| IFRS Notes to the Financial Statements, Norvestia Group | 22 |
| Key figures | 30 |
| Basis of calculation of key figures | 31 |
| FAS Income statement, Norvestia plc | 32 |
| FAS Balance sheet, Norvestia plc | 33 |
| FAS Cash flow statement, Norvestia plc | 34 |
| FAS Notes to the Financial Statements, Norvestia plc | 35 |
| Proposal for distribution of profit | 38 |
| Auditor's report | 39 |
| Board of Directors and management | 40 |
| Corporate governance | 42 |
| Structure of the Group | 44 |
| Personnel | 45 |
| Summary of stock exchange releases | 46 |
| Key terms | 47 |

NORVESTIA IN BRIEF

- **Norvestia plc is a publicly listed investment company. The Norvestia Group mainly invests in Nordic shares, equity funds, hedge funds, in the money market and in other securities.**
- **The aim of Norvestia's investment activities is to achieve a good risk-adjusted return.**
- **Norvestia plc is a part of the Kaupthing Bank Group and parent company to Norvestia Industries Ltd and Norventures Ltd.**

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday March 10, 2009 at 11 a.m. at the Diana auditorium, Erottajankatu 5, Helsinki. Shareholders who wish to attend the Annual General Meeting are kindly requested to register no later than Friday March 6, 2009 before 4 p.m. either by e-mail info@norvestia.fi, by phone (09) 6226 380, by fax (09) 6222 080 or by mail to the address Norvestia plc, Pohjoisesplanadi 35 E, 00100 Helsinki. Authorizations that allow an authorized representative to exercise the voting right of a shareholder at the Annual General Meeting are asked to be submitted to the company office before the deadline for registering to attend the meeting.

DIVIDEND

The dividend for 2008 will be paid out on March 20, 2009 for shares that are registered in the company's register of shareholders maintained by the Finnish Central Securities Depository Ltd on March 13, 2009.

INTERIM REPORTS ARE PUBLISHED:

April 23, 2009

July 22, 2009

October 20, 2009

Net asset value reports are published monthly.

PRINTED ANNUAL REPORT

We kindly ask those Norvestia's shareholders, who do not wish to receive a printed copy of the annual report in the future to inform us by e-mail to the address: info@norvestia.fi.

WWW.NORVESTIA.FI

The annual report and the interim reports are available in electronic form in Finnish, Swedish and English on the company home page www.norvestia.fi. All press releases from the past year in Finnish and Swedish, as well as earlier releases, can also be found on the company home page.

KEY FIGURES FOR THE GROUP 2008

| | |
|-----------------------------------|------------|
| Change in NAV, dividend-adjusted: | MEUR -22.5 |
| Net earnings: | MEUR -22.4 |
| Shareholders' equity: | MEUR 134.3 |
| Equity ratio: | 97.7% |

KEY FIGURES PER SHARE 2008

| | |
|-----------------------------------|-----------|
| Change in NAV, dividend-adjusted: | EUR -1.47 |
| Net earnings: | EUR -1.46 |
| Net asset value: | EUR 8.77 |
| Shareholders' equity: | EUR 8.77 |

YEAR 2008

- **The net asset value per share was EUR 8.77 at year-end (EUR 10.74 in 2007).**
- **The result amounted to MEUR -22.4 (MEUR +9.5).**
- **The dividend-adjusted net asset value per share fell -14.3% during the period under review (+6.0%).**
- **The Board of Directors proposes that EUR 0.25 per share be distributed as dividend (EUR 0.50).**





MANAGING DIRECTOR'S REVIEW

2008

2008 was one of the worst years ever for stock exchanges and the fall in share prices was at times characterized by panic. Several stock exchanges lost more than two thirds of their market value and the median return on the world's stock exchanges was about -40%. Not one of world's important stock markets recorded a positive return during 2008.

Development was also unusually poor on the Helsinki stock exchange. The OMX Helsinki CAP yield index, including dividend returns, fell by 47.4% during the year. This is the weakest year in the history of the index. Apart from a couple of small company shares, not a single share listed on the Helsinki stock exchange rose in value during 2008, and the share value of many large companies fell by almost 60%.

This kind of development on the stock exchanges is extremely unusual. Widespread crashes across all stock exchanges should, according to statistics, not occur even once in a hundred years. It could be said that almost all models of financial theory based on mathematical probabilities, historical correlations and the rational behavior of investors, failed when panicking investors sold their shares. Not even one of the foundation stones of portfolio theory - international diversification of shareholding - functioned. Scholars of financial theory have much to consider concerning 2008. There is sure to be increased interest in research papers studying the psychology of stock markets in the future.

NORVESTIA IN 2008

2008 was also a very difficult year for Norvestia's investment activities. Thanks to our careful investment policy we did relatively well until September, but the complete crash in share prices during the last quarter of the year came as a surprise even to us. Although we were prepared for poor stock market development, we could not foresee the depth of the fall.

Norvestia's investment activity result for 2008 can be viewed from two different perspectives; in absolute terms and in relative terms. In absolute terms, Norvestia's investment activity result was weak. The return on net asset value was -14.3%, which is the worst yearly return for the company in almost 20 years. In relative terms Norvestia did better. Most stock indexes, mutual funds, hedge funds, pension funds and other asset manag-

ers fared notably worse than Norvestia. Even with the benefit of hindsight, a liquid portfolio, diversified into ten companies and with positive returns, would not have been possible on the Helsinki stock exchange in 2008. Even the best portfolio would have had a return of under -30%.

The only types of assets with a positive return during 2008 were certain interest rate investments. Special attention should however be paid to the solvency of issuers of these assets. Nearly half of Finnish money market funds had a negative return in 2008 and the least successful money market funds made a loss of almost 70%. This reflects the very unusual investment environment of 2008.

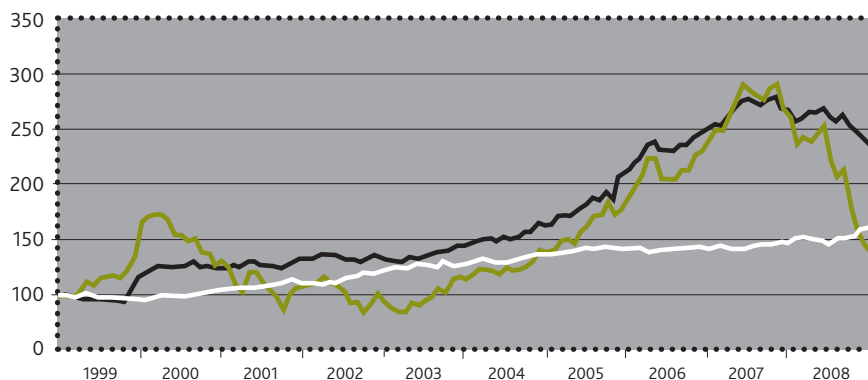
LONG-TERM RETURN AND DIVIDEND

The aim of Norvestia's investment strategy is to achieve a good long-term risk-adjusted return. One poor year does not have an particular effect on this. Avoiding larger price falls is however central to achieving a good long-term return, which Norvestia has managed to achieve over the years.

The Helsinki stock exchange has fallen for four of the last ten years: 2000-2002 and 2008. The return on the OMX Helsinki CAP yield index fell by about -70% during these bearish years, while Norvestia's return on net asset value was -5%. This amounts to a considerable difference in returns over the years.

Although Norvestia's return on net asset value was somewhat lower than that of the OMX Helsinki CAP yield index during the bullish years, Norvestia's long-term return on net asset value is notably higher than the index return. This long-term return is also achieved with significantly less risk than market risk. Norvestia's return has for the last ten years been around 8.8% p.a. The OMX Helsinki CAP yield index, including dividend returns, has in comparison returned 3.4% p.a. These results show the effectiveness of Norvestia's investment strategy.

Norvestia has, over the years, become known as a good dividend payer, and continues to be so. The Board proposes that EUR 0.25 per share in dividends be distributed to shareholders in spring 2009. The company's dividend policy has been to distribute approximately half of the yearly result to shareholders in dividends,



PERFORMANCE OF NET ASSET VALUE AND INDICES

- Norvestia's NAV, dividend-adjusted
- OMX Helsinki Cap yield Index
- Bloomberg/EFFAS bond index, Finland

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 1999-2008

Norvestia's NAV, dividend-adjusted

| | | | | | | | | | | | |
|--------------|-------|------|------|------|------|-------|-------|-------|------|--------|------|
| Return, p.a. | 31.8% | 5.3% | 5.4% | 0.2% | 7.2% | 11.4% | 26.5% | 16.0% | 6.0% | -14.3% | 8.8% |
| Volatility | 12.5% | 5.0% | 5.2% | 4.6% | 3.2% | 4.3% | 10.1% | 6.4% | 6.0% | 7.8% | 7.9% |
| Sharpe ratio | 2.3 | 0.3 | 0.1 | neg | 1.4 | 2.1 | 2.4 | 2.0 | 0.3 | neg | 0.7 |

OMX Helsinki Cap yield Index

| | | | | | | | | | | | |
|--------------|-------|--------|--------|--------|-------|-------|-------|-------|-------|--------|-------|
| Return, p.a. | 69.0% | -21.5% | -18.2% | -13.5% | 22.7% | 21.4% | 34.5% | 29.9% | 8.1% | -47.3% | 3.4% |
| Volatility | 25.0% | 12.5% | 33.0% | 22.1% | 18.9% | 10.2% | 12.7% | 14.2% | 13.7% | 23.4% | 21.7% |
| Sharpe ratio | 2.6 | neg | neg | neg | 1.1 | 1.9 | 2.5 | 1.9 | 0.3 | neg | 0.0 |

which has in fact clearly been exceeded. The company has, since 2000, distributed all of its cumulative result, over EUR 70 million, in dividends to shareholders.

FUTURE PROSPECTS

Although 2008 was a very difficult year for the stock markets, it looks like the worst is yet to come regarding the real economy. It is probable that results for many companies will weaken significantly in 2009. Economic news will also become gloomier as the economy continues towards a deeper recession.

This should however not come as a surprise to any investor. One that still believes in an effectively functioning stock market could claim that bad news should already be discounted into share prices. During the beginning of this result period, it will be particularly interesting to see how much bad news current share prices can take. The first basic condition for a broader increase in prices is that bad news no longer causes a fall in the share prices.

Share prices have already decreased so much that it looks like they include an expectation of the global economy heading into a serious and long-lasting depression. If this does not for some reason occur, it is probable that share prices will recover when panic and pessimism disappear from the markets.

According to key figures shares on the Helsinki stock exchange have not been priced this cheaply in years. This of course assumes that these company key figures are reliable. Company net

asset value has been one of the most trusted and most stable key figures. A large part of shares listed on the Helsinki stock exchange are now in fact traded under their net asset value, which often indicates good investment returns in the coming years. Development on the Helsinki stock exchange is however so strongly connected with international development, that not even strong share-specific key figures are enough to change the direction of share prices. The situation on international capital markets must normalize before a recovery in prices occurs on the Helsinki stock exchange.

It looks as though 2009 will also be a difficult year on the stock markets. Norvestia's shareholders can rest assured that we will continue to do our utmost to achieve good returns on Norvestia's investment activities in the future.

Juha Kasanen
Managing Director

SHARE CAPITAL AND OWNERSHIP STRUCTURE

The share capital of Norvestia plc amounted to EUR 53,607,960 on December 31, 2008. The share capital is divided in to 900,000 A shares with 10 votes, and 14,416,560 B shares with 1 vote, 15,316,560 shares (15,316,560) in total. The shares have no nominal value. The ISIN code for the B shares is FI0009000160 and the A-shares are unlisted.

Market capitalization of the listed shares of Norvestia plc was EUR 81.5 million (124.0) on December 31, 2008. The ten largest shareholders possessed 52.67 % of the shares (49.46 %) and 69.04% of the total number of votes (66.94%). 9,089 shares (9,089) were in the possession of the members of the Board and the Managing Director. The Board and the Management of Norvestia possess 17,242,390 shares in total of the parent company Kaupthing Bank hf. (15,658,390).

The average shareholding in Norvestia plc for private individuals was 1,198 shares (1,153). The corresponding amount for associations was 14,721 shares (12,630). The number of nominee registered shares amounted to 1.41% of the total number of shares (4.94%) and 0.92% of the votes (3.23%). The amount of shareholders amounted to 5,909 (5,961) on December 31, 2008.

TEN PRINCIPAL SHAREHOLDERS ON DECEMBER 31, 2008

| Shareholder | A series amount | % | B series amount | % | Total amount | % of shares | % of votes |
|-------------------------------------|-----------------|--------|-----------------|-------|--------------|-------------|------------|
| Kaupthing Bank hf. | 900,000 | 100.00 | 4,113,976 | 28.86 | 5,013,976 | 32.74 | 56.00 |
| Mandatum Life Insurance Company Ltd | | | 1,789,538 | 11.68 | 1,789,538 | 11.68 | 7.64 |
| Onninen Sijoitus Oy | | | 280,000 | 1.83 | 280,000 | 1.83 | 1.20 |
| Kaleva Mutual Insurance Company | | | 189,700 | 1.24 | 189,700 | 1.24 | 0.81 |
| Laakkonen Mikko | | | 178,406 | 1.16 | 178,406 | 1.16 | 0.76 |
| Immonen Jukka | | | 162,424 | 1.06 | 162,424 | 1.06 | 0.69 |
| Laakkonen Hannu | | | 132,001 | 0.86 | 132,001 | 0.86 | 0.56 |
| Wild Cat Capital Ab | | | 128,378 | 0.84 | 128,378 | 0.84 | 0.55 |
| Pasanen Matti | | | 119,220 | 0.78 | 119,220 | 0.78 | 0.51 |
| Moilanen Antti | | | 74,117 | 0.48 | 74,117 | 0.48 | 0.32 |
| | 900,000 | 100.00 | 7,167,760 | 46.80 | 8,067,760 | 52.67 | 69.04 |
| Nominee registered | | | 216,478 | 1.41 | 216,478 | 1.41 | 0.92 |

SHARES AND VOTING RIGHTS

| Share series | Votes/share | No of shares | No of votes | Share capital EUR |
|--------------|-------------|--------------|-------------|-------------------|
| Series A | 10 | 900,000 | 9,000,000 | 3,150,000 |
| Series B | 1 | 14,416,560 | 14,416,560 | 50,457,960 |
| In total | | 15,316,560 | 23,416,560 | 53,607,960 |

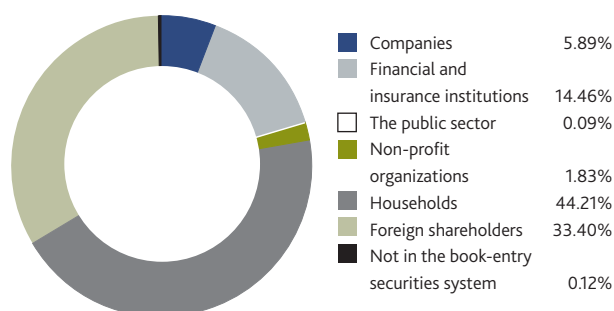
HOLDINGS BY NUMBER OF SHARES AND OWNERS

| Shareholding | % of shares | % of owners |
|------------------------------|-------------|-------------|
| 1 – 100 | 0.38% | 16.32% |
| 101-1 000 | 9.92% | 60.05% |
| 1 001 – 5 000 | 16.19% | 19.25% |
| 5 001 – 10 000 | 6.75% | 2.46% |
| 10 001 - | 66.64% | 1.92% |
| Not in the book-entry system | 0.12% | - |
| In total | 100.00% | 100.00% |

SHAREHOLDERS BY GROUP

| % of share capital | |
|---|---------|
| Companies | 5.89% |
| Financial and insurance institutions | 14.46% |
| The public sector | 0.09% |
| Non-profit organizations | 1.83% |
| Households | 44.21% |
| Foreign shareholders | 33.40% |
| Not in the book-entry securities system | 0.12% |
| | 100.00% |
| of which nominee registered | 1.41% |

BREAKDOWN OF SHARE CAPITAL



NET ASSET VALUE, NORVESTIA GROUP

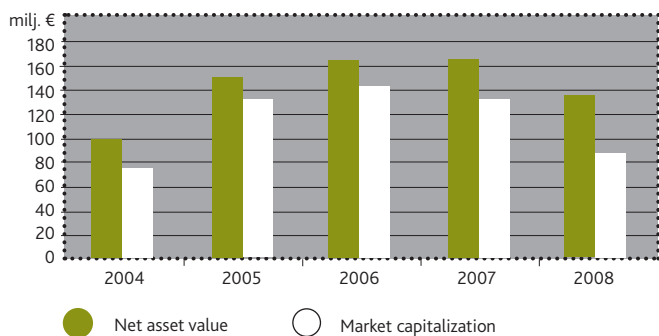
| Net asset value, EUR million | 31/12/2008 | 31/12/2007 | 31/12/2006 | 31/12/2005 | 31/12/2004 |
|---|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Tangible assets | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Deferred tax asset | 9.0 | - | - | - | 0.3 |
| Investments in associated companies | 3.5 | 1.1 | - | - | - |
| Current assets | | | | | |
| Shares held for trading | 48.8 | 71.5 | 71.0 | 71.4 | 59.3 |
| Other financial assets at fair value | 30.9 | 39.8 | 38.0 | 31.8 | 91.8 |
| Other investments | 1.7 | 1.8 | 1.7 | 2.2 | 17.8 |
| Cash and receivables | 43.5 | 591 | 62.7 | 57.3 | 13.5 |
| Total assets | 137.4 | 173.3 | 173.4 | 162.8 | 182.7 |
| Current liabilities | -0.5 | -3.5 | -1.9 | -6.7 | -41.2 |
| Deferred tax liability | -2.6 | -5.3 | -7.4 | -6.3 | -5.3 |
| Net asset value before minority interest | 134.3 | 164.5 | 164.1 | 149.8 | 136.2 |
| Minority interest | - | - | - | - | -38.2 |
| Net asset value | 134.3 | 164.5 | 164.1 | 149.8 | 98.0 |
| Net asset value/share, EUR* | 8.77 | 10.74 | 10.71 | 9.78 | 8.02 |
| Change in NAV, dividend-adjusted | 2008 | 2007 | 2006 | 2005 | 2004 |
| Change, EUR million | -22.5 | 9.6 | 23.5 | 31.4 | 11.6 |
| Change per share, EUR* | -1.47 | 0.63 | 1.53 | 2.05 | 0.77 |

* Issue-adjusted

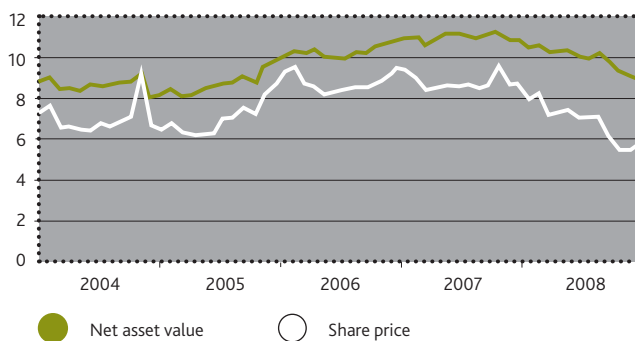
PRINCIPLES OF CALCULATION

Publicly listed shares, investment funds and derivatives have been measured at closing price. In case the closing price has been unavailable, the purchase quotation has been used. Unlisted shares have been measured at fair value using various valuation methods.

GROUP NET ASSET VALUE AND MARKET CAPITALIZATION



SHARE PRICE AND NET ASSET VALUE PER SHARE





2008

REVIEW OF INDUSTRIAL INVESTMENTS

Norvestia has continued its industrial investment activities that first began in 2007. The aim of these is to achieve above average market returns by developing the target companies. Our investment horizon is long-term and there are no strict time limits set for the disposal of these investments. We seek returns through both dividend yields and increases in value. Our aim is to work actively with other main owners to increase the value of the target company. This is mainly achieved through definition of strategy in the initial stage of the investment and through supporting board work.

AREAS OF EMPHASIS

In order to facilitate these industrial investment activities we established a subsidiary, Norvestia Industries Ltd, in September 2007. The emphasis of our investment activities is on companies ready to step up to the next strategic level of international business, which will be achieved by conceptualizing services. Our investment decisions are influenced by long-term macroeconomic trends and by anticipated changes in customer and consumer behaviour. We are particularly keen to invest in companies and industries that have strong competitive opportunities in domestic markets, and the potential to capitalize on their service development innovations internationally. The target companies may also be engaged in tangible goods if they have the potential to develop current earning models into service concepts. Interest-

ing areas for industrial investments are, for example health care, outsourcing of service processes, environmental technology and adult education. All of these areas offer favourable long-term development opportunities, and changes in consumer behaviour.

PORTFOLIO COMPANIES

Coronaria Hoitoketju

In 2008 we invested in Coronaria Hoitoketju Ltd, which is one of the leading providers of health care manpower services in Finland. The turnover of Coronaria Hoitoketju was EUR 11 million in 2008, and the company has a recruitment base of more than 1000 people. Norvestia Industries owns 18.9% of Coronaria Hoitoketju Ltd. Our aim is to incorporate the high level sector knowledge of Coronaria Hoitoketju into Norvestia's experience of continuing development and internationalization of service processes. The health care sector faces comprehensive changes due to both changes in demographics and changes in legislation. Patients' freedom of choice will increase in the future and possibilities for cooperation between primary health care and specialized health care will improve. We believe that by developing operations it will be possible to create new operational models, which will take into consideration the needs of the patients, service purchasers, and health care staff. By improving the coordination of procedures and availability of information, it will be possible to improve the quality and cost effectiveness of health

care functions, which will lead to increased levels of satisfaction among both patients and staff.

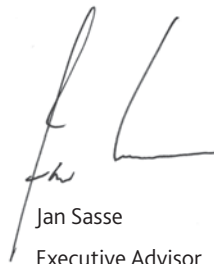
GSP Group

We have earlier invested in GSP Group Oy, which is an expert organization offering planning and construction services. Its business objective is to create exceptionally high levels of service and quality for its customers. Norvestia owns 25% of GSP Group Oy. The strategy of GSP Group was defined in 2008 so that emphasis shifted from construction to construction management. This enables us to be sure that right from the beginning of each project, all the customers' needs and requirements are taken into consideration. Examples of orders that follow the new strategy are the premises project for Trainers' House. The emphasis on selling renovation projects has been put on solutions in energy, where for example Varma is a new customer.

MARKET SITUATION

2008 was a challenging year for company acquisitions. The largest obstacle to acquisitions was the remarkably rapidly changing valuation levels. The target companies' valuations often fell by 20% per month during negotiations, due to decreases in prices on the exchanges. The result expectations of many companies also fell suddenly. These circumstances meant that many nego-

tiated acquisitions could not be completed at the agreed price. Norvestia was therefore unable to complete several acquisitions. We believe that price levels will stabilize during 2009, which will benefit all parties involved in company acquisitions. We evaluate constantly whether to invest our assets in our actively managed portfolio or for the long-term in unlisted companies with strong development potential. This is always decided on a case by case basis.



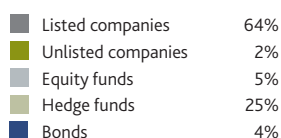
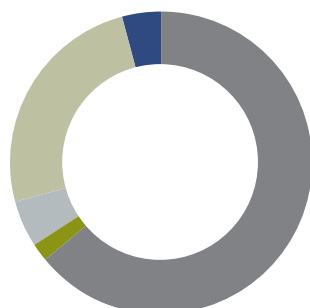
Jan Sasse
Executive Advisor

INVESTMENTS DECEMBER 31, 2008

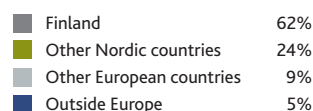
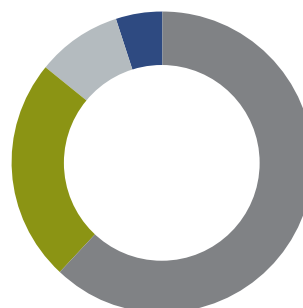
| | Number of shares/units | Purchase price EUR 1,000 | Market value EUR 1,000 | Share of market value |
|---------------------------------|---------------------------|-----------------------------|---------------------------|--------------------------|
| NORVESTIA PLC | | | | |
| LISTED COMPANIES | | | | |
| Ahlstrom Corporation | 58,000 | 1,193 | 386 | 0.5% |
| Amer Sports Corporation | 57,457 | 665 | 308 | 0.4% |
| Atria Group plc | 87,705 | 1,512 | 1,017 | 1.3% |
| Cargotec Corporation | 25,500 | 612 | 206 | 0.3% |
| Comptel Corporation | 133,000 | 221 | 92 | 0.1% |
| Cramo Oyj | 16,500 | 150 | 76 | 0.1% |
| Elisa Corporation | 142,065 | 2,004 | 1,747 | 2.3% |
| Finnair plc | 227,387 | 1,538 | 1,112 | 1.5% |
| Fortum Corporation | 177,417 | 3,829 | 2,702 | 3.6% |
| HKScan Corporation A share | 36,000 | 333 | 159 | 0.2% |
| Huhtamäki Oyj | 371,731 | 3,857 | 1,636 | 2.2% |
| Kemira Group | 319,876 | 2,874 | 1,900 | 2.5% |
| Kesko Corporation B share | 82,412 | 1,871 | 1,467 | 1.9% |
| Kone Corporation b share | 10,000 | 166 | 155 | 0.2% |
| Konecranes plc | 63,683 | 1,051 | 769 | 1.0% |
| Lännen Tehtaat plc | 74,294 | 914 | 1,002 | 1.3% |
| Metso Corporation | 421,227 | 6,124 | 3,589 | 4.7% |
| M-Real Corporation B share | 320,000 | 545 | 221 | 0.3% |
| Neste Oil Corporation | 272,784 | 4,775 | 2,886 | 3.8% |
| Nokia Corporation | 41,745 | 418 | 463 | 0.6% |
| Nokian Tyres plc | 51,000 | 512 | 403 | 0.5% |
| Okmetic Oyj | 38,200 | 89 | 92 | 0.1% |
| Oriola-KD Corporation A share | 18,600 | 22 | 24 | 0.0% |
| Oriola-KD Corporation B share | 91,100 | 157 | 118 | 0.2% |
| Orion Corporation A share | 18,600 | 153 | 223 | 0.3% |
| Orion Corporation B share | 144,445 | 1,928 | 1,743 | 2.3% |
| Outokumpu Oyj | 457,680 | 5,269 | 3,790 | 5.0% |
| Pohjola Bank plc A share | 196,584 | 2,247 | 1,917 | 2.5% |
| Raisio plc V share | 458,400 | 854 | 674 | 0.9% |
| Ramirent plc | 159,531 | 1,381 | 519 | 0.7% |
| Rautaruukki Corporation K share | 183,123 | 2,536 | 2,227 | 2.9% |
| Sampo plc A share | 54,001 | 744 | 715 | 0.9% |
| SanomaWSOY Corporation | 54,730 | 1,146 | 504 | 0.7% |
| Sponda Plc | 30,000 | 187 | 93 | 0.1% |
| Stora Enso Oyj R share | 244,533 | 2,879 | 1,350 | 1.8% |
| UPM-Kymmene Corporation | 373,240 | 4,020 | 3,359 | 4.4% |
| Uponor Corporation | 75,826 | 1,104 | 584 | 0.8% |
| Wärtsilä Corporation | 30,000 | 946 | 630 | 0.8% |
| YIT Corporation | 256,534 | 2,222 | 1,175 | 1.6% |
| 3Com Corp. | 84,000 | 228 | 138 | 0.2% |
| AstraZeneca Plc | 6,600 | 254 | 195 | 0.3% |
| BP Plc | 28,100 | 234 | 155 | 0.2% |
| Deutsche Telekom AG | 19,750 | 227 | 212 | 0.3% |
| France Telekom S.A. | 12,500 | 206 | 250 | 0.3% |
| Nordea Bank AB FDR | 510,000 | 3,389 | 2,586 | 3.4% |
| Powershares QQQ | 29,100 | 1,123 | 622 | 0.8% |
| Rexel S.A. | 2,354 | 39 | 11 | 0.0% |
| S&P Depos Recpts SK | 4,000 | 366 | 259 | 0.4% |
| Sanofi-aventis | 3,800 | 242 | 173 | 0.2% |
| StatoilHydro ASA | 8,000 | 200 | 93 | 0.1% |
| TeliaSonera AB | 560,000 | 2,783 | 1,971 | 2.6% |
| Valeo S.A. | 9,420 | 260 | 100 | 0.1% |
| | | 72,599 | 48,798 | 64.2% |

| | Number of shares/units | Purchase price EUR 1,000 | Market value EUR 1,000 | Share of market value |
|---|------------------------|--------------------------|------------------------|-----------------------|
| FUNDS | | | | |
| Avenir B | 1,570 | 1,541 | 2,463 | 3.3% |
| Arvo Finland Value K | 741,356 | 1,000 | 564 | 0.7% |
| Brummer & Partners Nektar | 21,653 | 3,781 | 3,686 | 4.9% |
| Brummer & Partners Zenit | 934 | 0 | 3,742 | 4.9% |
| Didner & Gerge Aktiefond | 24,382 | 1,686 | 1,331 | 1.8% |
| eQ High yield bond 2 K | 14,126 | 2,102 | 1,480 | 2.0% |
| Futuris | 20,985 | 2,822 | 7,372 | 9.7% |
| OP-Eurooppa Arvo A | 7,584 | 1,733 | 936 | 1.2% |
| OP-Suomi Arvo A | 10,081 | 682 | 940 | 1.2% |
| RAM One | 21,221 | 1,717 | 1,695 | 2.2% |
| | | 17,064 | 24,209 | 31.9% |
| BONDS | | | | |
| | nominal value | | | |
| M-Real Serla, expires 15/12/2010 | 2,000 | 1,673 | 1,278 | 1.7% |
| | | 1,673 | 1,278 | 1.7% |
| NORVESTIA PLC IN TOTAL | | 91,336 | 74,285 | 97.8% |
| NORVENTURES LTD UNLISTED COMPANIES | | | | |
| Polystar Instruments AB | 266,000 | 1,717 | 1,660 | 2.2% |
| NORVENTURES LTD IN TOTAL | | 1,717 | 1,660 | 2.2% |
| NORVESTIA GROUP IN TOTAL | | 93,053 | 75,945 | 100.0% |

NORVESTIA GROUP'S INVESTMENTS 31.12.2008



GEOGRAPHIC BREAKDOWN OF NORVESTIA GROUP'S INVESTMENTS 31.12.2008







STOCK MARKET

2008 was according to many market analysts the worst year in history on the stock market. Several of the world's stock markets sank by more than 50% and some exchanges lost as much as 70% of their value. In practice, not one of the world's stock markets rose in value during 2008. During the depression of the 1930's, stocks actually lost more value than they have recently, but nowhere near as rapidly as in 2008, and the fall in stock values of the 1930s was spread over many years.

The poor stock market year of 2008 should not have come as a surprise to investors. The favorable development on the various stock exchanges that had continued for many years, had in many cases driven stock prices to excessive highs in terms of valuations. Furthermore the low interest rate levels that had prevailed for many years coupled with high levels of liquidity, had attracted wealth towards fairly risky investments, which considerably increased the built-in instability of the capital markets. Despite this, almost no one could have forecasted the market slipping into complete chaos, with the stocks of many solvent and profitable companies declining by more than two thirds.

There are many reasons behind the crisis on the capital markets, but almost all of these are in one way or another associated with the indebtedness and in particular the imprudent credit lending that has continued for years. It can also be said that supervision, regulation, judgement and ethics had in many ways collapsed. The crisis started on the US housing market but other countries' financial institutions also contributed to creating large amounts of credit. Lending institutions also converted mortgage loans into securities and sold vast amounts of these, as well as derivatives based on them, to other investors all over the world. As prices of US real estate declined, these activities ultimately threw the entire international financial system into complete disarray. The functioning of the financial system would have been in jeopardy, where it not for the intervention of various authorities and a number of aid packages.

The crisis that began in the interest rate market spread rapidly to all stock markets in the world, where trading was often carried out in a mood of panic. For example the Moscow stock exchange had to be shut down for several trading days due to drastic market reactions.

Some economists initially believed that the capital market crisis would not spread to the real economy. This belief quickly proved over-optimistic. The crisis is now spreading with full force to the real economy and various forecasting institutions have, on an almost weekly basis, had to lower their forecasts for global economic growth in the coming years.

The world is nowadays so strongly integrated that there is in practice not a single country or economic area which remains untouched by this crisis. This certainly gives cause for concern. If global economic growth slows down everywhere simultaneously and consumers reduce their consumption, then the consequences for the global economy will be unpredictable. It might be said that the first genuinely worldwide economic crisis in history is now in head of us.

Index returns on various exchanges in 2008:

| | |
|---|--------|
| Finland/OMX Helsinki index | -53.4% |
| Finland/OMX Helsinki CAP yield index | -47.3% |
| Sweden/OMX Stockholm index | -42.0% |
| Norway/OBX index | -52.8% |
| Denmark/OMX Copenhagen index | -49.0% |
| USA/Nasdaq Composite index | -40.5% |
| USA/S&P 500 index | -38.5% |
| Bloomberg European 500 index | -44.9% |
| MSCI World index | -42.1% |
| Japan/Nikkei 225 index | -42.1% |
| Norvestia's dividend-adjusted share price | -28.5% |
| Norvestia's dividend-adjusted net asset value | -14.3% |

NET ASSET VALUE AND SHARE PRICE

On December 31, 2008 Norvestia's net asset value stood at EUR 8.77 per share (EUR 10.74 at the end of 2007).

In March 2008, Norvestia distributed EUR 0.50 in dividends. Taking this into account, the company's net asset value fell by EUR -1.47 (+0.63) in the year under review, equal to a -14.3% (+6.0%) fall from the beginning of the year. The dividend-adjusted decrease in the net asset value amounted to EUR -0.79 (-0.35) per share in the last quarter.

The price of Norvestia's dividend-adjusted B share decreased by -28.5% during the year. The price of the B share stood at EUR 5.65 (8.60) on December 31, 2008 which corresponded to a discount in net asset value of 35.6% (19.9%).

GROUP RESULT

The result of the Group in 2008 amounted to EUR -22.4 million (9.5/2006, 23.5/2006), and operating expenses to EUR 1.7 million (1.8/2006, 1.6/2006). The Group's operating expenses were 1.3% (1.1/2007, 1.0/2006) of the net asset value. The Group's result for the last quarter was EUR -12.0 (-5.4/2007, 8.7/2006) million.

INVESTMENT PORTFOLIO OF THE GROUP

The investment grade of Norvestia Group was 58% (67%) at year end. Market value breakdown of the Group's investments:

| | 2008 | | 2007 | |
|-----------------------|-------|--------|-------|--------|
| | MEUR | % | MEUR | % |
| Listed companies | 50.1 | 39.9% | 71.5 | 41.3% |
| Unlisted companies | 5.2 | 4.0% | 2.9 | 1.7% |
| Hedge funds | 19.0 | 15.1% | 27.4 | 15.8% |
| Share funds and money | | | | |
| market funds | 10.6 | 8.5% | 12.4 | 7.2% |
| Cash and money | | | | |
| market investments | 40.8 | 32.5% | 58.7 | 34.0% |
| In total | 125.7 | 100.0% | 172.9 | 100.0% |

REPORT BY THE BOARD OF DIRECTORS FOR

INVESTMENTS BY THE PARENT COMPANY

The return of the company's net asset value during the year was, after expenses and taxes, -14.3% and was achieved with a monthly calculated volatility of 7.8%. The risk-adjusted return on investment activities was weak. The Sharpe Ratio, which measures investment risk and return, was negative.

The investment portfolio of Norvestia can be divided into five categories: direct share investments, equity funds, hedge funds, money market investments and industrial investments.

Norvestia's net asset value fluctuated notably less month on month, than did the stock market in general. The company protected its investments from time to time with put options and by selling forward index contracts, as well as by adjusting its short-term interest investments according to its views on the market. During the sharpest fall in stock prices in September, when the OMX Helsinki CAP yield index fell -15.8%, Norvestia's net asset value fell -4.9%. This confirmed that the risk level of Norvestia's investment activities was clearly lower than the average risk level of the stock market.

The parent company's investments were distributed as follows at the end of the year: direct share investments 42% (42%), equity funds 3% (5%), hedge funds 16% (16%), money market investments 34% (35%) and cash and bank 5% (2%). The share of short-term interest investments was kept relatively large at the end of the year, in order to ensure that the company is able to respond to changing market circumstances. 90% of Norvestia plc's investments were in euros, 9% in Swedish krona and 1% in other currencies.

INDUSTRIAL INVESTMENTS

In September 2008 Norvestia made its second industrial investment in Coronaria Hoitoketju Oy, a company which provides services to the healthcare sector. Hoitoketju offers tailored medical and healthcare services for both the public and private sectors. Norvestia's stake in Coronaria Hoitoketju was 18.9% at the end of December. Coronaria Hoitoketju is a rapidly growing service company, whose long term development Norvestia will commit to with the investment. The investment was made through Norvestia Industries Ltd and has been treated as an associated company due to its strategic nature.

Furthermore, during the third quarter of the year an additional 2% of GSP Group was acquired according to the initial contract. Due to this investment Norvestia's stake in the company grew to 25%.

The aim of Norvestia's industrial investment activities is to make long term investments in service companies that have strong competitive potential in the domestic market, and the potential to take advantage of their service innovations internationally. The company's objective is to be an active investor who, in co-operation with the other principal owners, will develop the target company's operations. This will mainly be achieved through strategic board work.

NORVESTIA GROUP

Norvestia plc is a part of the Kaupthing Bank Group and is parent company to Norvestia Industries Ltd and Norventures Ltd. Norvestia's parent company Kaupthing Bank hf. is domiciled in Reykjavik, Iceland.

The Norvestia Group mainly invests in Nordic shares, equity funds, hedge funds, in the money market and in other securities. Norvestia plc's B share is quoted on the Nasdaq OMX Helsinki Oy.

No changes occurred in Norventures Ltd, a wholly owned subsidiary, during the year. Norventures has one investment in the Swedish unlisted company Polystar Instruments AB.

LIQUIDITY AND SOLVENCY

Norvestia Group's liquid assets totalled EUR 41.1 million at year-end (58.7/2007, 62.6/2006). The equity ratio stood at 97.7% (94.9%/2007, 94.6%/2006). The Group's shareholders' equity totalled EUR 134.3 million (164.5/2007, 164.1/2006).

PERSONNEL AND INVESTMENTS

In 2008, Norvestia Group employed an average of 6 (6/2007, 5/2006) people. Personnel expenses were EUR 0.9 million (1.0/2007, 0.9/2006). No investments were made in machines and equipment during the 2008 (EUR 0.0/2007, 0.0/2006).

SHAREHOLDERS

At the end of December 2008, Norvestia's shareholders numbered 5,909 (5,961). 33.4% of the shares were in foreign ownership (33.1%) and 1.4% were nominee-registered (4.9%).

The largest shareholder is Kaupthing Bank, which had a 32.7% (32.7) holding in Norvestia plc at year-end, which corresponds to 56.0% (56.0) of votes. Norvestia's second largest shareholder, Mandatum Life Insurance Company Ltd, had an 11.7% (11.7%) holding of shares and 7.6% (7.6%) of votes at year-end. The ten major shareholders held a total of 52.7% (49.5%) of shares and 69.0% (66.9%) of votes. More information about shareholders in the annual report.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) held on March 13, 2008 decided to distribute EUR 0.50 per share in dividends for 2007. The dividend was paid March 27, 2008.

The following persons were re-elected to the Board:

J.T. Bergqvist, chairman
Hreidar Már Sigurdsson, vice chairman
Stig-Erik Bergström, member
Sigurdur Einarsson, member
Robin Lindahl, member

CPA Rabbe Nevalainen, was re-elected as auditor and Ernst & Young Ltd as deputy auditor.

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The AGM unanimously decided to release the Managing Director and the Board of Directors from liability for 2007.

The AGM authorized the Board of Directors to acquire up to 4,500,000 B shares publicly on the Helsinki Stock Exchange before May 31, 2009. No acquisitions have been made. The Board of Directors was also authorized to decide upon a share issue and on an issue of special rights entitling to shares. The maximum amount that may be issued is 4,500,000 shares, the authorization is effective until May 31, 2009.

RISKS IN INVESTMENT ACTIVITIES

In addition to pursuing steady asset growth, the guiding principle of Norvestia's investment activity is to diversify investments and thereby reduce overall risk. Occasionally a significant proportion of investments may be focused on certain types of investments and securities, the negative development of which may substantially decrease Norvestia's result.

Norvestia's result is greatly affected by economic developments and changes in share prices both in Finland and abroad. Changes in exchange rates also impact the company's performance.

The current global financial crisis and the subsequent collapse in share prices have also greatly affected the returns of Norvestia's investment portfolio. The constant uncertainty in the financial markets increases the volatility of Norvestia's investments and thereby also increases their risk.

INTERNAL SUPERVISION AND RISK MANAGEMENT

More information about the company's principles of internal supervision and risk management can be found in the annual report.

DIVIDEND POLICY

Norvestia aims to distribute an annual dividend in excess of the Finnish stock market average. The long-term objective is to distribute about half of profit after tax.

PROPOSED DIVIDEND DISTRIBUTION

The Board proposes that from the parent company's distributable funds EUR 0.25 (0.50) per share be distributed to shareholders in dividends, corresponding to EUR 3.8 (7.7) million.

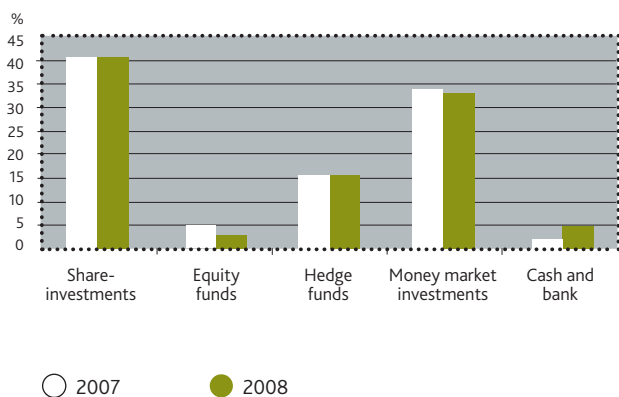
FUTURE PROSPECTS

According to the latest economic figures, the global economy is currently in considerable decline in all countries and economic areas. This kind of simultaneous decline may in the worst case lead to a worldwide depression. There are no previous instances of an economic crisis of this kind, so economists can only speculate about how to survive the crisis.

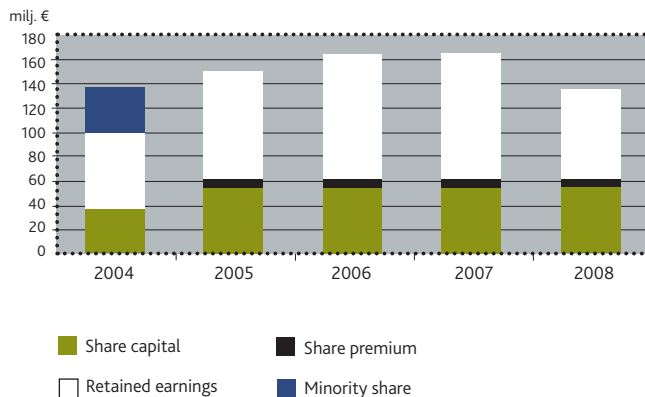
A more optimistic forecast is that the recovery will be as swift as the crash. This is possible if consumer confidence returns as fast as it disappeared. Ultimately all economic activity is connected to private consumption, which is now in global decline. However a majority of consumers could maintain previous levels of consumption, but choose not to as they fear the uncertainty of the future. It is mainly a question of psychology, which makes prediction hard. If the trend of declining consumption continues, a global depression is almost inevitable. Massive support packages, tax reliefs and lower interest rates aim to prevent depression and with all means stimulate private consumption.

Stock prices currently seem to discount the more pessimistic forecast of private consumption not recovering and the economy slipping into a global depression. If this is the case, the recovery may be delayed for

INVESTMENTS OF THE PARENT COMPANY



SHAREHOLDERS' EQUITY OF THE GROUP



quite some time, as all the tools available to stimulate the economy will have been used. This could in the worst case lead to a slow decline of the economy and a deflationary spiral similar to that experienced in Japan during the 1990's.

From investors' point of view, the more optimistic scenario would obviously be preferable. According to this scenario stock prices would gradually recover when the first signs of an improved environment for company activity appeared. The second scenario would be very difficult for investors. Then interest rates would be kept low, possibly during several years and the development of stock prices would be weak.

Norvestia will do its best to take into consideration both these scenarios, and will make the necessary conclusions as soon as new economic figures are published. Considering the declining stock market and current low interest rates, the achievement of a positive return on the capital market will continue to be very challenging

NORVESTIA'S INVESTMENT STRATEGY 2009

Norvestia's investment strategy is twofold. The company will continue to make investments in an actively managed portfolio as prevailing market circumstances dictate. The aim is to achieve the best possible return at low risk. At year-end a large part of Norvestia's assets were invested directly in shares on the Helsinki Stock Exchange. Investments may also be made in other stock exchanges in order to diversify risks and on the basis of return expectations with the main emphasis on the euro zone.

Norvestia will continue to make investments in the actively managed portfolio focusing mainly on value shares, i.e. shares that are offered at prices that are low, both historically and in relation to a company's net asset value and performance expectations. Investment levels between

shares, funds and interest-yielding investments will be assessed as circumstances dictate.

As a new investment strategy Norvestia began to seek long-term industrial investments in 2007. The aim of such investments is to achieve above average market returns by developing the target company. According to current frames about 20-30% of investment assets may be used for industrial investments, although this amount may be exceeded. These investments have no time limits and will be made when the right opportunity presents itself. The spring Annual General Meeting in 2008 authorized the Board of Directors to purchase the company's own shares and to decide on a possible share issue. Both authorizations may be used in the purchase of industrial investments. The use of leverage will also be considered when it comes to financing industrial investments.

The emphasis between different investment strategies will be assessed as circumstances dictate.

IFRS INCOME STATEMENT, NORVESTIA GROUP

| EUR 1,000 | Notes | 1/1-31/12/2008 | 1/1-31/12/2007 |
|---|-------|----------------|----------------|
| Trading gains and losses | 4, 10 | -31,964 | 9,986 |
| Personnel expenses | 5, 25 | -880 | -963 |
| Depreciations and impairments | 6 | -69 | -12 |
| Other operating expenses | 7 | -840 | -834 |
| OPERATING PROFIT/-LOSS | | -33,753 | 8,177 |
| Share of result in associated companies | 13 | -45 | - |
| Financial income and expenses | 8 | -38 | -201 |
| RESULT BEFORE TAXES | | -33,836 | 7,976 |
| Income tax | 9 | 11,418 | 1,537 |
| RESULT FOR THE FINANCIAL YEAR | | -22,418 | 9,513 |
| Earnings per share, EUR | | -1.46 | 0.62 |
| Number of shares, issue-adjusted | | 15,316,560 | 15,316,560 |

IFRS BALANCE SHEET, NORVESTIA GROUP

| EUR 1,000 | Notes | 31/12/2008 | 31/12/2007 |
|---|-------|------------|------------|
| Assets | | | |
| NON-CURRENT ASSETS | | | |
| Tangible assets | 11 | 21 | 33 |
| Deferred tax asset | 12 | 9,018 | - |
| Investments in associated companies | 13 | 3,506 | 1,126 |
| | | 12,545 | 1,159 |
| CURRENT ASSETS | | | |
| Financial assets held for trading | 14 | 48,798 | 71,481 |
| Other financial assets designated at fair value through P/L | 15 | 30,870 | 39,724 |
| Available-for-sale investments | 16 | 1,660 | 1,800 |
| Receivables | 17 | 2,472 | 345 |
| Cash at bank and in hand | 18 | 41,110 | 58,742 |
| | | 124,910 | 172,092 |
| | | 137,455 | 173,251 |
| Shareholders' equity and liabilities | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 19 | 53,608 | 53,608 |
| Share premium | | 6,896 | 6,896 |
| Fair value reserve | | - | 83 |
| Retained earnings | | 96,244 | 94,390 |
| Result for the financial year | | -22,418 | 9,513 |
| | | 134,330 | 164,490 |
| DEFERRED TAX LIABILITY | | | |
| | 20 | 2,628 | 5,280 |
| CURRENT LIABILITIES | | | |
| | 21 | 497 | 3,481 |
| | | 137,455 | 173,251 |

IFRS CASH FLOW STATEMENT, NORVESTIA GROUP

| EUR 1,000 | Notes | 1/1-31/12/2008 | 1/1-31/12/2007 |
|--|-------|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Result before extraordinary items and taxes | | -33,791 | 7,976 |
| Adjustments: | | | |
| Operations, which do not include cash transactions | | 10,327 | 8,357 |
| | | -23,464 | 16,333 |
| Changes in working capital | | | |
| Change in shares and other investments | | 21,279 | -10,262 |
| Change in receivables | | -2,035 | -166 |
| Change in current liabilities | | -2,793 | 1,393 |
| | | 16,451 | -9,035 |
| Received and paid taxes | | -536 | -794 |
| CASH FLOW FROM OPERATING ACTIVITIES | | -7,549 | 6,504 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of shares in associated companies | | -2,425 | -1,126 |
| CASH FLOW FROM INVESTING ACTIVITIES | | -2,425 | -1,126 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | -7,658 | -9,190 |
| CASH FLOW FROM FINANCING ACTIVITIES | | -7,658 | -9,190 |
| CASH FLOW FOR THE PERIOD | | -17,632 | -3,812 |
| Liquid assets at the beginning of the period | 18 | 58,742 | 62,554 |
| Liquid assets at the end of the period | 18 | 41,110 | 58,742 |
| Increase or decrease in liquid assets | | -17,632 | -3,812 |

IFRS CHANGES IN SHAREHOLDERS' EQUITY, NORVESTIA GROUP

| EUR 1,000 | Share capital | Share premium | Fair value reserve | Retained earnings | Result for the year | Total |
|----------------------------|---------------|---------------|--------------------|-------------------|---------------------|---------|
| Opening balance 1.1.2007 | 53,608 | 6,896 | 0 | 80,122 | 23,458 | 164,084 |
| Allocations | | | | 23,458 | -23,458 | 0 |
| Fair value reserve | | | 83 | | | 83 |
| Dividends | | | | -9,190 | | -9,190 |
| Result for the year | | | | | 9,513 | 9,513 |
| Closing balance 31.12.2007 | 53,608 | 6,896 | 83 | 94,390 | 9,513 | 164,490 |
| Opening balance 1.1.2008 | 53,608 | 6,896 | 83 | 94,390 | 9,513 | 164,490 |
| Allocations | | | | 9,513 | -9,513 | 0 |
| Fair value reserve | | | -83 | | | -83 |
| Dividends | | | | -7,659 | | -7,659 |
| Result for the year | | | | | -22,418 | -22,418 |
| Closing balance 31.12.2008 | 53,608 | 6,896 | 0 | 96,244 | -22,418 | 134,330 |

IFRS NOTES TO THE FINANCIAL STATEMENTS, NORVESTIA GROUP

1. CORPORATE INFORMATION

Norvestia plc is a Finnish public company domiciled in Helsinki and its registered address is Pohjoisesplanadi 35 E, 00100 Helsinki, Finland. Norvestia is an investment company, whose B share is quoted on the Nasdaq OMX Helsinki Oy.

Norvestia plc is a part of the Kaupthing Bank Group domiciled in Reykjavik, Iceland. The financial statements of Kaupthing Bank can be found on the company's home page www.kaupthing.com.

The financial statements of the Norvestia Group for the year ended December 31, 2008 were authorized for issue in accordance with a resolution of the Board of Directors on January 26, 2009.

2. ACCOUNTING PRINCIPLES

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). On January 1, 2005 the Norvestia Group changed its accounting policies from the Finnish Accounting Standards (FAS) to comply with the International Financial Reporting Standards (IFRS). The International Financial Reporting Standards refer to the standards and interpretations adopted for use in the EU by procedures enacted in the IAS-Regulation (EC No 1606/2002) as well as by the Finnish Accounting Act and the regulations therein provided.

The consolidated financial statements are prepared using all IFRS-standards and SIC and IFRIC interpretations valid on the reporting day December 31, 2008 from the transition day January 1, 2004 onwards.

The Group has adopted the following new and amended IFRS and IFRIC interpretations starting from January 1, 2008:

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (new interpretation). The interpretation has no effect on the consolidated financial statements.
- IFRIC 12 Service Concession Arrangements (new interpretation). The interpretation has no effect on the consolidated financial statements.
- IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (new interpretation). The interpretation has no effect on the consolidated financial statements.
- IAS 39 and IFRS 7 Reclassification of Financial Assets (amendment). The change in the standard has no effect on the consolidated financial statements.

All amounts in the notes to the financial statements are given in EUR 1,000, unless otherwise stated.

2.1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company and its directly or indirectly owned subsidiaries and associated companies. Subsidiaries are companies in which the parent company owns more than 50% of the voting rights or the share capital. Companies of whose equity voting rights the Group owns 20-50% or in which the Group has a significant influence otherwise, but not a controlling interest, have been treated as associated companies. Subsidiaries are included in the consolidated financial statements from the date of acquisition, or the moment

when the Group has assumed a controlling interest in the subsidiary, and continue to be included until the moment when such control ceases.

The financial results of subsidiaries are included in the consolidated financial statements in proportion to the Group's ownership of the subsidiary. The acquisition method has been used in the consolidated financial statements, which implies that the shareholders' equity of the subsidiary is entirely eliminated on the acquisition date. Only that proportion of the shareholders' equity in subsidiaries accrued after the acquisition date will thus be included in shareholders' equity of the Group. Minority interests are presented separately in the income statement and also under shareholders' equity in the balance sheet.

Associates have been consolidated using the equity method. If the Group's share of the losses of associates exceeds the carrying amount, losses in excess of the carrying amount are not consolidated unless the Group is committed to fulfill the obligations of the associate. Goodwill arising from the acquisition is included in the cost of the investment in the associate. The Group's share of the results of associates is presented as a separate line item in the income statement after operating profit.

All internal transactions as well as assets and liabilities have been fully eliminated.

2.2 VALUATION PRINCIPLES

Foreign currency translation

The consolidated financial statements are presented in euros. Transactions in foreign currency have been recorded in euros at the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currency have been retranslated to euros using the average exchange rates on the balance sheet date, confirmed by the European Central Bank. All differences are recognized in the income statement.

Currency exchange rates used in the consolidated financial statements:

| | Rate 31/12/2008 | Rate 31/12/2007 |
|-------------|-----------------|-----------------|
| 1 EUR = USD | 1.3917 | 1.4721 |
| SEK | 10.8700 | 9.4415 |
| NOK | 9.7500 | 7.9580 |
| GBP | 0.9525 | 0.7333 |

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Profit from sale of financial assets

Revenue is recognized when the Group's right to receive the payment is established.

Dividends

Revenue is recognized as interest accrues using the effective interest method.

Interest income

Revenue is recognized as interest accrues using the effective interest method.

Pensions

The Group's pensions are entered in the income statement in the financial period to which the pensions relate. The Group's pensions comply with the legislative TyEL-insurance and the Group has no voluntary pension arrangements. The insurance through the TyEL-pension arrangement is classified as a defined contribution plan.

Leases

The Group has only operational leases, meaning that the risks and benefits incidental to the leased item are not essentially transferred to the Group. Operating lease payments are recognized as a rental expense in even installments in the income statement over the lease term.

Taxes

Tax expenses in the income statement consist of taxes on the taxable income for the financial period and deferred taxes. Taxes on the taxable income for the financial period of the Group companies are calculated according to the Finnish tax rate. The income tax is adjusted for any taxes of earlier periods.

Deferred taxes are calculated using the liability method on temporary differences on the balance sheet date between the carrying amounts and taxable values of assets and liabilities. Deferred taxes have been calculated using the currently enacted tax rates.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and is recognized to the extent that it is probable that taxable income, against which all or part of the deferred tax asset can be applied, will materialize in the future.

In the Group both deferred tax liability and deferred tax assets have been recognized. The deferred tax liability arises from deferred tax on unrealized gains. Deferred tax assets have been recognized from the financial year's tax losses carried forward.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings per share

The undiluted and diluted earnings per share are calculated by dividing the net result for the financial year by the weighted average number of shares outstanding.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Gains and losses on the disposal of tangible assets are included in operating profit.

The depreciation according to plan of property, plant and equipment meet the maximum amounts regulated in the tax law and corresponding to 25% of the remaining residual value. Other tangible assets are amortized over five years on a straight-line basis.

Financial Assets

Financial assets in the scope of IAS 39 are classified as 1) financial assets held for trading 2) financial assets at fair value through profit or

loss 3) available-for-sale financial assets and 4) loans and receivables. The Group determines the classification of its financial assets on initial recognition.

Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, that do not fulfill the principles of hedge accounting, are also classified as held for trading. Gains or losses on investments held for trading are recognized in the income statement. The fair value of investments in group 1 is determined by reference to the last trade price at the close of business on the balance sheet date. The fair value of assets in group 2, which consists mainly of funds, is determined through monthly reports of the funds' net asset values.

Available-for-sale financial assets in group 3, which consist of unlisted shares, are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories.

After initial recognition available-for-sale financial assets are measured at fair value. Changes in the fair value of the available-for-sale financial assets are recognized as a separate component of equity, net of income taxes. The cumulative gain or loss previously reported in equity is transferred to the income statement when the investment is sold or determined to be impaired. For investments where there is no active market, fair value is determined using various valuation methods that are usually based on forecasted cash flows.

Loans and receivables in group 4 are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired. Recognitions to the income statement are also done through the amortization process.

The fair values of other financial assets and financial liabilities are assumed to approximate their carrying values, either because of their short maturities, or where their fair values cannot be measured reliably.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as options and futures contracts to manage its portfolio more effectively. The Group has not been using hedge accounting

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the income statement. Fair values of options and futures are calculated on the basis of quoted market rates at the balance sheet date.

Impairment of financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment

loss previously included in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit.

De-recognition of financial assets and liabilities

A financial asset, or a part of a financial asset, is derecognized when the Group's right to receive cash flows from the asset has expired or when the Group has transferred substantially all the risks and rewards of the asset outside the Group.

Receivables

Current receivables are measured at the estimated total amount to be received.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise of cash, short-term deposits and money market investments with an original maturity of three months or less. In the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event, the materialization of the payment obligation is probable and the size of the obligation can be reliably estimated. The expense relating to any provision is presented in the income statement net of any reimbursement.

Operating profit

Operating profit consists of trading gains and losses deducted with personnel expenses, depreciations and other operating expenses. Exchange rate differences are included in the operating profit if they arise from items linked to operating activities; otherwise they are recognized as financial income or expense.

2.3 NEW IFRS STANDARDS AND INTERPRETATIONS

New published standards, changes and interpretations that will be compulsory in year 2009 or later, but which have not been adopted in the consolidated financial statements 2008:

- IFRS 8 Operating Segments. The Group estimates that the new standard will have an effect on the Group segment reporting. Industrial investments will probably be reported as a separate segment from the financial year starting January 1, 2009.
- IAS 1 Presentation of Financial Statements (amendment). The change in the standard will have an effect on the presentation of the income statement and notes to the financial statements. The Group will adopt the standard from the financial year starting January 1, 2009
- IAS 32 Financial Instruments (amendment). The change in the standard will have an effect on the presentation of the income statement and notes to the financial statements. The Group will adopt the standard from the financial year starting January 1, 2009
- IFRS 1 First-time Adoption of IFRS Standards (amendment). The Group will adopt the standard from the financial year starting January 1, 2009 provided that European Commission has approved the new standard until then. The change in the standard will have no effect on future financial statements.

- IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries (amendment). The Group will adopt the standard from the financial year starting January 1, 2009 provided that European Commission has approved the new standard until then. The change in the standard will have no effect on future financial statements.

- IFRS 2 Share-based Payment (amendment). The Group will adopt the standard from the financial year starting January 1, 2009. The change in the standard will have no effect on future financial statements.

- IAS 23 Borrowing Costs (amendment). The Group will adopt the standard from the financial year starting January 1, 2009. The change in the standard will have no effect on future financial statements.

- IFRIC 13 Customer Loyalty Programmes (new interpretation). The Group will adopt the standard from the financial year starting January 1, 2009. The interpretation will have no effect on future financial statements.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (new interpretation). The Group will adopt the standard from the financial year starting January 1, 2009. The interpretation will have no effect on future financial statements.

3. SEGMENT AND GEOGRAPHICAL INFORMATION, DISCONTINUED OPERATIONS

The Group established a new function for its industrial investments in 2007. Activities in this function have been still quite limited in 2008, and therefore only one operating segment has been reported in the financial statements. When the Group adopts the IFRS 8 standard in January 1, 2009 it will probably move to reporting two segments.

No geographical breakdown has been made, as all operations are conducted in Finland.

There were no discontinued operations during 2008 and 2007.

IFRS NOTES TO THE INCOME STATEMENT, NORVESTIA GROUP

EUR 1,000

4. TRADING GAINS AND LOSSES

| | 2008 | 2007 |
|-------------------------------|---------|--------|
| Return from shares | -38,273 | -7,676 |
| Return from funds | -8,103 | 1,180 |
| Return from other investments | - | 189 |
| Dividend income | 12,319 | 14,394 |
| Interest income | 2,093 | 1,899 |
| | -31,964 | 9,986 |

5. PERSONNEL AND BOARD EXPENSES

| | 2008 | 2007 |
|--|------|------|
| Salaries | -747 | -813 |
| Pension expenses classified as a defined contribution plan | -104 | -116 |
| Other supplementary personnel expenses | -29 | -34 |
| | -880 | -963 |
| Personnel on average | 6 | 6 |

6. DEPRECIATIONS AND IMPAIRMENTS

Depreciations

| | 2008 | 2007 |
|-------------------------|------|------|
| Machinery and equipment | -6 | -7 |
| Other tangible assets | -6 | -5 |
| | -12 | -12 |

Impairments

| | 2008 | 2007 |
|--------------------------------|------|------|
| Available-for-sale investments | -57 | - |

The impairment relates to the valuation of available-for-sale investments at fair value

7. OTHER OPERATING EXPENSES

| | | Auditing | Tax consultation | Other services | Total |
|---------------------------|------|----------|------------------|----------------|-------|
| Fees to audit corporation | 2008 | 20 | 1 | 40 | 61 |
| | 2007 | 32 | 0 | 0 | 32 |

8. FINANCIAL INCOME AND EXPENSES

| | 2008 | 2007 |
|---------------------------|------|------|
| Interest income | 331 | 301 |
| Interest expenses | -1 | -8 |
| Exchange rate differences | -368 | -494 |
| | -38 | -201 |

9. INCOME TAXES

| | 2008 | 2007 |
|------------------------------|--------|-------|
| Current taxes for the period | -204 | -708 |
| Tax from previous years | -49 | 75 |
| Deferred taxes | 11,671 | 2,170 |
| | 11,418 | 1,537 |

Reconciliation of taxes, tax base for year 2008 and 2007 is 26 %

| | 2008 | 2007 |
|--|---------|--------|
| Profit before taxes | -33,836 | 7,976 |
| Taxes at local rates | 8,797 | -2,074 |
| Taxfree income | 2,878 | 3,674 |
| Non-deductible expenses | -4 | -1 |
| Profits taxable in other countries according to local taxation | -204 | -137 |
| Tax from previous years | -49 | 75 |
| Tax in income statement | 11,418 | 1,537 |

10. EVENTS DURING THE FOURTH QUARTER

| | 1/10-31/12/2008 | 1/10-31/12/2007 |
|---|-----------------|-----------------|
| Trading gains and losses | -15,516 | -7,033 |
| Expenses and depreciation | -593 | -336 |
| OPERATING PROFIT/-LOSS | -16,109 | -7,369 |
| Share of result from associated companies | -37 | - |
| Financial income and expenses | -72 | -38 |
| RESULT BEFORE TAX AND MINORITY SHARE | -16,218 | -7,407 |
| Income tax | 4,238 | 2,008 |
| RESULT FOR THE FINANCIAL PERIOD | -11,980 | -5,399 |

IFRS NOTES TO THE BALANCE SHEET, NORVESTIA GROUP

11. TANGIBLE ASSETS

| | 2008 | 2007 |
|---|------|------|
| Acquisition cost 1.1. | 102 | 102 |
| Disposals | -21 | - |
| Net carrying amount 31.12. | 81 | 102 |
| Opening accumulated depreciation 1.1. | -69 | -57 |
| Depreciation for the year | -12 | -12 |
| Accumulated depreciation in disposals | 21 | - |
| Net carrying amount 31.12. | -60 | -69 |
| Residual value according to plan 31.12. | 21 | 33 |

12. DEFERRED TAX ASSETS

| | 2008 | 2007 |
|----------------------------|--------|--------|
| Deferred tax assets | | |
| Tax losses carried forward | 9,018 | - |
| Deferred tax liabilities | -2,628 | -5,280 |
| Net assets | 6,390 | -5,280 |

Deferred tax assets have been fully recognized from the financial year's tax losses carried forward. As grounds for the recognition, the Board of Directors has evaluated that the tax assets can be fully utilized. This requires that Norvestia's yearly return on equity for the coming ten years would exceed c. 2%. Taken into account the company's return on equity for the last ten years, this assumption is fairly realistic. The Board of Directors regularly reviews the probability of the realization of the tax benefit and the tax asset is written down if needed.

13. INVESTMENTS IN ASSOCIATED COMPANIES

| | 2008 | 2007 |
|-----------------------|-------|-------|
| Opening balance 1.1 | 1,126 | - |
| Share of result | -45 | - |
| Increases | 2,440 | 1,126 |
| Dividends | -15 | - |
| Closing balance 31.12 | 3,506 | 1,126 |

Norvestia Industries Ltd bought a share of 18.9% in Coronaria Hoitoketju Oy during September and November 2008. Norvestia Group's share of the 2-month result of Coronaria Hoitoketju Oy, from the period September-October, has been recognized in the Group's result in 2008, since there were no final figures for December available. The Group's share of the 15 month result of GSP Group Ltd, from the period 1.9.2007-30.11.2008, has been recognized in the result of Norvestia Group in 2008. The period deviates from the calendar year, since no share of GSP Group's result was recognized in Norvestia Group's result in 2007, even though the acquisition was made yet in September 2007.

Although Norvestia Group's ownership in Coronaria Hoitoketju Oy is under 20%, the investment is still treated as an associated company. Norvestia Group considers that it has a significant influence in the company because of agreements made in order to increase Norvestia's ownership in Coronaria Hoitoketju Oy to 23-28% in the nearcoming years, depending on Coronaria's revenue and result in 2009.

Norvestia Group's associated companies

| | Domicile | Assets | Liabilities | Revenue | Profit/Loss | Ownership |
|-------------------------|----------|--------|-------------|---------|-------------|-----------|
| GSP Group Ltd | Helsinki | 4,932 | 3,509 | 24,466 | 216 | 25.0% |
| Coronaria Hoitoketju Oy | Oulu | 11,286 | 12,129 | 19,283 | -227 | 18.9% |

Figures for both associated companies are based on the latest financial statements of the companies. The latest accounting period of GSP Group Ltd ended 29.2.2008 and of Coronaria Hoitoketju Oy 31.12.2008. The figures of Coronaria Hoitoketju Oy from the accounting period 2008 were not yet available so the table shows figures from the accounting period 1.1.- 31.12.2007. The figures of GSP Group Oy are from the accounting period 1.3.2007-29.2.2008.

14. FINANCIAL ASSETS HELD FOR TRADING

| | 31/12/2008 | % of assets | 31/12/2007 | % of assets |
|----------------------|------------|-------------|------------|-------------|
| Market value | 48,798 | 35.5% | 71,481 | 41.3% |
| Purchase value | 72,599 | | 72,810 | |
| Unrealized gain/loss | -23,801 | | -1,329 | |

Index derivatives

| | 31/12/2008 | | 31/12/2007 | |
|------------------------------|------------|--|------------|--|
| Sold futures, open positions | | | | |
| Underlying value | 11,025 | | - | |
| Market value | -212 | | - | |

15. OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

| | 31/12/2008 | % of assets | 31/12/2007 | % of assets |
|----------------------|------------|-------------|------------|-------------|
| Market value | 30,870 | 22.5% | 39,724 | 22.9% |
| Purchase value | 23,736 | | 23,231 | |
| Unrealized gain/loss | 7,134 | | 16,493 | |

Split of market value in securities

| | | | | |
|--------------------|--------|--|--------|--|
| Hedge funds | 18,958 | | 27,357 | |
| Share funds | 3,771 | | 9,238 | |
| Money Market funds | 6,863 | | 3,129 | |
| Bonds | 1,278 | | - | |
| | 30,870 | | 39,724 | |

16. AVAILABLE-FOR-SALE INVESTMENTS

| | 31/12/2008 | % of assets | 31/12/2007 | % of assets |
|----------------------|------------|-------------|------------|-------------|
| Market value | 1,660 | 1.2% | 1,800 | 1.0% |
| Purchase value | 1,717 | | 1,717 | |
| Unrealized loss/gain | -57 | | 83 | |

Investments have been recognised at fair value using various valuation methods.

17. CURRENT RECEIVABLES

| | 31/12/2008 | % of assets | 31/12/2007 | % of assets |
|---------------------|------------|-------------|------------|-------------|
| Accounts receivable | 2,302 | | 14 | |
| Accrued income | 170 | | 331 | |
| | 2,472 | 1.8% | 345 | 0.2% |

18. CASH AT BANK AND IN HAND

| | 31/12/2008 | % of assets | 31/12/2007 | % of assets |
|-----------------------------------|------------|-------------|------------|-------------|
| Check account and cash | 6,340 | | 3,177 | |
| Depositions | - | | 4,631 | |
| Bank certificates (1-3 months) | 1,995 | | 27,843 | |
| Company certificates (1-3 months) | 32,775 | | 23,091 | |
| | 41,110 | 29.9% | 58,742 | 33.9% |

19. SHAREHOLDERS' EQUITY

Norvestia has 900 000 A shares (900 000) and 14 416 560 B shares (14 416 560). The A share carries 10 votes and the B share one vote. The maximum amount of A shares is 2,000,000 shares and the maximum amount of B shares is 25,500,000 shares. The shares have no nominal value.

The Board of Directors has proposed that EUR 0.25 be distributed in dividends for 2008 (0.50).

The Annual General Meeting of March 13, 2008 authorized the Board of Directors to acquire up to 4,500,000 B shares publicly on the Helsinki Stock Exchange before May 31, 2009. The Board of Directors was also authorized to decide upon a share issue and issue of special rights entitling to shares. The maximum amount that may be issued is 4,500,000 shares, the authorization is effective until May 31, 2009. The maximum amount of shares in the authorization ie. 4,500,000 shares equals 29.4% of total sharecapital and 19.2% of the total amount of votes.

20. DEFERRED TAX LIABILITIES

| | 31/12/2008 | | 31/12/2007 | |
|--|------------|--|------------|--|
| Deferred tax liability | | | | |
| Valuation of investments at fair value | 2,628 | | 5,280 | |

21. CURRENT LIABILITIES

| | 31/12/2008 | 31/12/07 |
|---|------------|----------|
| Accounts payable | 201 | 2,761 |
| Current tax liability | - | 283 |
| Other current liabilities | 210 | 177 |
| Accrued liabilities and deferred income | 86 | 260 |
| | 497 | 3,481 |

OTHER SUPPLEMENTARY INFORMATION

22. PLEDGES, EUR MILLION

| | 31/12/2008 | 31/12/07 |
|--|------------|----------|
| As security for the limit of the cheque account, EUR 0 million (EUR 2.0 million) | | |
| Pledged book-entry securities account | | |
| Shares at market value | 7.2 | 5.0 |

23. OTHER COMMITMENTS

| | 31/12/2008 | 31/12/07 |
|--|------------|----------|
| Lease expenses | | |
| The Group has entered into an operating lease for its premises and also for some office equipment. Future minimum rentals payable under non-cancellable operating leases are as follows: | | |
| | 31/12/2008 | 31/12/07 |
| Within 1 year | 44 | 80 |
| After 1 year but within 5 years | 2 | 11 |
| Over 5 years | - | - |
| | 46 | 91 |

24. MANAGEMENT OF FINANCIAL RISK

The main risks arising from the Group's financial instruments are market risk and foreign currency risk. In addition, credit risk arises from the Group's money market investments. Because of the vast amount of money market investments the Group is not exposed to liquidity risk. The Board of Directors agrees on the main policies for risk management.

Market risk in investment operations

The Group is in its operations subject to market price risk from its investments. Performance is greatly affected by economic developments and share prices both in Finland and abroad. The guiding principle of Norvestia's investment activities is to diversify its investments and thereby reduce overall risk, as well as to pursue steady asset growth. Occasionally a significant part of investments may be focused on certain types of investments and securities, whose negative development may substantially decrease Norvestia's result.

The sensitivity of the Group's financial instruments to market changes

| | 2008 | | 2007 | |
|-----------------------------------|-----------|---------|-----------|---------|
| | 10 % down | 10 % up | 10 % down | 10 % up |
| Financial assets held for trading | -3,777 | 3,777 | -7,148 | 7,148 |
| Investments in funds | -3,087 | 3,087 | -3,972 | 3,972 |
| Available-for-sale investments | -166 | 166 | -180 | 180 |
| | -7,030 | 7,030 | -11,300 | 11,300 |

Norvestia's management follows the Sharpe ratio and volatility of the Net asset value. The Sharpe ratio is calculated by dividing the return exceeding the risk-free rate by the volatility of the return. The greater the Sharpe ratio the better the risk-adjusted return has been. For comparison, the OMX Helsinki CAP yield index has been added to the table.

| | Sharpe | | Volatility | |
|---|--------|------|------------|-------|
| | 2008 | 2007 | 2008 | 2007 |
| Norvestia Group's dividend-adjusted NAV | neg. | 0.3 | 7.8% | 6.0% |
| OMX Helsinki CAP yield index | neg. | 0.3 | 23.4% | 13.7% |

Changes in interest rate levels also have an effect on Norvestia's result. If the interest rate decreased/increased by one percentage unit the effect on the result of the Norvestia Group would be -441/+441 (-587/+587). The opposite effect would typically be seen in the return of the held for trading portfolio, among others.

Currency risk

Changes in exchange rates, particularly between the Swedish krona and the euro, impact the company's performance, since a majority of the company's investments in hedge funds are krona-denominated. Any strengthening of the krona against the euro would improve returns from Norvestia's Swedish funds. In turn, however, changes in other exchange rates may have affected the funds' krona-denominated results.

90% of the Group's investments were in euros, 9% in Swedish kronas and 1% in other currencies December 31, 2008. The company daily follows changes in currency rates, but for the moment there is no hedge in currencies.

Investments nominated in foreign currencies, euro

| | SEK | USD | GBP | Other currencies | In total |
|---------------------------------|--------|-------|-------|------------------|----------|
| 2008 | 10,453 | 1,019 | 350 | 93 | 11,915 |
| 2007 | 23,007 | 4,337 | 1,845 | 66 | 29,255 |
| 5 % decrease against euro, 2008 | -523 | -51 | -18 | -4 | -596 |
| 5 % increase against euro, 2008 | 523 | 51 | 18 | 4 | 596 |
| 5 % decrease against euro, 2007 | -1,150 | -217 | -92 | -3 | -1,462 |
| 5 % increase against euro, 2007 | 1,150 | 217 | 92 | 3 | 1,462 |

Credit risk

Credit risk refers to variations in the result caused by counterparties failing to meet their commitment. Money market investments therefore include credit risk and to minimize this the company has diversified its investments. As the investments are short-term, this risk is seen to be insignificant. Additionally, the investments are made in large Finnish listed companies with a good credit rating.

31.12.2008 Norvestia had 34.8 MEUR (50.9) in money market investments, the longest maturity of these investments was 2.3 months and the average maturity was 1.1 months. None of the investments were past due or impaired.

Capital management

Due to the nature of Norvestia's operating activities, the company does not have an active policy to manage its capital.

25. RELATED PARTIES

The consolidated financial statements include the financial statements of Norvestia plc and its wholly owned subsidiary Norvestia Industries Ltd and Norventures Ltd. The whole Groups' parent company is Kaupthing Bank hf.

Shares in Group companies

| | Domicile | Share capital, EUR 1,000 | Share of stocks, % |
|-----------------------------------|----------|--------------------------|--------------------|
| Norventures Oy, Helsinki | Helsinki | 200 | 100.00% |
| Norvestia Industries Oy, Helsinki | Helsinki | 3 | 100.00% |

Related party transactions

The following table provides the total amount of transactions, which have been entered into with related parties.

| Related party | Purchases | Interest income | Money market investments | Accrued income and prepaid expenses |
|-------------------------------------|-----------|-----------------|--------------------------|-------------------------------------|
| Kaupthing Bank hf. (parent) | 2008 | - | - | - |
| | 2007 | -15 | - | - |
| Kaupthing Bank Oyj | 2008 | - | - | - |
| | 2007 | -107 | 45 | - |
| Kaupthing Bank hf. Suomen sivuliike | 2008 | - | 72 | - |
| | 2007 | - | 34 | 1,989 |
| Fron Insurance Ltd | 2008 | -51 | - | - |
| | 2007 | -66 | - | 22 |

The purchases from related parties are made at normal market prices.

Salaries and fees to related parties in the Group

| | Salary or fee | Bonus | In total | Guarantee for loan |
|--------------------|---------------|-------|----------|--------------------|
| Managing Directors | 2008 | 347 | 23 | 370 |
| | 2007 | 227 | 119 | 346 |

The Managing Director has no other pension benefits than the statutory benefits. In Norvestia plc the term of notice for the Managing Director is 1 month and the compensation for notice corresponds to a salary of 8 months.

Fees to Board of directors

| | 2008 | 2007 |
|---------------------------|------|------|
| J.T. Bergqvist (chairman) | 49 | 45 |
| Stig-Erik Bergström | 28 | 26 |
| Sigurdur Einarsson | 27 | 25 |
| Robin Lindahl | 28 | 26 |
| Hreidar Már Sigurdsson | 27 | 25 |
| | 159 | 147 |

The Board of directors was only paid a fee for board work. There are no given money loans, pension benefits or other collateral or liability obligations.

KEY FIGURES

| | IFRS 2008 | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 |
|--|------------|------------|------------|------------|------------|
| Result figures of the Group | | | | | |
| Operating profit, MEUR | -33.8 | 8.2 | 25.4 | 29.5 | 19.9 |
| Profit before provisions and taxes, MEUR | -33.8 | 8.0 | 25.4 | 28.7 | 19.4 |
| Return on equity | -15.0% | 5.8% | 14.9% | 23.4% | 10.6% |
| Return on investment | -22.1% | 4.7% | 15.5% | 23.9% | 12.1% |
| Balance figures of the Group | | | | | |
| Equity ratio | 97.7% | 94.9% | 94.6% | 92.0% | 74.5% |
| Gross expenditure on non-current assets, MEUR | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Dividend, MEUR | 3.8*** | 7.7 | 9.2 | 9.2 | 4.6 |
| Key figures per share | | | | | |
| Earnings/share, EUR* | -1.46 | 0.62 | 1.53 | 2.05 | 0.77 |
| Shareholders' equity/share, EUR* | 8.77 | 10.74 | 10.71 | 9.78 | 8.04 |
| Net asset value/share, EUR (issue-adjusted) | 8.77 | 10.74 | 10.71 | 9.78 | 8.02 |
| Discount on net asset value | 35.6% | 19.9% | 13.3% | 12.6% | 24.0% |
| Dividend/share, EUR* | 0.25*** | 0.50 | 0.60 | 0.60 | 0.30 |
| Dividend/earnings | neg. | 80.6% | 39.2% | 29.3% | 46.9% |
| Dividend yield | 4.4%*** | 5.8% | 6.5% | 7.0% | 4.6% |
| P/E ratio | -3.9 | 13.9 | 6.1 | 4.2 | 8.5 |
| Share capital and number of shares | | | | | |
| Share capital, MEUR | 53.6 | 53.6 | 53.6 | 53.6 | 35.7 |
| Number of shares, issue-adjusted | | | | | |
| At the end of the year* | 15,316,560 | 15,316,560 | 15,316,560 | 15,316,560 | 15,316,560 |
| Average of the year* | 15,316,560 | 15,316,560 | 15,316,560 | 15,316,560 | 15,316,560 |
| Number of shareholders at the end of the year | 5,909 | 5,961 | 5,992 | 5,579 | 5,353 |
| Share price, EUR | | | | | |
| At the end of the year* | 5.65 | 8.60 | 9.29 | 8.55 | 6.53 |
| The calculated value for the subscription right | - | - | - | - | 0.77 |
| Year high* | 8.70 | 9.52 | 9.95 | 8.70 | 9.85**** |
| Year low* | 4.80 | 8.00 | 7.29 | 5.90 | 5.93**** |
| Year average* | 6.45 | 8.71 | 8.77 | 6.94 | 7.88 |
| Market capitalization, including subscription rights, at the end of the year, MEUR** | 86.5 | 131.7 | 142.3 | 131 | 74.5 |
| Trading volume | | | | | |
| Shares traded* | 2,238,836 | 2,941,370 | 2,832,304 | 3,047,223 | 4,753,010 |
| Shares traded/total amount of shares | 14.6% | 19.2% | 18.5% | 19.9% | 46.5% |
| Shares traded/total amount of B shares | 15.5% | 20.4% | 19.6% | 21.1% | 49.5% |
| Turnover on the Stock Exchange, MEUR | 14.2 | 25.6 | 24.8 | 21.2 | 40.1 |
| Personnel | | | | | |
| Number of employees in the Group on average | 6 | 6 | 5 | 7 | 7 |

*) Adjusted with the coefficient of the bonus issue (2) and with the coefficient of the rights issue (1.116956)

**) The A shares are unlisted. The A shares are valued according to the quotation of the B share

***) The proposal of the Board of Directors

****) Adjusted with the calculated value for the subscription right

BASIS OF CALCULATION OF KEY FIGURES

| | | |
|--------------------------------|---|--|
| Return on equity | = | $\frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average of the year)}}$ |
| Return on investment | = | $\frac{\text{Profit before extraordinary items and taxes} + \text{interest expenses and other financial expenses}}{\text{Balance sheet in total} - \text{interest-free debt (average of the year)}}$ |
| Equity ratio | = | $\frac{\text{Shareholders' equity (incl. minority share)}}{\text{Balance sheet in total} - \text{advances received}}$ |
| Earnings per share | = | $\frac{\text{Profit for the financial year}}{\text{Issue-adjusted average number of shares}}$ |
| Shareholders' equity per share | = | $\frac{\text{Shareholders' equity (excluding minority interest)}}{\text{Issue-adjusted number of shares on the balance sheet date}}$ |
| Dividend/Earnings | = | $\frac{\text{Issue-adjusted dividend per share}}{\text{Earnings per share}}$ |
| Dividend yield | = | $\frac{\text{Issue-adjusted dividend per share}}{\text{Issue-adjusted closing price on the balance sheet date}}$ |
| P/E ratio | = | $\frac{\text{Issue-adjusted closing price on the balance sheet date}}{\text{Earnings per share}}$ |
| Discount in net asset value | = | $\frac{\text{Net asset value} - \text{market capitalization} - \text{calculated value for subscription rights}}{\text{Net asset value}}$ |
| Market capitalization | = | Number of shares x closing price on the balance sheet date |

FAS INCOME STATEMENT, NORVESTIA PLC

| EUR 1,000 | Note | 1/1-31/12/2008 | 1/1-31/12/2007 |
|-----------------------------------|------|----------------|----------------|
| NET TURNOVER | 2 | 112,175 | 170,845 |
| Purchases of securities | | -112,666 | -162,815 |
| Change in stock | | -21,336 | 10,262 |
| Personnel expenses | 3 | -675 | -882 |
| Depreciation according to plan | 4 | -12 | -12 |
| Other operating expenses | | -690 | -820 |
| OPERATING PROFIT/-LOSS | | -23,204 | 16,578 |
| Financial income and expenses | 5 | -39 | -202 |
| RESULT BEFORE EXTRAORDINARY ITEMS | | -23,243 | 16,376 |
| Group contribution | 6 | - | -92 |
| RESULT BEFORE TAX | | -23,243 | 16,284 |
| Income tax | | -253 | -633 |
| RESULT FOR THE FINANCIAL YEAR | | -23,496 | 15,651 |
| Earnings per share, EUR | | -1.53 | 1.02 |
| Number of shares, issue-adjusted | | 15,316,560 | 15,316,560 |

FAS BALANCE SHEET, NORVESTIA PLC

| EUR 1,000 | Note | 31/12/2008 | 31/12/2007 |
|---|------|------------|------------|
| Assets | | | |
| NON-CURRENT ASSETS | | | |
| Tangible assets | 7 | 21 | 33 |
| Shares in Group companies | 8 | 4,104 | 1,404 |
| | | 4,125 | 1,437 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 69,561 | 90,897 |
| Current receivables | 10 | 4,005 | 1,877 |
| Current financial assets | | 34,770 | 55,565 |
| Cash at bank and in hand | | 6,011 | 2,935 |
| | | 114,347 | 151,274 |
| | | 118,472 | 152,711 |
| Shareholders' equity and liabilities | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 11 | 53,608 | 53,608 |
| Share premium | | 7,658 | 7,658 |
| Retained earnings | | 80,264 | 72,271 |
| Result for the financial year | | -23,496 | 15,651 |
| | | 118,034 | 149,188 |
| CURRENT LIABILITIES | | | |
| | 12 | 438 | 3,523 |
| | | 118,472 | 152,711 |

FAS CASH FLOW STATEMENT, NORVESTIA PLC

| EUR 1,000 | 1/1-31/12/2008 | 1/1-31/12/2007 |
|---|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Operating result before financial items | -23,243 | 16,376 |
| Operations, which do not include cash transactions | 12 | 12 |
| | -23,231 | 16,388 |
| Changes in working capital | | |
| Increase (-) or decrease (+) in stocks | 21,336 | -10,263 |
| Increase (-) or decrease (+) in current receivables | -2,128 | -164 |
| Increase (-) or decrease (+) in financial assets | 20,795 | 4,585 |
| Increase (+) or decrease (-) in current liabilities | -2,802 | 1,438 |
| | 37,201 | -4,404 |
| Received and paid taxes | -536 | -794 |
| CASH FLOW FROM OPERATING ACTIVITIES | 13,434 | 11,190 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of shares in subsidiaries | -2 700 | -1 183 |
| CASH FLOW FROM INVESTING ACTIVITIES | -2 700 | -1 183 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | -7,658 | -9,190 |
| Received and paid Group contributions | - | -92 |
| CASH FLOW FROM INVESTING ACTIVITIES | -7,658 | -9,282 |
| CASH FLOW FOR THE PERIOD | 3,076 | 725 |
| Liquid assets 1.1. | 2,935 | 2,210 |
| Liquid assets 31.12. | 6,011 | 2,935 |
| Increase or decrease in liquid assets | 3,076 | 725 |

FAS NOTES TO THE FINANCIAL STATEMENTS, NORVESTIA PLC

1. ACCOUNTING PRINCIPLES

The Annual Financial Statements have been prepared in accordance with the Companies Act, Accounting Act and the Decree on Accounting. In addition, the rules and recommendations concerning companies listed on the Nasdaq OMX Helsinki Oy have been taken into account.

All amounts in the notes to the financial statements are given in EUR 1,000, unless otherwise stated.

Valuation principles

Stocks are reported according to the principle of lower market cost and by applying the fifo-principle. Listed shares, other securities, investment funds and bonds are measured either to the purchase price or to the closing price on the balance sheet date, depending on which is lower. Unlisted shares and holdings are recognized at the acquisition cost or a lower probable selling price.

Current receivables are measured to the amount that is estimated to be received from them. Current financial assets are valued at the acquisition cost or at the market value, if the latter is lower.

Assets and liabilities denominated in foreign currencies are retranslated at using the average exchange rates on the balance sheet date, confirmed by the European Central Bank.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. The depreciation according to plan of machinery and equipment meet the maximum amounts regulated in the tax law and corresponding to 25% of the remaining residual value. Expenses that will accumulate gain for three or more years are amortized over five years on a straight-line basis.

Taxes

Tax expenses in the income statement consist of taxes on the taxable income for the financial period and deferred taxes. Taxes on the taxable income for the financial period are calculated according to the Finnish tax rate. The income tax is adjusted for any taxes of earlier periods.

FAS NOTES TO THE INCOME STATEMENT, NORVESTIA PLC

EUR 1,000

2. NET TURNOVER

Net turnover mainly comprises of sales of securities, dividends received and interest income.

| | 2008 | 2007 |
|---------------------|---------|---------|
| Sales of securities | 97,608 | 154,553 |
| Dividend income | 12,256 | 14,354 |
| Interest income | 2,093 | 1,899 |
| Other income | 218 | 39 |
| | 112,175 | 170,845 |

3. PERSONNEL AND BOARD EXPENSES

| | 2008 | 2007 |
|--|------|------|
| Salaries | -581 | -744 |
| Pension expenses | -72 | -106 |
| Other supplementary personnel expenses | -22 | -32 |
| | -675 | -882 |
| where of | | |
| Managing Director | -211 | -292 |

The Managing Director has no other pension benefits than the statutory benefits. In Norvestia plc the term of notice for the Managing Director is 1 month and the compensation for notice corresponds a salary of 8 months. No bonus was booked to the company's Managing Director in 2008. In 2007 the booked bonus was 96.

Fees to Board of directors

| | 2008 | 2007 |
|---------------------------|------|------|
| J.T. Bergqvist (chairman) | 49 | 45 |
| Stig-Erik Bergström | 28 | 26 |
| Sigurdur Einarsson | 27 | 25 |
| Robin Lindahl | 28 | 26 |
| Hreidar Már Sigurdsson | 27 | 25 |
| | 159 | 147 |

The Board of directors was only paid a fee for board work. There are no given money loans, pension benefits or other collateral and liability obligations.

| | 2008 | 2007 |
|----------------------|------|------|
| Personnel on average | 6 | 6 |

4. DEPRECIATION ACCORDING TO PLAN

| | 2008 | 2007 |
|--|------|------|
| Machinery and equipment | -6 | -7 |
| Expenses that will accumulate gain for a longer period | -6 | -5 |
| | -12 | -12 |

5. FINANCIAL INCOME AND EXPENSES

| | 2008 | 2007 |
|---------------------------|------|------|
| Interest income | 330 | 301 |
| Interest expenses | -1 | -8 |
| Exchange rate differences | -368 | -495 |
| | -39 | -202 |

6. GROUP CONTRIBUTION

In 2008 no group contributions were granted. In 2007 a group contribution of 92 was granted to Norvestia Industries Ltd.

FAS NOTES TO THE BALANCE SHEET, NORVESTIA PLC

7. TANGIBLE ASSETS

| | 2008 | 2007 |
|---|------|------|
| Acquisition cost 1.1. | 102 | 102 |
| Disposals | -21 | - |
| Net carrying amount 31.12. | 81 | 102 |
| Accumulated depreciation 1.1. | -69 | -57 |
| Depreciation for the year | -12 | -12 |
| Accumulated depreciation in disposals | 21 | - |
| Net carrying amount 31.12. | -60 | -69 |
| Residual value according to plan 31.12. | 21 | 33 |

8. SHARES IN GROUP COMPANIES

| | Business ID | Share capital EUR 1,000 | Number of shares | Share of stocks, % | Book value EUR 1,000 |
|------------------------------------|-------------|----------------------------|---------------------|-----------------------|-------------------------|
| Norventures Ltd, Helsinki | 1604596-7 | 200 | 200,000 | 100.00 | 221 |
| Norvestia Industries Ltd, Helsinki | 2140759-8 | 3 | 1,000 | 100.00 | 3,883 |

9. SECURITIES THAT CONSTITUTE STOCKS

| | 31/12/08 | 31/12/07 |
|-----------------|----------|----------|
| Market value | 79,668 | 111,205 |
| Book value | 69,561 | 90,897 |
| Unrealized gain | 10,107 | 20,308 |

10. CURRENT RECEIVABLES

| | 31/12/08 | 31/12/07 |
|---------------------------------------|----------|----------|
| Accounts receivable | 2,303 | 14 |
| Loan receivables from Group companies | 1,532 | 1,532 |
| Accrued income | 170 | 331 |
| | 4,005 | 1,877 |

11. CHANGES IN SHAREHOLDERS' EQUITY

| | Share capital | Share premium | Retained earnings | Result for the year | Total |
|----------------------------|---------------|---------------|----------------------|------------------------|---------|
| Opening balance 1.1.2008 | 53,608 | 7,658 | 72,271 | 15,651 | 149,188 |
| Allocations | | | 15,651 | -15,651 | 0 |
| Dividends | | | -7,658 | | -7,658 |
| Result for the year | | | | -23,496 | -23,496 |
| Closing balance 31.12.2008 | 53,608 | 7,658 | 80,264 | -23,496 | 118,034 |

12. CURRENT LIABILITIES

| | 31/12/08 | 31/12/07 |
|--|----------|----------|
| Accounts payable | 198 | 2,758 |
| Current tax liability | - | 283 |
| Other current liabilities | 178 | 177 |
| Accrued liabilities and deferred income | 62 | 213 |
| Accrued liabilities and deferred income to Group companies | - | 92 |
| | 438 | 3,523 |

OTHER SUPPLEMENTARY INFORMATION

13. DERIVATIVES

Norvestia has used standardized derivatives to make the portfolio management more efficient. The market values of the derivatives as well as the underlying values are given below. The market values have been adjusted for the corresponding dividend income of the shares. All amounts are gross amounts. The premium for the derivative contracts purchased is recognized as stocks, for which the principle of lower market cost is applied.

| Index derivatives | 31/12/08 | 31/12/07 |
|------------------------------|----------|----------|
| Sold futures, open positions | | |
| Underlying value | 11,025 | - |
| Market value | -212 | - |

14. PLEDGES, EUR MILLION

| | 31/12/08 | 31/12/07 |
|--|----------|----------|
| As security for the limit of the cheque account, EUR 0.0 million (EUR 2.0 million) | | |
| Pledged book-entry securities account | | |
| Shares at market value | 7.2 | 5.0 |

PROPOSAL FOR DISTRIBUTION OF PROFIT

The parent company's distributable funds amount to EUR 56,767,931, from which the loss for the financial year is EUR -23,495,695. The financial position of the company has not essentially changed after the end of the accounting period. Neither can the proposed distribution of dividend be considered to affect the company's solvency.

The Board of Directors proposes that the distributable profits will be used as follows:

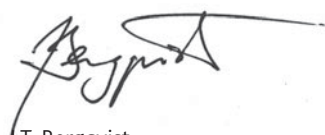
| | |
|--|--------------|
| • EUR 0.25/share will be distributed as dividend for 15,316,560 shares | 3,829,140 € |
| • the remainder of the profit will be left in retained earnings | 52,938,791 € |
| | ----- |
| | 56,767,931 € |

If the proposal of the Board will be accepted, Norvestia plc has after the dividend the following shareholder's equity:

| | |
|---------------------|---------------|
| • share capital | 53,607,960 € |
| • share premium | 7,658,280 € |
| • retained earnings | 52,938,791 € |
| | ----- |
| | 114,205,031 € |

The payment record date for the dividend is on March 13, 2009. The stipulated dividend will be paid out after the end of the record period, on March 20, 2009.

Helsinki, January 26, 2009



J.T. Bergqvist
Chairman of the Board



Hreidar Már Sigurdsson



Sigurdur Einarsson



Stig-Erik Bergström



Robin Lindahl



Juha Kasanen
Managing Director

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF NORVESTIA OYJ

I have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Norvestia Oyj for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

My responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on my audit. Good auditing practice requires that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

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

The audit was performed in accordance with good auditing practice in Finland. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In my opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In my opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 11 February 2009



Rabbe Nevalainen
Authorized Public Accountant

BOARD OF DIRECTORS AND MANAGEMENT

CHAIRMAN OF THE BOARD

Doctor of Science (Technology) **J.T. Bergqvist**, Helsinki
Year of Birth 1957

Primary working experience: 1988-2005 Various business and marketing executive positions in Nokia Networks, 2002-2005 member of the Nokia Executive Board

Member of the Board in Ascom AG, Switzerland, and in GreenStream Network Ltd

Partner in Boardman Ltd

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf.: 40,000 shares

Shareholdings in Norvestia plc: -

VICE CHAIRMAN

Master of Science (Economics) **Hreidar Már Sigurdsson**, Reykjavik
Year of Birth 1970

Primary working experience: Leading positions in Kaupthing Bank hf. and Kaupthing New York Inc.

Member of the Board (30.9.2008) in Kaupthing ASA, Kaupthing Forvaltning AS, Kaupthing Norge AS, Kaupthing Singer & Friedlander Group plc, FIH Erhvervsbank, Kaupthing Bank Sverige AB, Kaupthing Securities Inc, Kaupthing New York Inc, Kaupthing Bank Luxembourg S.A. and Kaupthing Finance ehf

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf (6.8.2008): 8,195,856 shares including ownings of family members and controlled corporations

Shareholdings in Norvestia plc: -

OTHER REGULAR MEMBERS OF THE BOARD

Master's Degree in Economics **Sigurdur Einarsson**, London
Year of Birth 1960

Primary working experience: Leading positions in Kaupthing Investment Bank, Kaupthing Bank hf., Islandsbanki hf. and Den Danske Bank

Chairman of the Board (30.9.2008) in Kaupthing ASA, Kaupthing Bank Luxembourg S.A., Kaupthing Faroyar Virðisbrevamaeklarafelag, Kaupthing New York Inc, Kaupthing Norge AS, Kaupthing Securities Inc, Kaupthing Singer & Friedlander Group plc and Sparisjodur Kaupthings hf

Member of the Board (30.9.2008) in FIH Erhvervsbank A/S, Storebrand ASA and Kaupthing Bank Sverige AB

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf (6.8.2008): 9,006,534 shares including ownings of family members and controlled corporations

Shareholdings in Norvestia plc: -

Doctor of Science (Economics) **Stig-Erik Bergström**, Espoo
Year of Birth 1941

Primary working experience: Leading positions in Stockmann plc, Midland Montagu bank and Rauma-Repola Oy

Member of the Board in European Renaissance Fund Ltd and Havsfrun Investment AB

Board Membership in Norvestia began 27.3.2001

Shareholdings in Kaupthing Bank hf: -

Shareholdings in Norvestia plc: 9,089 B shares



J.T. Bergqvist



Hreidar Már Sigurdsson



Sigurdur Einarsson

Master of Science (Economics) **Robin Lindahl**, Kauniainen
Year of Birth 1964
Vice President, Head of Finance & Control, Global Markets Organization, Nokia Corporation
Primary working experience: 1997-2006 various leading positions in Nokia Networks, 1993-1997 Nokia Finance International, Manager Treasury, 1990-1993 Skopbank International BV, Finance Manager
Member of the Board in Finngulf Yachts Oy
Board Membership in Norvestia began 10.3.2005
Shareholdings in Kaupthing Bank hf: -
Shareholdings in Norvestia plc: -

MANAGING DIRECTOR

Master of Science (Technology), Licentiate of Science (Economics)
Juha Kasanen, Espoo
Year of Birth 1957
Primary working experience: 2000-2003 Norvestia plc's Investment Manager, 1991-2000 supervision, development and research of capital markets in Bank of Finland and Finnish Financial Supervision Authority, 1989-1991 stock broker and analyst
Chairman of the Board in Norvestia Industries Ltd
Managing Director and Member of the Board in Norventures Ltd
Employment in Norvestia began 1.2.2000
Acting Managing Director since 20.10.2003
Managing Director since 19.10.2004
Shareholdings in Kaupthing Bank hf: -
Shareholdings in Norvestia plc: -

AUDITOR

CPA **Rabbe Nevalainen**
Ernst & Young Oy, deputy auditor

AUDIT COMMITTEE

Stig-Erik Bergström, Chairman
Robin Lindahl



Stig-Erik Bergström



Robin Lindahl

CORPORATE GOVERNANCE

Norvestia plc complies with the Corporate Governance Recommendation for Listed Companies issued by the Helsinki stock exchange, The Central Chamber of Commerce in Finland and the Confederation of Finnish Industry and Employers (2003).

From 1.1.2009 the company will adopt the new Finnish Corporate Governance Code for listed companies (2008).

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body and normally convenes once a year. At the Annual General Meeting shareholders exercise their right to vote on company affairs. The AGM decides on the matters laid down in the Companies Act and in Norvestia's Articles of Association, e.g. approving the financial statements, discharging the Board of Directors and the Managing Director from liability, on dividend distribution and on any amendments to the Articles of Association. It also elects the chairman, vice chairman and other members of the Board of Directors and the auditors, and decides on their remuneration. The last ordinary general meeting was held on March 13, 2008.

SHARES

Norvestia plc's B share is quoted on the NASDAQ OMX Helsinki Ltd. The company has two share series: the unlisted A shares and the listed B shares. The A share carries 10 votes and the B share one vote.

ELECTION OF BOARD MEMBERS

According to Norvestia's Articles of Association the Board of Directors comprises 3-8 regular members and at most 4 vice members. The Board of Directors consisted of five regular members at year-end 2008. Every year the AGM elects Board members for a term lasting until the following annual general meeting. The Annual General Meeting also appoints a chairman and a vice chairman from among the Board members.

INDEPENDENCE OF BOARD MEMBERS

Due to the ownership structure of the company it has been considered important that the majority shareholder has a strong position on the Board. Sigurdur Einarsson and Hreidar Már Sigurdsson represent the majority shareholder, Kaupthing Bank. J.T. Bergqvist, Stig-Erik Bergström and Robin Lindahl are independent members.

TASKS OF THE BOARD OF DIRECTORS

The Board of Directors is tasked with organizing the company's management and operations appropriately, and ensures that the company complies with all relevant laws and regulations. The Board monitors the company's book-keeping and also attends to that the company's assets are managed appropriately. The Board appoints the Managing Director and decides on the Managing Director's remuneration.

BOARD OF DIRECTORS' WORK PROCEDURES

Each year, at the meeting held after the annual general meeting, the Board lays down its own working procedures and rules of procedure for the Managing Director. The former include instructions on the form and content of Board meetings, the company's financial reporting, investments and external communications among others. The Board reviews and approves all lists of approvals and authorizations and rights to sign for the company. The Board selects an audit committee from among its members. The Board also annually conducts an internal self-evaluation of its work.

INFORMATION TO THE BOARD

The Board receives twice a month the company's portfolio report, which includes detailed information about the company's investments and their performance. The company performance is presented at every Board meeting. The Board also receives the drafts of the interim reports and annual reports before the Board meeting, where these matters are handled.

MEETINGS

The Board of Directors usually convenes between five and eight times a year. In 2008, the Board met 9 times with a participation activity of 76%.

The chairman of the Board is responsible for calling a Board meeting whenever necessary. Regular Board meetings deal with internal reports on the company's operations and performance and approve external reports, such as interim reports, bulletins on financial statements, and annual reports. Strategic questions are discussed if necessary. An agenda is drawn up for each Board meeting and distributed to the members in advance. All meetings are minuted and the minutes are then reviewed and distributed to the members of the Board and auditors.

MANAGING DIRECTOR

The Managing Director attends to the day-to-day management of the company in accordance with instructions and orders issued by the Board of Directors, ensures that the company's books are kept in compliance with the law and that its operations are in keeping with any other statutory regulations. The Managing Director is also responsible for the safety of the company's asset management arrangements. The Managing Director is not a member of the Board.

INTERNAL SUPERVISION AND RISK MANAGEMENT

The aim of the internal supervision and risk management is to ensure that the company operates in the most efficient and profitable manner, that information is reliable, and that regulations and operating principles are followed.

Internal supervision is carried out by the company's management as well as by all company personnel. The Board carries

the ultimate responsibility for supervision of book-keeping and financial management, and the Managing Director is responsible for the practical organization of internal supervision and risk management. The Board of Directors and the Managing Director are responsible for the company's risk management and decide upon matters concerning risk.

INTERNAL CONTROL

The Managing Director is responsible for seeing that the company and its subsidiaries have appropriate internal control. The parent company reviews its own book-keeping and reporting, and the financial statements, market values and portfolio reports of its subsidiaries. The basic idea behind the company's internal control system is that a third party always examines any completed work. The parent company reports for the whole Norvestia Group to Kaupthing Bank.

REMUNERATION

The AGM annually approves the fees paid to Board members, and the Board decides on the salaries and other benefits of the Managing Director. The Board decides on any bonuses paid to the Managing Director. The Board members are remunerated only by in respect of their Board membership.

In accordance with the decision of the Annual General Meeting on March 13, 2008, the Board members are remunerated as follows:

- the chairman of the Board is paid an annual fee of EUR 50,000,
- the vice chairman is paid an annual fee of EUR 28,000 and
- other regular members are paid an annual fee of EUR 28,000.

In addition, a meeting fee of EUR 350 is paid for work on Board committees. All travel and accommodation expenses of the Board members are paid according to invoice.

The pension benefits of the Managing Director are based on the Finnish Employees' Pensions Act (TyEL). The term of notice is one month, and the compensation for notice corresponds to a salary of eight months. The Managing Director is paid a monthly salary and a bonus. The bonus is based on the company's annual net asset value return after expenses and taxes. The Board of Directors determines the grounds for the bonus. In 2008, the Managing Director was paid a total of EUR 211,000 in monthly salary and benefits. The share of the monthly salary was EUR 211,000, of which benefits EUR 2,000. No bonus was paid in 2008.

AUDIT COMMITTEE

The primary duty of the audit committee elected by the Board of Directors is to monitor the work of the auditors and any issues therein arising. The audit committee follows the financial position of the company and monitors its financial reporting. It is further responsible for evaluating the adequacy and appropri-

ateness of internal supervision and risk management, evaluating compliance with laws and regulations, maintaining contact with the auditor, examining the auditor's reports and evaluating any advisory services supplied by the auditor. The committee reports to the Board regularly. In 2008, the Audit Committee met twice. The audit committee comprises two members, which deviates from the recommendation. The Board considers the number of members to be sufficient due to the relatively small size of the company.

The company has no other Board committees.

INDEPENDENCE OF THE AUDIT COMMITTEE MEMBERS

Stig-Erik Bergström and Robin Lindahl are independent audit committee members.

EXTERNAL AUDIT

According to the Articles of Association, the company has at least one regular auditor who must be a public accountant authorized by the Central Chamber of Commerce. The Annual General Meeting elects the auditor/auditors, whose term extends until the end of the first annual general meeting following their election. In connection with the annual financial statements, the auditors prepare the auditor's report to the company's shareholders. The purpose of the statutory external audit is to verify that the financial statements give a true and fair view of the result and financial position of the company. The audit constitutes an independent statement to the shareholders concerning management of the book-keeping, financial statements and administration of the company.

The auditors' expenses are compensated according to invoice. In 2008 EUR 21,000 was paid for audit work in Norvestia Group and EUR 21,000 in Norvestia plc.

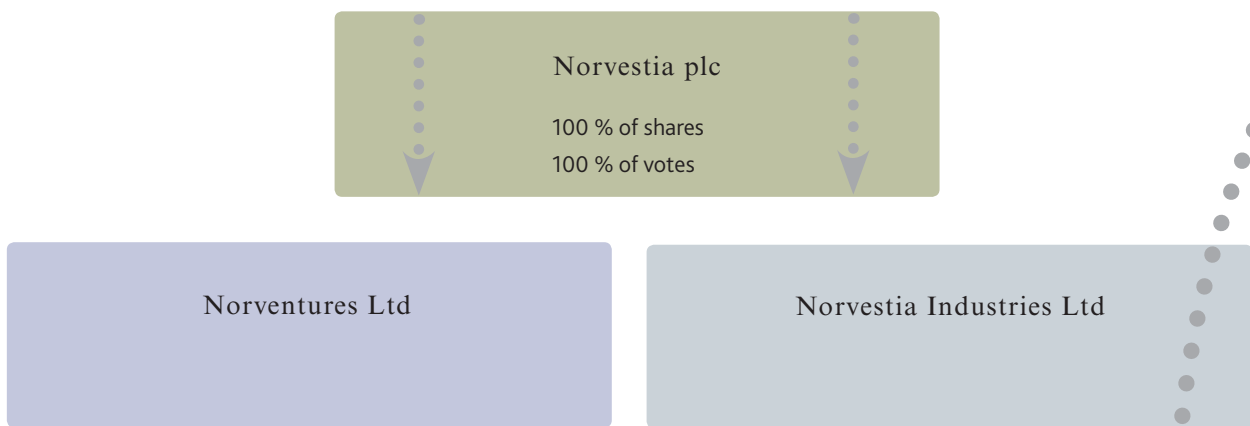
INSIDER REGULATION

The company complies with the guidelines for insiders issued by Nasdaq OMX Helsinki Ltd June 2, 2008. The company's Board of Directors, Managing Director and auditors belong to the public insider register. The company also maintains a company specific insider register, which includes all company personnel as well as persons that regularly receive insider information.

CORPORATE GOVERNANCE DESCRIPTION ON COMPANY HOMEPAGE

The company's corporate governance description is updated on the company's home pages www.norvestia.fi.

STRUCTURE OF THE GROUP



NORVESTIA GROUP

Norvestia is part of the Kaupthing Bank Group. The Norvestia Group became a part of the Kaupthing Bank Group in the last quarter of 2003. Norvestia plc is parent company to Norvestia Industries Ltd and Norventures Ltd. Norvestia Industries Ltd was established in September 2007 in order to realize the Group's industrial investment strategy.

NORVESTIAS PERSONNEL



Juha Kasanen, Managing Director



Ville Kettunen, Investment Manager



Erika Lehtilä-Vuorio, Assistant, Administration



Susanne Poikonen, Financial Manager



Maija Ahola, Investor Relations



Jan Sasse, Executive Advisor



Jonna Vaarnanen, Financial Manager (on maternity leave)

SUMMARY OF STOCK EXCHANGE RELEASES

All of the company's stock exchange releases and investor news can be found in their full length on the company home page www.norvestia.fi. The stock exchange releases are available in Finnish and Swedish.

| | |
|-------------------|--|
| 17.01.2008 | Norvestia's net asset value sunk by 0.7 % in Decemebr |
| 23.01.2008 | Norvestia's Financial Statements for 2007 |
| 07.02.2008 | Summons to the Annual General Meeting |
| 11.02.2008 | Norvestia's summary of stock exchange releases for the year 2007 |
| 13.02.2008 | Norvestia's net asset value sunk by 3.2 % in January |
| 27.02.2008 | Norvestia's Annual Report 2007 published |
| 11.03.2008 | Norvestia's net asset value rose by 1.0 % in February |
| 13.03.2008 | Resolutions of Norvestia plc's Annual General Meeting March 13, 2008 |
| 11.04.2008 | Norvestia's net asset value rose by 1.6 % i March |
| 23.04.2008 | Norvestia's interim report 1.1.-31.3.2008 |
| 12.05.2008 | Norvestia's net asset value remained unchanged in April |
| 10.06.2008 | Norvestia's net asset value rose by 0.7 % in May |
| 09.07.2008 | Norvestia's net asset value sunk by 2.6 % in June |
| 18.07.2008 | Norvestia's interim report 1.1.-30.6.2008 |
| 08.08.2008 | Norvestia's net asset value sunk by 0.9 % in July |
| 09.09.2008 | Norvestia's net asset value rose by 1.7 % in August |
| 24.09.2008 | Norvestia invests in Coronaria's healthcare business |
| 09.10.2008 | Norvestia's liabilities against Kaupthing Bank Group |
| 10.10.2008 | Purchase of Norvestia's own B-shares |
| 14.10.2008 | Norvestia's net asset value sunk by 4.9 % in September |
| 21.10.2008 | Norvestia's interim report 1.1.-30.9.2008 |
| 31.10.2008 | Norvestia's bank deposit in Kaupthing Bank has been refunded |
| 12.11.2008 | Norvestia's net asset value sunk by 3.9 % in October |
| 10.12.2008 | Norvestia's financial reporting in 2009 |
| 11.12.2008 | Norvestia's net asset value sunk by 2.3 % in November |

KEY TERMS

NET ASSET VALUE

The net asset value of the Group is of central importance to an investment company such as Norvestia. The report on net asset value is a calculation of the difference between the fair value of Norvestia's assets and that of its liabilities. Thus, the dividend-adjusted change in net asset value in a given period indicates the return on investments. The net asset value also corresponds to shareholders' equity according to IFRS without minority share.

Norvestia's net asset value is calculated and published monthly.

The discount in net asset value, expressed in percentages, is the difference between net asset value per share and the price of the B share.

IFRS

According to EU regulation 1606/2002 companies whose shares are publicly traded in the member countries of the ETA are obliged to prepare consolidated financial statements in accordance with IFRS. Norvestia has prepared its consolidated financial statements in accordance with IFRS since 2005. The financial statements of the parent company are prepared in accordance with the Finnish accounting standards, FAS.

TAXATION

Investment companies pay tax on realized returns at the prevailing corporate tax rate. Deferred tax liability is calculated on unrealized gains, i.e. the value by which the fair value of the company's assets exceeds their purchase value. The deferred tax liability for 2007 and 2008 has been calculated at a tax rate of 26%.

When comparing an investment company such as Norvestia with investment funds for example, differences in taxation should be taken into account. This applies to taxation on both profit distribution and appreciation. The effects of taxation are taken fully into account in Norvestia's reports on net asset value. Dividends received by Norvestia from Finnish listed companies are tax-free.

VOLATILITY

Volatility or standard deviation measures statistically the extent of daily fluctuations in the value of the portfolio and so indicates the risk level associated with it. Generally speaking, the higher the volatility, or the larger the fluctuations in value, the higher the risk and vice versa.

The average volatility of the OMX Helsinki CAP yield index calculated on monthly observations was 23.4% in 2008. Volatility in Norvestia's dividend-adjusted net asset value was 7.8%. Low volatility is part of Norvestia's strategy, which generally presupposes low risk levels and steady returns.

ABSOLUTE RETURN OBJECTIVE

The absolute return objective means that the company aims to increase its net asset value each year regardless of prevailing market trends.

SHARPE RATIO

The Sharpe ratio is a measure of risk-adjusted return developed by Nobelist William Sharpe. Mathematically the ratio is calculated by dividing the return exceeding the risk-free rate by the volatility of the return. The greater an investment's Sharpe ratio, the higher its risk-adjusted return. The Sharpe ratio can be used to compare returns between investments with different risks. If an investment has generated returns below the risk-free rate its Sharpe ratio is negative.



