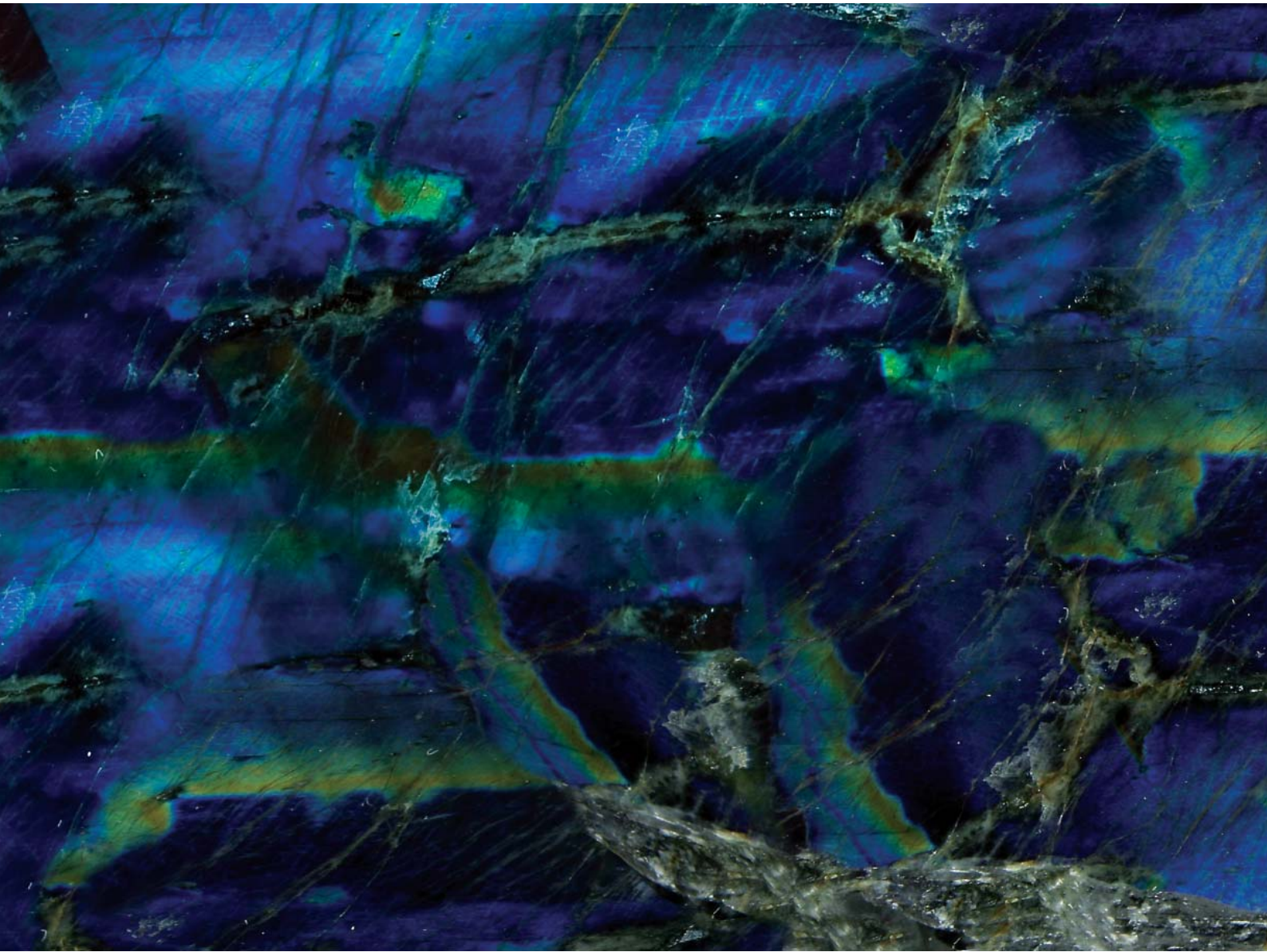
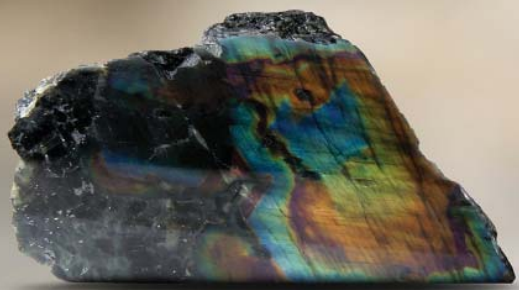


Annual Review 2007





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

Finnvera in Brief

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

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

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

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

An industrial policy actor

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

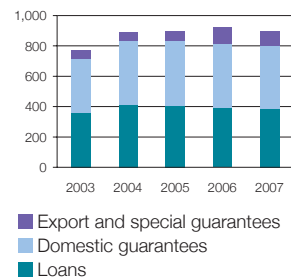
Finnvera is expected to operate on the principle of economic self-sustainability. Finnvera strives to cover its operating expenses, and the credit and guarantee losses at its own responsibility, with income received from commercial operations.

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

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

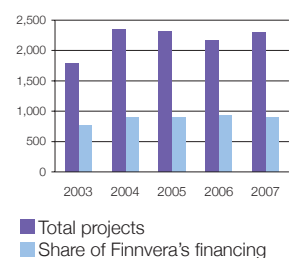
Domestic financing

Domestic financing, by product, MEUR



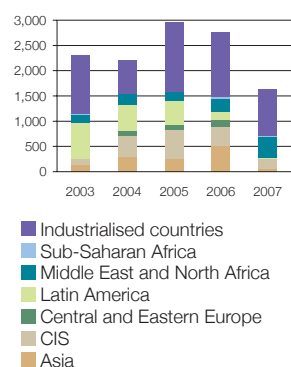
Domestic financing

Total projects made possible by Finnvera's financing, MEUR



Foreign risk-taking

Guarantees offered, by region, MEUR



Mission

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

Vision

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

Strategy

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

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

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

Strategic goals 2008–2012

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

Values

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

Corporate social responsibility

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

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

Impacts of Finnvera's activities

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

*Assisted areas were revised in 2007

The Managing Director's Review



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

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

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

Business trends

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

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

In 2007, we provided financing for the export transactions of SMEs and for the construction of international enterprise networks. These have made it possible for enterprises to increase their turnover and maintain their

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

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

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

Changes in the operating environment

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

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

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

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

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



Pauli Heikkilä

Impacts of Financing

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

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

Employment

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

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

Enterprise

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

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

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

Regional development

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

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

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

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

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

Exports

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

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

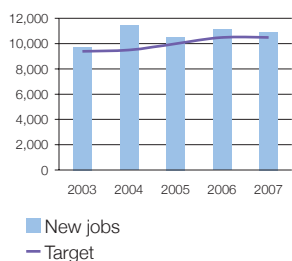
In 2007, the value of exports covered by guarantees totalled EUR 1,179.9 million (EUR 1,630.1 million). It represented 1.9 per cent (2.7) of Finland's total exports. Exports to countries involving political risks accounted for 4.0 per cent (6.4). The CIS countries, primarily Russia, accounted for 27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

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

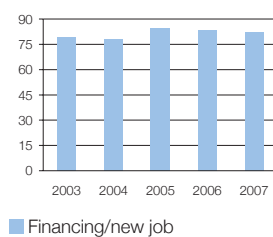
Moreover, a cruise vessel that Finnvera had helped to finance by means of its Finance Guarantees and Bond Guarantees was delivered to an American shipping company during the year. The total value of the vessel was nearly EUR 600 million.

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

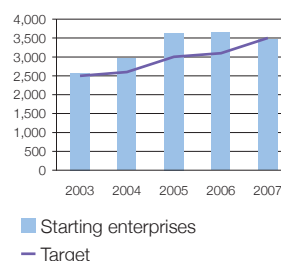
Domestic financing
New jobs, number



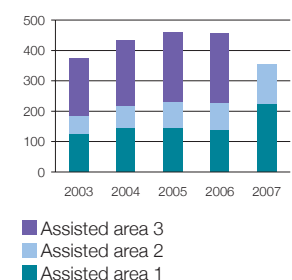
Domestic financing
Financing/new job, EUR 1,000



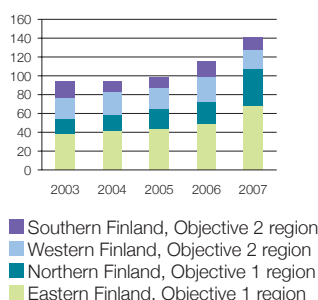
Domestic financing
Starting enterprises, number



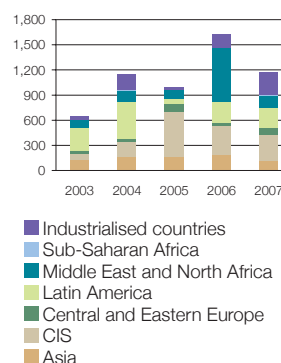
Domestic financing
Financing for areas assisted on regional policy grounds*, MEUR



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



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



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

Financing and Risk-Taking

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

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

Financing for domestic operations of enterprises

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

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

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

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

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

Export financing

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

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

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

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

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

Trends in risk-taking

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

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

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

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

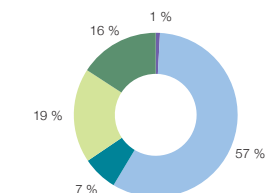
At the end of 2007, the total value of reinsurance agreements and other corresponding arrangements that Finnvera has made to hedge against risks was EUR 63.9 million.

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

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

Domestic financing

Financing, by sector
1 Jan-31 Dec 2007
Total MEUR 896.9



- Rural trades
- Industry
- Tourism
- Services to business
- Trade and consumer services

Domestic financing

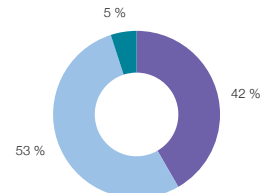
Outstanding commitments by risk category
31 Dec 2007
Total MEUR 2,478.0



- A1
- A2
- A3
- B1
- B2
- B3
- C
- D

Domestic financing

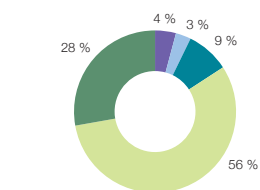
Financing, by enterprise size
1 Jan-31 Dec 2007
Total MEUR 896.9



- Micro-enterprises
- Other SMEs
- Major companies and other business

Foreign risk-taking

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



- Telecommunications
- Wood processing
- Power generation
- Shipping companies
- Other

Foreign risk-taking

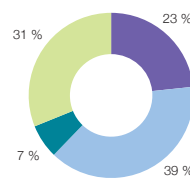
Outstanding commitments, by country risk category
31 Dec 2007
Total MEUR 4,625.7
(Finnvera + State Guarantee Fund)



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

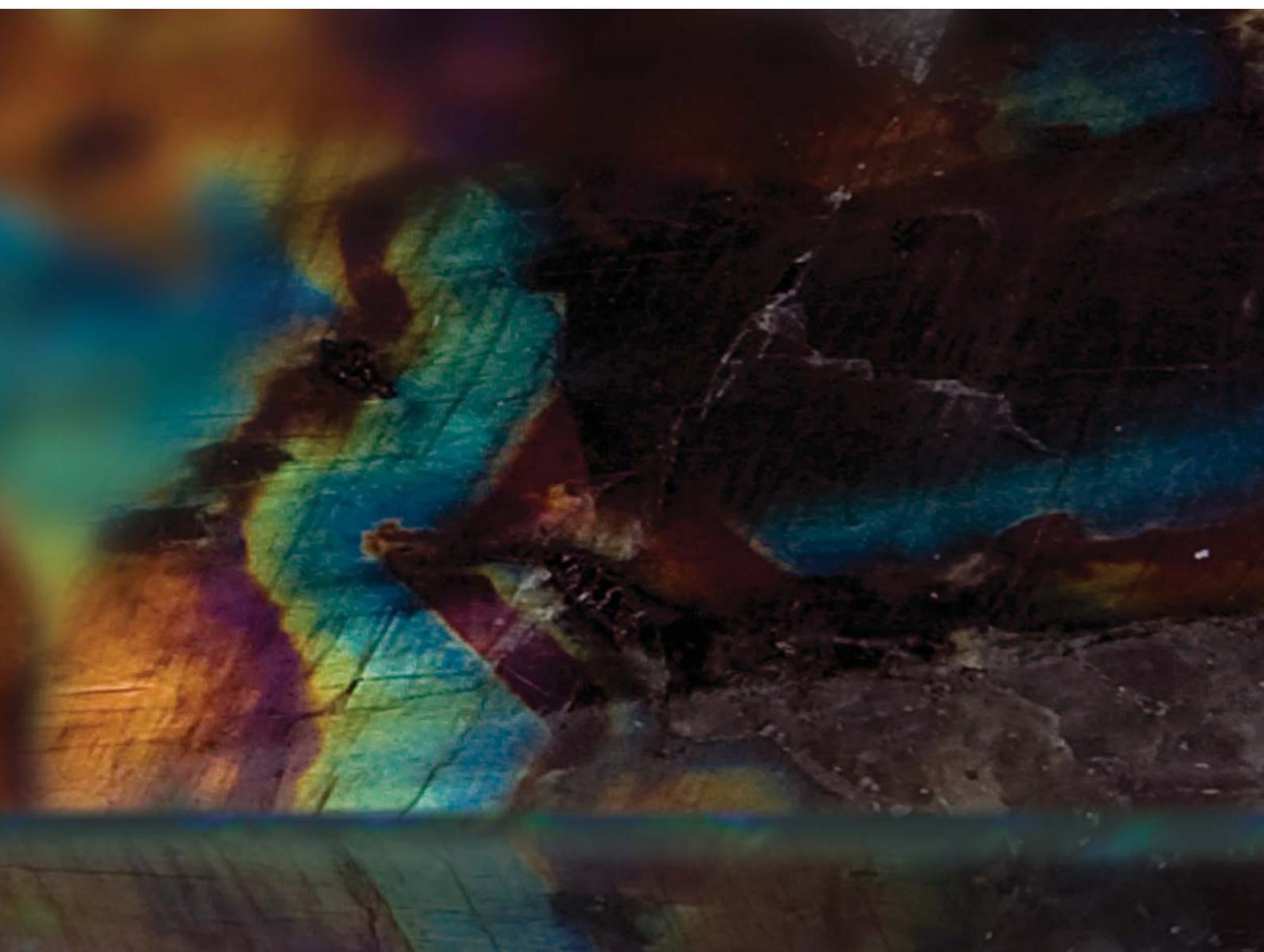
Foreign risk-taking

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



- Telecommunications
- Wood processing
- Power generation
- Other





Business Areas

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

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

Micro-financing

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

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

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

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

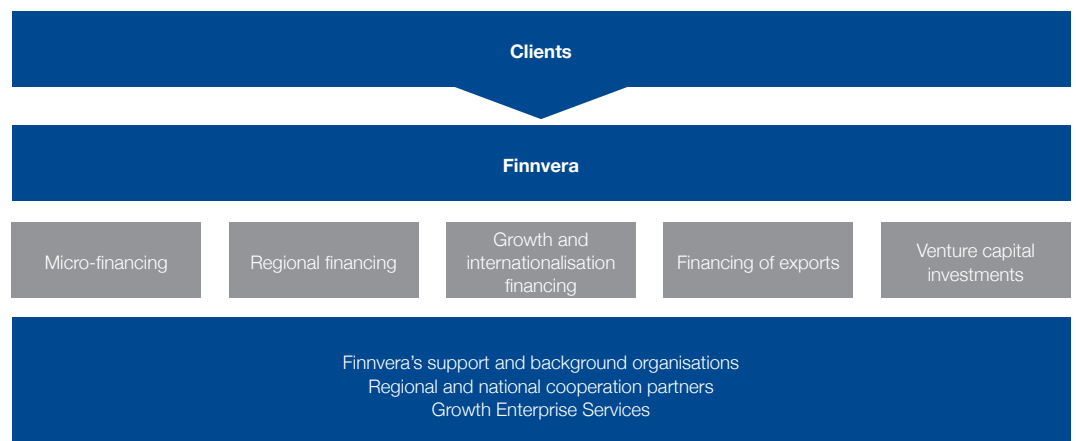
Regional financing

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

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

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

Finnvera Group's business areas



Financing for growth and internationalisation

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

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

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

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

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

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

Financing of exports

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

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

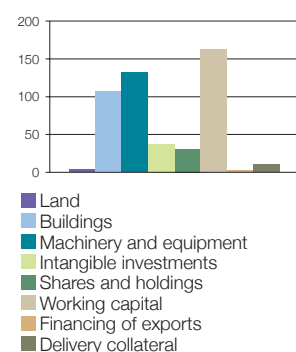
Nearly half of the total value of guarantee applications pertained to a buyer credit for a large cruise vessel. Power generation accounted for a good ten per cent, and telecommunications for a little under ten per cent of the total. As before, the highest numbers of guarantee applications concerned exports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

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

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

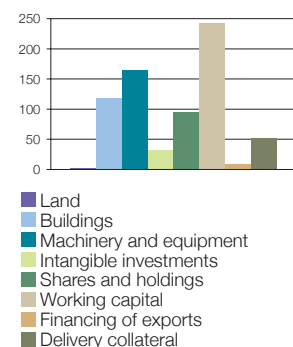
Small enterprises

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



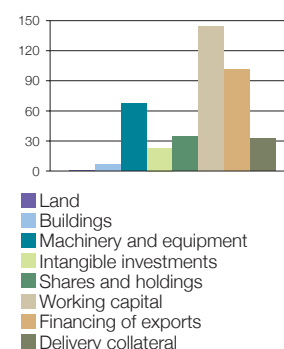
Regional enterprises

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



Growing and internationalising enterprises

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



Guarantees that came into effect halved since the year before

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

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

Shipyards still an important customer

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

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

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

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

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

Interest equalization enables fixed-interest rate financing

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

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

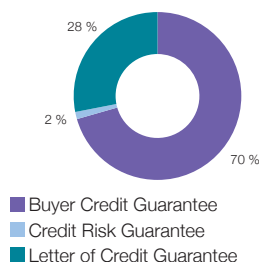
Finnish Export Credit also promotes exports by providing export credits in cases where the borrower is a party referred to in tax treaties concluded with certain countries and the arrangement involves a withholding tax benefit.

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

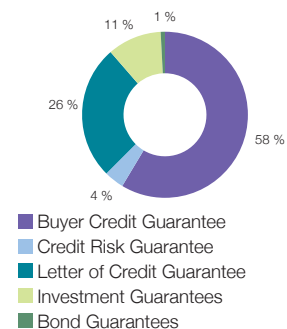
The total value of interest equalization offers given in 2007 amounted to EUR 1.5 billion (EUR 3.2 billion). The value of interest equalization commitments made in 2007 on the basis of signed credit agreements totalled EUR 0.6 billion (EUR 1.2 billion). The total value of interest equalization agreements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

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

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



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



Venture capital investments

Venture capital investments in regional funds

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

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

Investments in innovative early-stage enterprises

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

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

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

A new service model for private investors

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

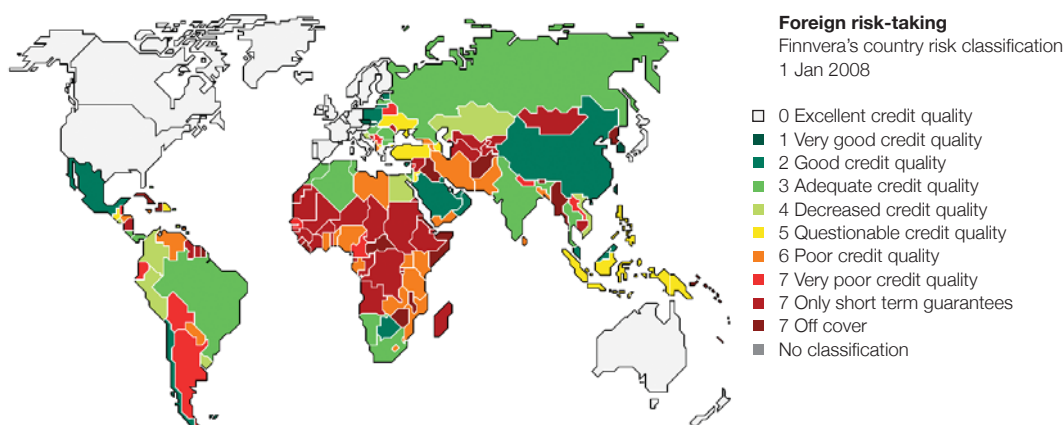
Venture capital investments for the travel industry

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

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

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

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



Financial Responsibility

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

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

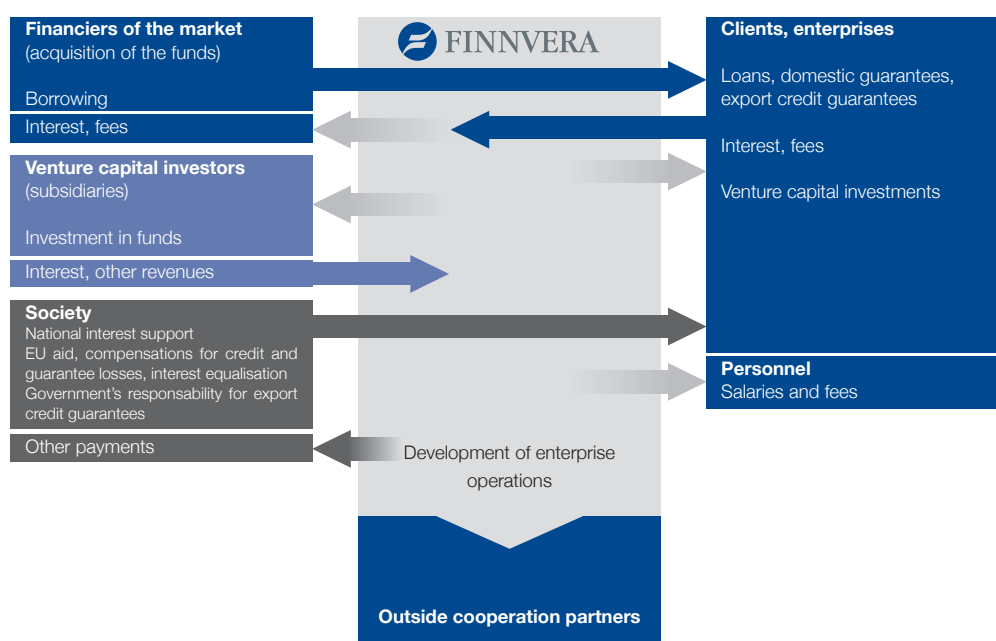
Capital adequacy must be sufficient in order to ensure the company's ability to bear risks and to keep the costs of funding as reasonable as possible.

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

Key figures for economic responsibility

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

Economic impact of Finnvera's operations



Environmental Responsibility

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

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

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

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

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

Publicity policy

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

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

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

Ethical issues and sustainable development

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

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

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

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

Social Responsibility

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

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

Finnvera as Finland's representative in the OECD and EU

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

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

Finnvera as Finland's representative in the Paris Club

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

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

Personnel

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

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

Finnvera's personnel policy outlines emphasise the following aspects

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

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

Personnel development and training

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

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

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

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

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

Incentives and commitment

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

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

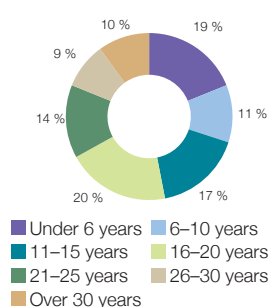
One-off extra bonuses can be paid, for instance, for exceptionally good work performance or for passing an examination or earning a new degree. The bonuses paid in 2007 totalled EUR 144,000.

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

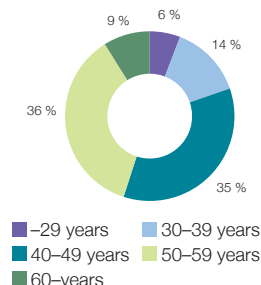
Personnel well-being

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

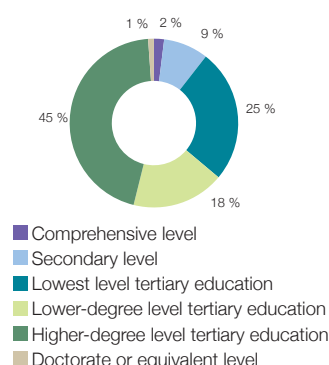
Average length of employment
31 Dec 2007

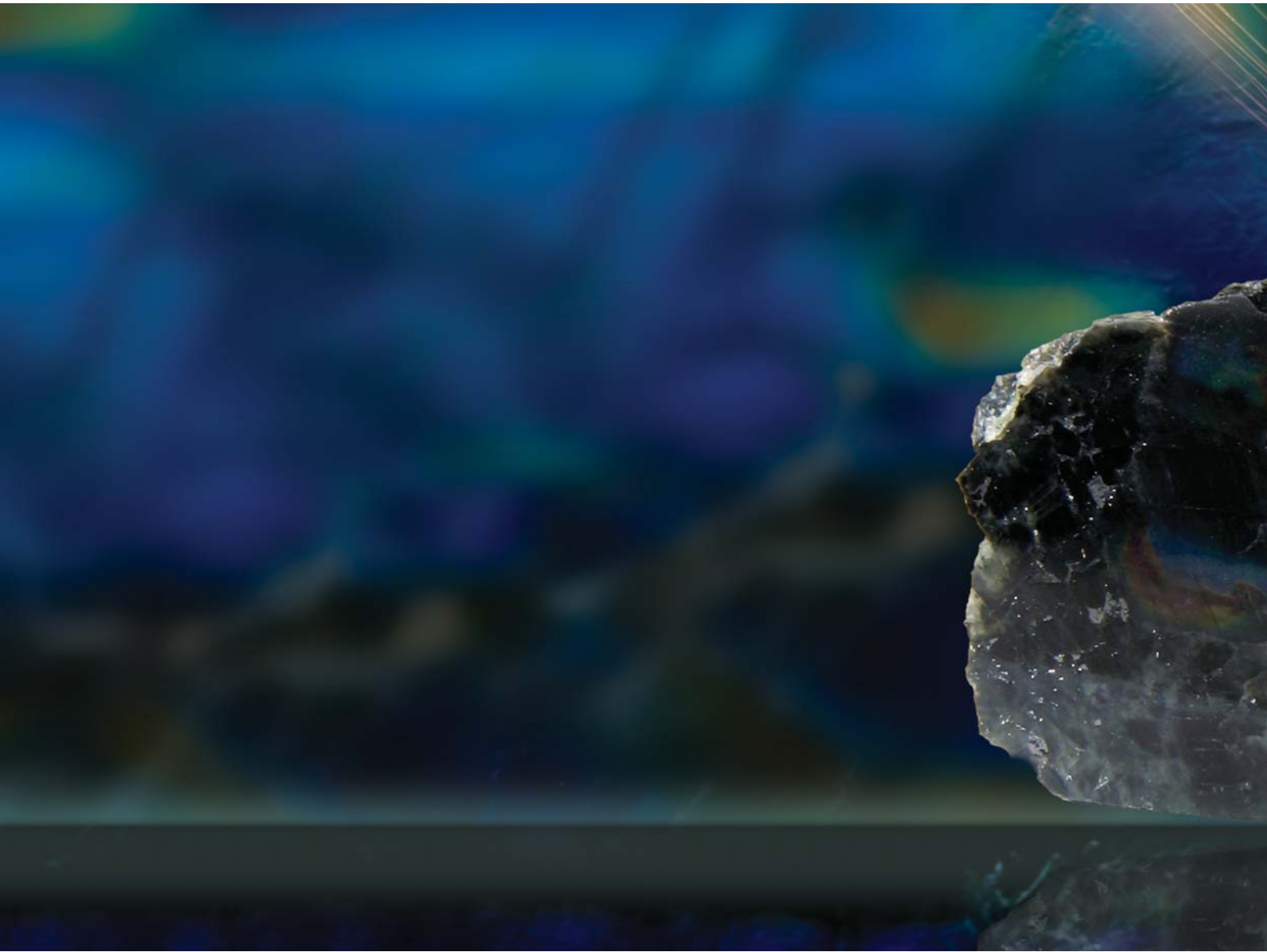


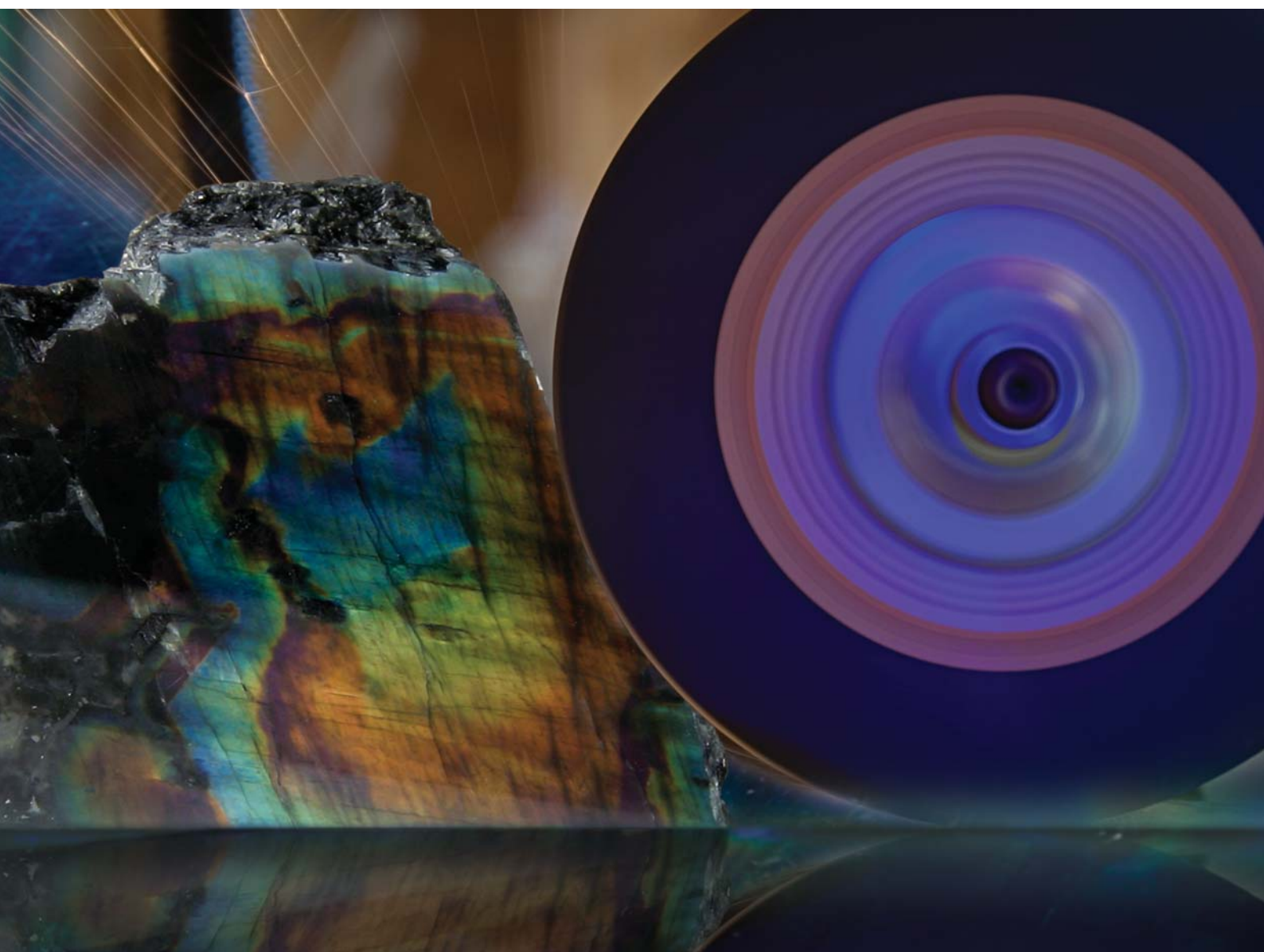
Personnel's age distribution
31 Dec 2007



Personnel's education
31 Dec 2007







Corporate Governance

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

The State as the owner

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

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

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

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

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

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

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

Ownership policy

In the line with the industrial policy goals defined by the Ministry of Employment and Economy, Finnvera shall strive to reach economic self-sustainability. For its own part, the company shall offset any shortcomings in the operation of the financial market, shall promote and develop the activities of starting, small and medium-sized enterprises and shall advance the internationalisation and exports

of enterprises. In addition, Finnvera shall promote fulfilment of the government's regional policy goals. The industrial policy goals also include targets pertaining to the Finnvera Group's venture capital investments.

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

Corporate governance

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

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

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

Administrative bodies of Finnvera

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

General Meeting of Shareholders

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

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

Supervisory Board

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

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

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

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

Board of Directors

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

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

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

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

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

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

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

Managing Director, Management Group and Corporate Management

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

Salaries and fees

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

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

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

Risk management

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

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

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

Internal audit

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

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

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

Auditing

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

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

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

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

Supervisory Board

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

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

Chairman

Johannes Koskinen
Member of Parliament
(Finnish Social Democratic Party)

First Vice Chairman

Kyösti Karjula
Member of Parliament
(Finnish Centre Party)

Second Vice Chairman

Reijo Paajanen
Member of Parliament
(National Coalition Party)

Members

Peter Boström
Managing Director
(Swedish People's Party)

Kaija Erjanti
Head of Division
Federation of Finnish Financial Services

Susanna Haapoja
Member of Parliament
(Finnish Centre Party)

Sinikka Hurskainen
Member of Parliament
(Finnish Social Democratic Party)

Timo Kekkonen
Director
Confederation of Finnish Industries EK

Leila Kurki
Senior Adviser
Finnish Confederation of Salaried Employees
STTK

Ritvaliisa Mononen
Business Analyst
Finnvera plc

Erkki K. Mäkinen
Managing Director
Federation of Finnish Enterprises

Iivo Polvi
Master of Administrative Sciences
(Left Alliance)

Eero Reijonen
Member of Parliament
(Finnish Centre Party)

Heikki Ropponen
Deputy Managing Director
Federation of Finnish Commerce

Osmo Soininvaara
Licentiate of Social Sciences
(Green League)

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

Timo Vallittu
Chairman
Chemical Workers' Union

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

Board of Directors

Chairman

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

First Vice Chairman

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

Second Vice Chairman

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

Päivi Kerminen (1958), LL.M.

Governmental Counsellor
Ministry of Employment and the Economy
Board Member 1999–

Deputy Members

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

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

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

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

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

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



Kalle J.
Korhonen



Pekka
Laajanen



Pekka
Huhtaniemi



Päivi
Kerminen



Jyrki
Kiviharju



Martti
Mäenpää



Risto
Suominen



Matti
Viialainen

Management Group and Corporate Management

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

Pauli Heikkilä

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

Topi Vesteri

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

Veijo Ojala

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

Aarno Järvinen

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

Annamarja Paloheimo

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

Leo Houtsonen

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

Ulla Hagman

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

Marja Karimeri

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

Johanna Tuomisto

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

Eila Alajoki

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

Leena Jaakkola

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

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

Heikki Lähdesmäki

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

Matti Männikkö

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

Tuija Saari

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

Ilse Salonen

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

Jyrki Wirtavuori

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

Regional Organisation

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

Northern Finland

Vice President

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

Directors of Regional Offices:

Kari Tuominen (1958) M.Sc. (Econ. & Bus. Adm.), Rovaniemi

Pauli Piilma (1961) LL.M., Kajaani

Southern Finland

Vice President

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

Directors of Regional Offices:

Reijo Järvinen (1948) M.A., until 1 December 2007, Helsinki

Jukka Vilppo (1955) M.Sc. (Tech.), Uusimaa

Pasi Pirinen (1956) M.Sc. (Tech.), Lahti

Hannu Puhakka (1959) M.Sc. (Tech.), until 20 May 2007,

Satu Mäkelä-Kandelin (1970) M.Sc. (Econ. & Bus. Adm.), as of 1 September 2007, Lappeenranta

Central and Eastern Finland

Vice President

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

Directors of Regional Offices:

Pentti Kokkinen (1949) M.Sc. (Econ. & Bus. Adm.), Jyväskylä

Pauli Tengvall (1947) M.Sc. (Tech.), Kuopio

Juho Björn (1947) M.Sc. (Tech.), until 31 July 2007, Joensuu

Jukka-Pekka Jordan (1950) M.Sc. (Econ. & Bus. Adm.), Mikkeli

Western Finland

Vice President

John Erickson (1956) M.A., Vaasa

Directors of Regional Offices:

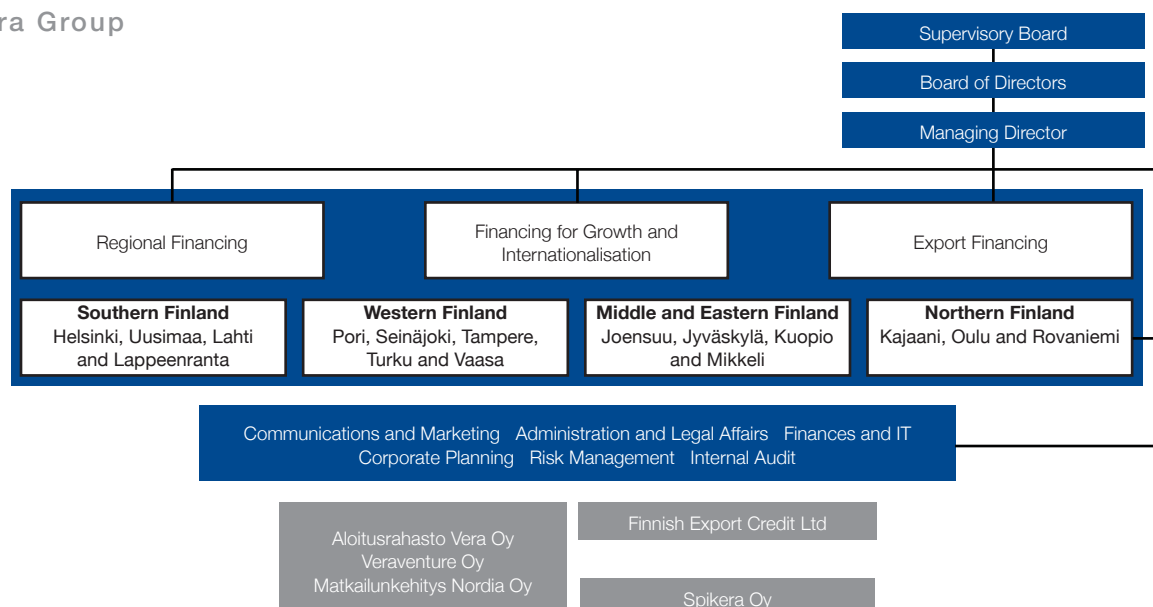
Martti Kytöluhta (1947) M.Sc. (Econ. & Bus. Adm.), Pori

Markku Laineenoja (1949) M.Sc. (Econ. & Bus. Adm.), Turku

Asko Saarinen (1954) M.Sc. (Tech.), eMBA, Seinäjoki

Seppo Tyynelä (1949) B.Sc. (Econ. & Bus. Adm.), Tampere

Finnvera Group



Statistics

Domestic Financing

Financing, by product

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

Financing, by regional office

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

Financing, by sector

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

Financing decisions, by enterprise size

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

Outstanding commitments, by product

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

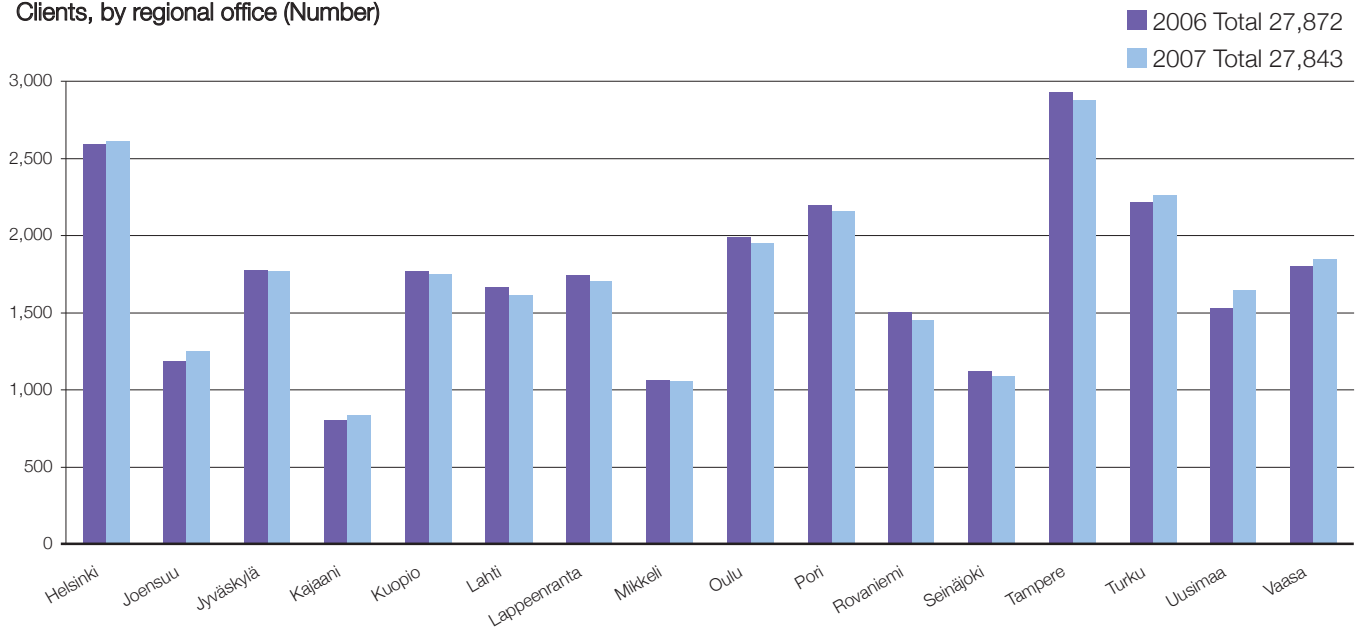
Outstanding commitments, by sector

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

Outstanding commitments, by regional office

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

Clients, by regional office (Number)



Clients, by enterprise size

(Number)	31/12/07	31/12/06
Micro-enterprises	24,886	24,936
Other SMEs	2,868	2,837
Major companies and other business	89	99
Total	27,843	27,872
(%)	2007	2006
Micro-enterprises	89.4	89.5
Other SMEs	10.3	10.2
Major companies and other business	0.3	0.4
Total	100	100

Clients, by sector

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

New clients

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

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

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

Foreign Risk-Taking ¹⁾

Guarantees offered, by region

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

Guarantees that have come into effect, by region

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

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

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

Outstanding commitments ²⁾, by product, 31 Dec 2007

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

Outstanding commitments ²⁾, by region, 31 Dec 2007

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

Exports covered by guarantees, by region ⁶⁾

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

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

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

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

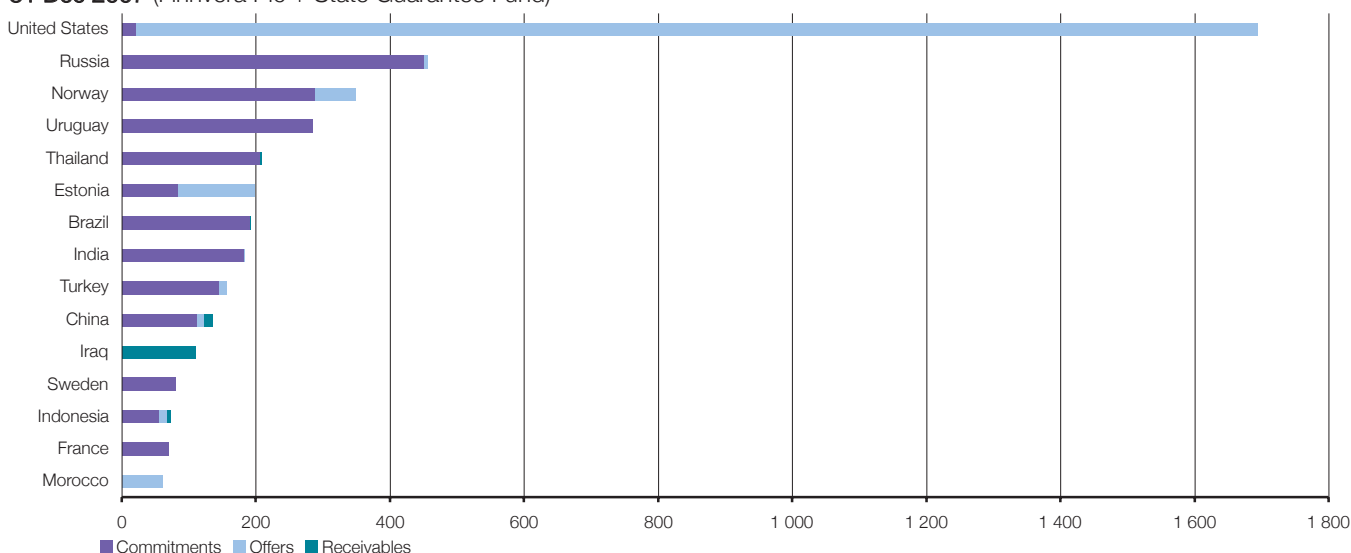
(EUR 1,000)	2007		2006		2005		2004		2003	
	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery
United Arab Emirates	2.2	1.4	15.6	249.4	3.0	-	21.3	-	0.8	-
Argentina	-	32.1	4.5	309.0	4.1	251.1	3.8	381.0	2.7	348.4
Australia	-	-	-	100.9	-	125.9	-	1,104.5	1,739.2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

Receivables in the recovery process 31 Dec 2007 ⁸⁾

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

15 biggest country exposures, MEUR

31 Dec 2007 (Finnvera Plc + State Guarantee Fund)



1) Foreign risk-taking = export credit and special guarantees in which the object of the risk is abroad.

2) Outstanding commitments = commitments as per coverage; overlapping between guarantees that have been eliminated (net commitments).

3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 11.3 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.

4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 173.4 million.

5) The outstanding commitments arising from Credit Risk Guarantees include a provision of EUR 2.0 million for credit losses.

6) Exports covered with Buyer Credit, Credit Risk and Letter of Credit Guarantees.

7) Include collection charges.

8) Finnvera's share.

The Liability Managed by Finnvera

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

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

Liability for guarantees under the Act on the State's Export Credit Guarantees and for raw material guarantees

(Act on the State Guarantees to Ensure the Supply of Basic Raw Material) ¹⁾ 31 Dec 2007

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

Liability for special guarantee activities 31 Dec 2007

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

The State Guarantee Fund's recovery receivables 31 Dec 2007

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

1) Liability = commitments as per coverage; overlapping between guarantees has been eliminated (net liability).

2) Book value = current commitments + half of offers.

3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 11.3 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.

4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 1.0 million.

5) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 173.4 million.

6) The outstanding commitments arising from Credit Risk Guarantees include a provision of EUR 2.0 million for credit losses.

7) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 174.4 million for credit losses.

8) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 184.7 million for credit losses.

9) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 185.7 million for credit losses.

10) As per the Act.

11) The difference between the Fund's share and total receivables represents the guarantee holder's receivables under recovery.

Key Figures

Finnvera Group

(MEUR)	2007	2006	2005	2004	2003
Turnover	199.3	169.9	171.0	164.2	153.2
Operating profit or loss	56.4	45.4	45.5	54.9	37.3
% of turnover	28.3	26.7	26.6	33.4	24.3
Return on equity, %	10.3	7.1	7.4	9.5	7.1
Return on assets, %	3.2	2.0	2.0	2.5	1.7
Equity ratio %	30.8	28.6	27.1	27.9	24.1
Capital adequacy ratio	19.5	18.4	18.1	16.4	15.8
Write-down on receivables, guarantee losses	44.8	39.8	48.0	36.5	34.1

*The key figures for 2007 and 2006 have been calculated according to IFRS.

Finnvera plc, domestic financing

Number of clients	3,467	3,641	3,638	2,956	2,576
Number of new jobs	10,907	11,134	10,548	11,457	9,730
Financing granted, MEUR	896.9	926.0	895.3	891.5	772.4
Outstanding commitments at year's end					
Outstanding credits, MEUR	1,368.9	1,372.3	1,376.3	1,337.8	1,246.6
Outstanding guarantees, MEUR	827.4	804.3	839.8	793.1	691.5

Finnvera plc, financing of exports

Outstanding commitments, MEUR	4,980.2	4,556.5	3,902.9	3,367.1	3,138.6
Guarantees offered, MEUR	1,626.8	2,760.2	2,974.3	2,209.4	2,311.0
Guarantees that came into effect, MEUR	705.7	1,239.8	1,406.9	987.1	995.1

Finnvera plc, clients

Domestic and export financing together	28,000	28,000	27,600	26,300	25,600
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Finnvera's Annual Review and Financial Review for 2007 are published in Finnish, Swedish and English. The Interim Report covering the period from 1 January 2008 to 30 June 2008 will be published on 28 August 2008, also in three languages. The Financial Review 2007 is available in Finnish, Swedish and English on Finnvera's website at www.finnvera.fi. The Finnish and English versions of the Annual Review can also be ordered from Finnvera's Corporate Communications, tel. +358 20 460 7402, e-mail kaisa.sailas@finnvera.fi.

