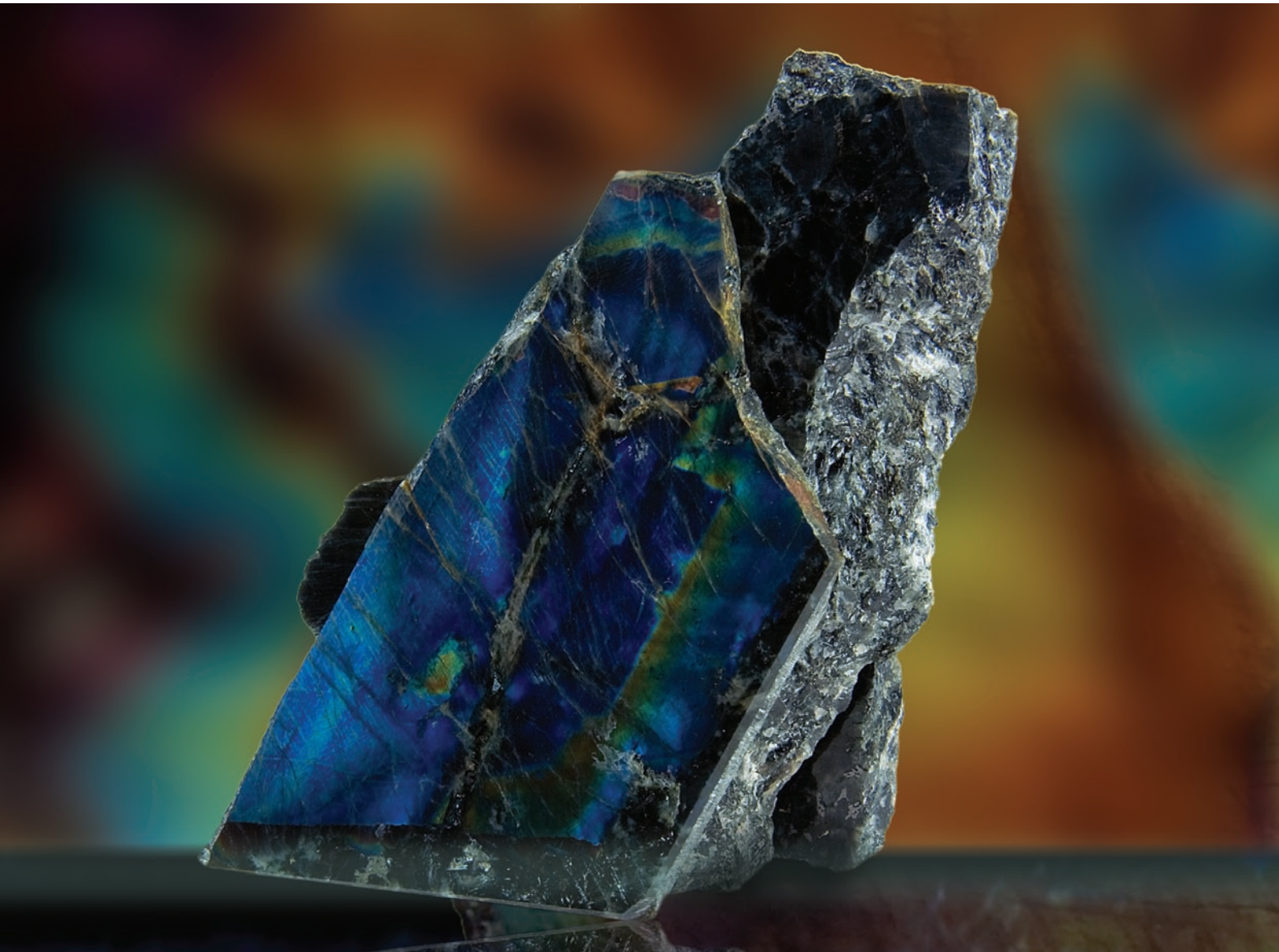
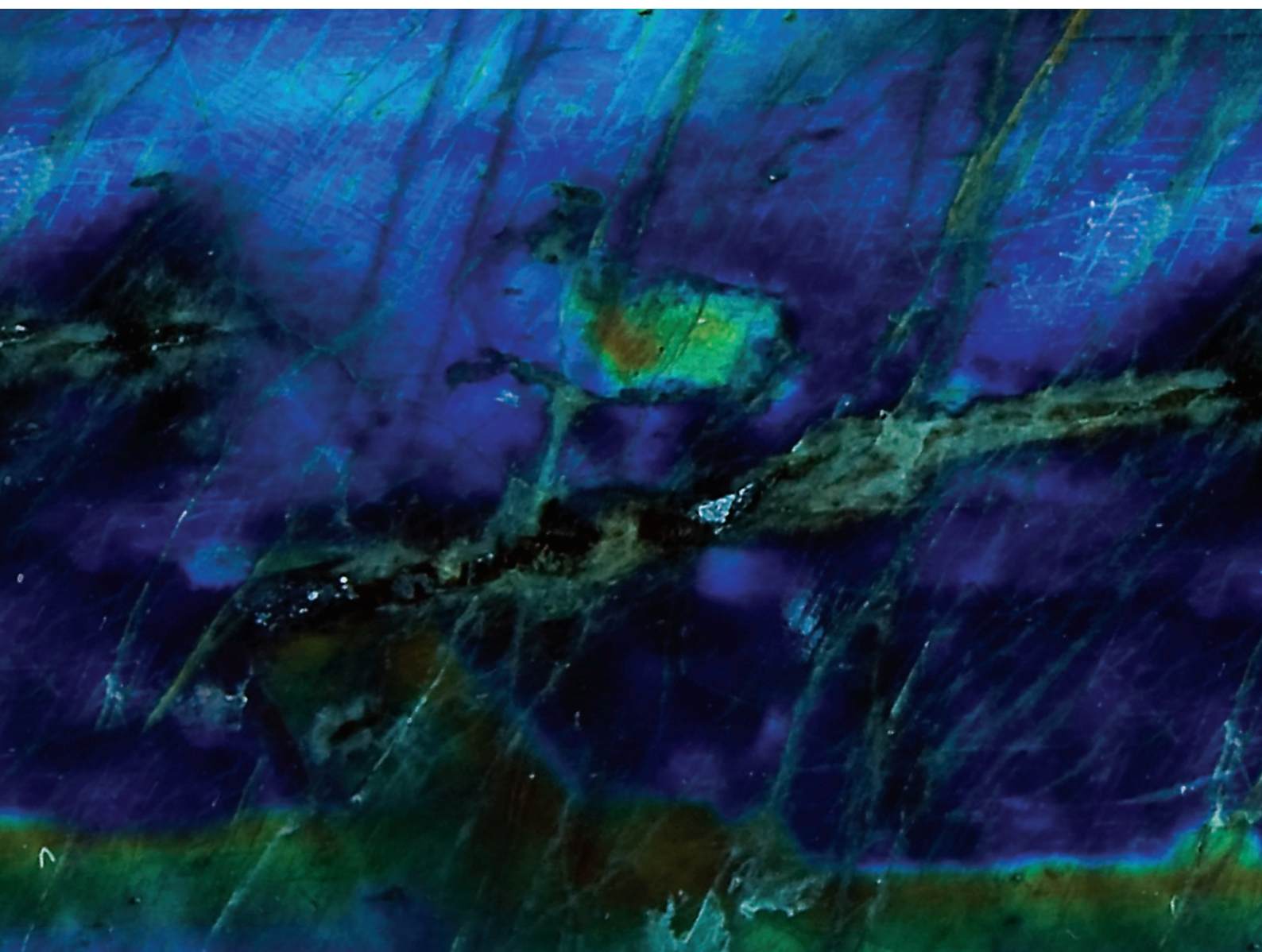


Financial Review 2007





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Report of the Board of Directors

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

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

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

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

Public venture capital investing in start-up enterprises

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

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

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

Changes in the operating environment

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

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

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

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

Finnvera exempted from income taxation

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

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

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

Business trends

Financial performance

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

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

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

Interest income and interest expenses

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

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

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

Fee and commission income and expenses

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

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

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

Gains and losses from items carried at fair value

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

Other income

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

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

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

Net impairment losses on financial assets

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

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

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

Other expenses

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

Separate results

The export credit guarantee and special guarantee operations' separate result after deferred taxes in accordance with the Act on the State Guarantee Fund (444/1998) Chapter 4 amounted to EUR 35.2 million and respectively

the result of Finnvera plc's other operations amounted to EUR 10.7 million. The separate income statements are presented in note 29 to the financial statements.

Balance sheet

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

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

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

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

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

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

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

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

Capital adequacy and acquisition of funds

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

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

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

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

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

Group structure and its changes

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

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

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

Attainment of industrial and ownership policy goals

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

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

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

Administration

Personnel

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

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

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

Supervisory Board and auditor

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

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

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

Board of Directors

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

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

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

Future prospects

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

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

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

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

Key Indicators Describing the Group's Financial Development

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

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

Formulas for the key indicators:

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

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

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

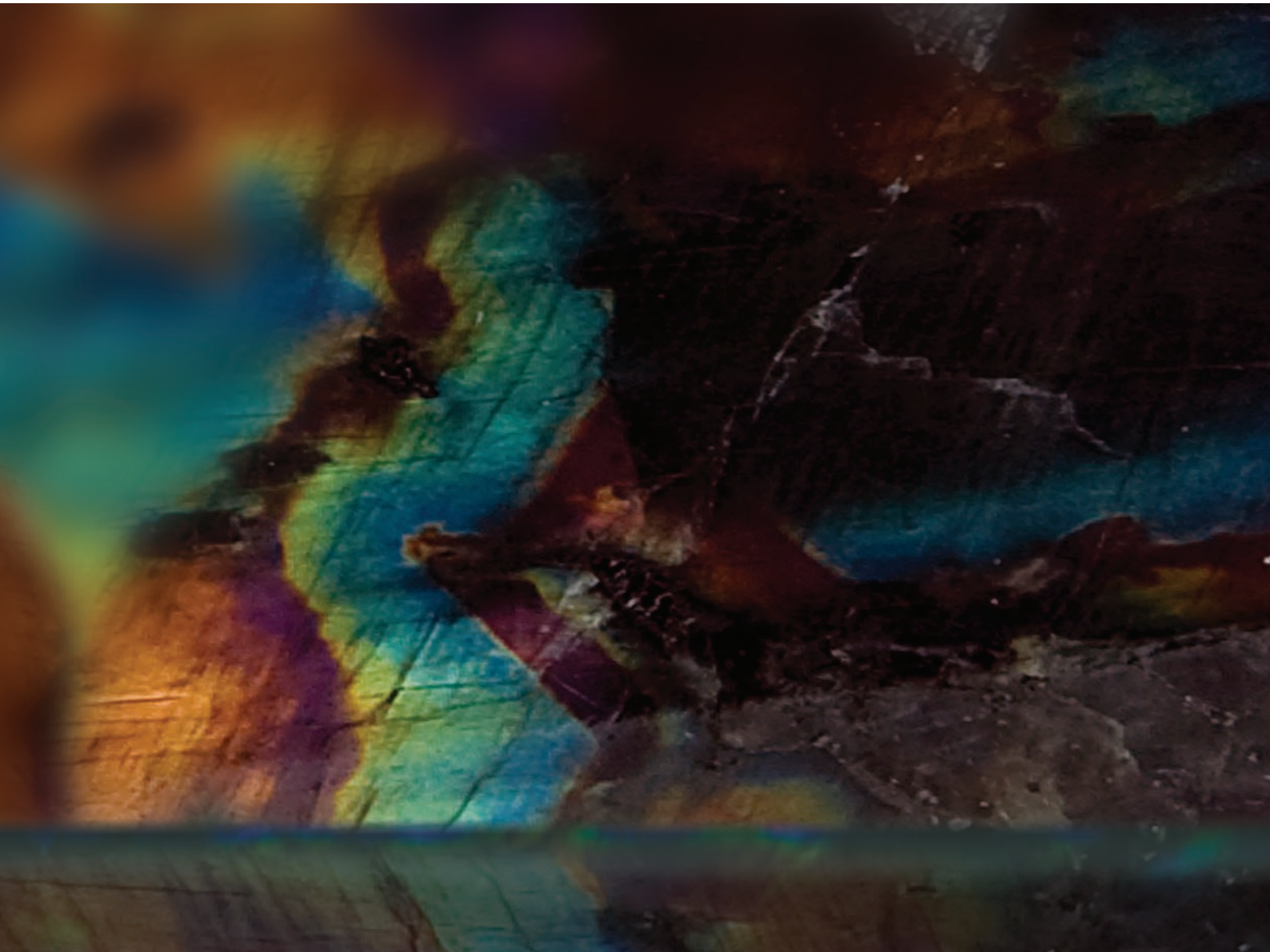
The Board of Directors proposes that, by virtue of Section 4 of the Act on the State-Owned Specialised Financing Company, the profit be transferred to unrestricted equity funds as follows:

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

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

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





Consolidated Income Statement

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

Consolidated balance sheet

Assets

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

Liabilities

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

Consolidated Statement of Changes in Equity

Equity attributable to the parent company's shareholders

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

Consolidated Statement of Cash Flows

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

Notes to the Financial Statements

Summary of significant accounting policies

Basic information of the company

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

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

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

Accounting principles for the consolidated financial statements

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

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

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

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

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

Principles of consolidation

Subsidiaries

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

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

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

Minority interest

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

Associates

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

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

Transactions denominated in foreign currencies

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

Recognition of income and expenses

Net interest income

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

Fee and commission income and expenses, net

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

Gains and losses from financial instruments carried at fair value

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

Net income from investments

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

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

Government grants

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

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

Cash and cash equivalents

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

Financial instruments

Classification

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

Financial instruments at fair value through profit or loss

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

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

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Other financial liabilities

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

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

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

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

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

Impairment losses on receivables and credit and guarantee losses

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

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

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

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

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

Determination of fair value

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

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

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

Recognition and derecognition of financial assets and financial liabilities

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

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

Leases

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

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

Intangible assets

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

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

Property, plant and equipment

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

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

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

Impairment of intangible assets and property, plant and equipment

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

Investment property

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

Provisions

Employee benefits

Pension plans are classified as either defined benefit plans or defined contribution plans. Under a defined contribution plan, the Group pays fixed contributions into a pension insurance company and has no legal or constructive obligation to pay further contributions. Obligations resulting from a defined contribution plan are expensed in the period to which they relate. The cost of providing defined benefit plans is charged to the income statement over

the working lives of the employees participating in the plan on the basis of actuarial calculations. The pension plan assets measured at fair value at the balance sheet date are deducted from the present value of the pension obligation to be recognized in the balance sheet taking into account the recognized actuarial gains and losses. Actuarial gains and losses are recognized in the income statement over the expected average remaining working lives of the employees participating in the plan to the extent that such gains and losses exceed the greater of 10 % of the present value of the defined benefit obligation and 10 % the fair value of any plan assets.

Provisions for export credit guarantee losses

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

Provision for domestic guarantee losses

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

Income taxes

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

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

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

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

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

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

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

Events after the balance sheet date

Application of new IFRSs

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

IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*

IFRIC 12 – *Service Concession Arrangements*

IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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

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

IAS 1 – *Presentation of Financial Statements (revised)*

IAS 23 – *Borrowing Costs (revised)*

IFRIC 13 – *Customer Loyalty Programmes*

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

IFRS consolidated financial statements, notes to the risk management

Risk Management

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

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

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

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

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

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

Credit and guarantee risks

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

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

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

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

The taking of bank risks is based on an assessment of each country's banking system and on the risk analyses and risk ratings of individual banks. On the basis of both qualitative and quantitative factors, a risk-

taking outline is determined for each individual bank, depending on the risk category. The risk rating of banks is updated whenever needed and always when new projects are introduced.

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

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

Basel II

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

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

Interest rate and currency risks

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

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

Liquidity risk

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

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

Operational risks

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

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

Venture capital investments

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

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

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

Capital management

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

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

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

Finnvera Group

1. Credit risks

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

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

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

3. Concentrations

3.1. Receivables from customers and guarantees by industry

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

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

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

3.3. Bank commitments of the export credit guarantee operations

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

4. Commitments by area

4.1. Loans and guarantees by area

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

4.2. Commitments of the export credit guarantee operations by area

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

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

5. Collateral shortage

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

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

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

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

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

Impairment losses on collectively assessed loans and guarantee provisions

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

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

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

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

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

Impairment losses on collectively assessed loans and guarantee provisions

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

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

7. Past due receivables

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

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

8. Liquidity risk

Maturity of liabilities 31 Dec 2007

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

Maturity of liabilities 31 Dec 2006

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

9. Interest rate risk

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

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

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

Sensitivity to interest rate

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

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

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

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

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

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

Sensitivity to interest rate

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

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

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

10. Currency risk

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

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

Finnvera Group

1. Segment information

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

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

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

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

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

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

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

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

Finnvera Group

Financial assets and liabilities 31 Dec 2007

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

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

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

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2006

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

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

Notes to the Finnvera Group

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

Note no. 1	2007	2006
Net interest income		
Interest income		
Loans to customers	79,487	59,824
Subsidies passed on to customers		
Regional interest subsidy	1,166	1,427
Interest subsidy to special loans	8,656	9,617
Interest subsidy from the ERDF	3,354	3,195
National interest subsidy (ERDF)	<u>3,878</u>	<u>3,727</u>
17,054		17,966
Interest on export credit guarantee and special guarantee receivables	177	506
Interest on guarantee receivables	2,881	1,856
Other interest income		
On receivables from credit institutions	1,847	1,437
On debt securities, available-for-sale	4,309	2,786
On other	924	219
	7,080	4,442
Total interest income	106,679	84,594
Interest expenses		
On liabilities to credit institutions	24,762	20,580
On liabilities to other institutions	3,194	2,969
On debt securities in issue	18,424	10,526
Other interest expenses	300	482
Total interest expenses	46,680	34,557
Other interest subsidy		
Basic subsidy to loans granted before 1999	716	1,069
Net interest income	60,715	51,106
Interest income on financial assets which are not carried at fair value totalled	107,395	85,663
Interest expenses on financial liabilities which are not carried at fair value totalled	25,062	21,062
Interest income include interest accrued on impaired loans	2,951	2,943
Interest-subsidized loans and guarantees in total at 31 December	872,156	784,027

Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999 - 2007 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

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

Note no. 2	2007	2006
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	43,534	35,002
From other guarantees	16,434	16,162
From credit operations	7,038	6,579
From other	1,793	1,889
Total fee and commission income	68,799	59,632
All fee and commission income is from financial assets which are not carried at fair value totalled.		
Fee and commission expenses		
From reinsurance	788	960
From borrowing	68	50
From payment transactions	47	45
From other	20	7
Total fee and commission expenses	923	1,062
Fee and commission expenses from financial assets which are not carried at fair value totalled	68	50
Net fee and commission income	67,876	58,570

Note no. 3	2007	2006				
Gains and losses from financial instruments carried at fair value through profit or loss						
	Gains and losses from sale	Changes in fair value	Total	Gains and losses from sale	Changes in fair value	Total
Derivatives	0	-6,199	-6,199	0	-12,890	-12,890
Liabilities carried at fair value	0	5,936	5,936	0	12,880	12,880
Shares and participations	0	3,225	3,225	0	2,740	2,740
Translation differences	-1,487	0	-1,487	-1,659	0	-1,659
	-1,487	2,962	1,475	-1,659	2,730	1,071
Gains/losses by categories of financial instruments (categories in accordance with IAS 39)						
Liabilities carried at fair value	0	2,962	2,962	0	2,730	2,730
Loans and other receivables	-1,487	0	-1,487	-1,659	0	-1,659
	-1,487	2,962	1,475	-1,659	2,730	1,071

Note no. 4	2007	2006
Net income from investments		
Available-for-sale financial assets		
Debt securities	0	0
Shares and participations		
Gains/losses	1,143	2,898
Items transferred from fair value reserve during the period	0	0
Impairment losses	<u>-810</u>	<u>-702</u>
Dividends	1,955	755
Total available-for-sale financial assets	2,288	2,951
Investment property		
Rental income	216	281
Rental expenses and maintenance charges	-36	-35
Depreciation	-71	-72
Gains/losses from sale	-217	34
Other income and expenses	<u>-91</u>	<u>-397</u>
Share of profit of associates	3,521	2,625
Total net income from investments	5,610	5,387

Note no. 5
2007
2006
Other operating income

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

Note no. 6
2007
2006
Employee benefit expenses

Wages and salaries		22,110		22,445
Social security costs				
Pension costs				
Defined contribution plans	3,000		4,468	
Defined benefit plans	875		-84	
Other social security costs	1,661	5,536	1,764	6,148
Total		27,646		28,593

Personnel in average

Permanent full-time		376		387
Permanent part-time		23		25
Temporary		20		18
Total		419		430

Note no. 7
Other operating expenses

Rental expenses		2,499		2,354
Expenses from property in own use		1,184		1,220
Other expenses		102		87
Total		3,785		3,661

Depreciation and amortization

Intangible assets		4,545		4,326
Property, plant and equipment				
Properties	154		172	
Machinery and equipment	730		809	
Total		5,429		5,307

Impairment losses

Intangible assets		0		0
Property, plant and equipment				
Properties	0		0	
Other	0		302	
Total		0		302

Total other operating expenses		9,214		9,270
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Note no. 8	2007	2006
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	19,910	25,523
Guarantee losses	8,759	8,618
Reversal of losses recognized		
Credit losses	-2,895	-3,352
Guarantee losses	-862	-536
Change in impairment of individually assessed loans during the period	17,693	5,026
Change in impairment of collectively assessed loans during the period	3,734	1,076
Total impairment losses on loans and guarantees	46,339	36,355
The state's and the ERDF's share of the parent company's final credit and guarantee losses	-12,497	-14,986
Finnvera plc's share	33,421	21,214

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

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

Note no. 9	2007	2006
Income tax expense		
Current period	360	10,975
Adjustment for prior periods	0	0
Deferred taxes	2,966	-175
Income tax expense in the income statement	3,326	10,800
Reconciliation between the income tax expense and income tax calculated using the income tax rate of 26 %		
Profit for the period before income tax expense	56,417	44,773
Income tax calculated using the income tax rate of 26 %	14,668	11,641
Tax exempt income	-12,724	-1,072
Other non-deductible expenses	0	231
Adjustment for prior periods	1,382	0
	3,326	10,800

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

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

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

Note no. 11	2007	2006
Loans and receivables from customers		
Loans		
Subordinated loans	75,163	102,864
Other loans	1,318,514	1,289,188
Total loans	1,393,677	1,392,052
Guarantee receivables	17,200	12,645
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	90	499
Recovery receivables	7,490	7,664
Total receivables from export credit guarantee and special guarantee operations	7,580	8,163
Total receivables from customers	1,418,457	1,412,860

Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	9,263	2,474
- Credit losses realized during the period on which an impairment loss has been earlier recognized	-840	-1,143
+ Impairment losses recognized during the period	14,144	7,932
- Reversal of impairment losses	-500	0
Effect of discounting	1,395	0
Impairment losses at the end of the period	23,462	9,263
Impairment losses on collectively assessed loans at the beginning of the period	23,415	23,239
Impairment losses on collectively assessed loans recognized during the period	-946	177
Impairment losses on collectively assessed loans at the end of the period	22,469	23,416
Total impairment losses	45,931	32,679

Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	2,073	4,286
- Guarantee losses realized during the period on which an impairment loss has been earlier recognized	0	-607
+ Impairment losses recognized during the period	5,464	0
- Reversal of impairment losses	-1,500	-1,606
Effect of discounting	142	0
Impairment losses at the end of the period	6,179	2,073
Impairment losses on collectively assessed guarantees at the beginning of the period	0	0
Impairment losses on collectively assessed guarantees recognized during the period	6,234	0
Impairment losses on collectively assessed guarantees at the end of the period	6,234	0
Total impairment losses	12,413	2,073

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

Note no. 12	2007	2006
Investments		
Debt securities	98,425	106,227
Associates	64,141	58,723
Other shares and participations	89,139	77,969
Investment property	3,993	4,345
	255,698	247,264

Debt securities

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

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

Associates

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

Associates accounted for using the equity method in 2007

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

Associates accounted for using the equity method in 2006

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

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

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

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

Note no. 14	2007			2006		
Property, plant and equipment						
Acquisition cost	Machinery and equipment		Total	Machinery and equipment		Total
Acquisition cost at 1 Jan	13,567	8,729	22,296	13,943	8,151	22,094
Additions	29	707	736	307	743	1,050
Disposals	0	-38	-38	-220	-165	-385
Transfers between items	-13		-13	-463	0	-463
Acquisition cost at 31 Dec	13,583	9,398	22,981	13,567	8,729	22,296
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	4,980	6,020	11,000	4,538	5,205	9,743
Depreciation for the period	469	730	1,199	276	815	1,091
Impairment losses	0	0	0	166	0	166
Acc. depreciation and impairment losses at 31 Dec	5,449	6,750	12,199	4,980	6,020	11,000
Carrying amount at 1 Jan	8,587	2,709	11,296	9,405	2,946	12,351
Carrying amount at 31 Dec	8,134	2,648	10,782	8,587	2,709	11,296

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

Note no. 15	2007	2006
Other assets		
Credit loss receivables from the state and the ERDF	4,842	6,593
Other	7,464	7,849
	12,306	14,442

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

Note no. 16	2007	2006
Prepayments and accrued income		
Interest	10,348	6,704
Fee and commission receivables	1,936	738
Prepayments and other accrued income	4,220	4,391
Total prepayments and accrued income	16,504	11,833

Note no. 17	2007	2006
Tax assets and liabilities		
Tax assets		
Current income tax receivables	11,770	3,424
Deferred tax assets		
On timing differences	0	20
On fair value changes	0	2,007
	11,770	5,451
Deferred tax assets at 1 Jan	2,027	1,158
Increase/decrease to income statement during the period	-2,027	887
Increase/decrease to equity during the period	0	-18
Deferred tax assets at 31 Dec	0	2,027

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

Note no. 18	2007			2006		
Liabilities to credit and other institutions	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	532,911	0	532,911	701,024	0	701,024
Other institutions						
At fair value through profit or loss	57,593	38	57,631	59,736	-381	59,355
At amortized cost	0	0	0	0	0	0
	590,504	38	590,542	760,760	-381	760,379

Note no. 19	2007			2006		
Debt securities in issue	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	477,243	-8,255	468,988	353,472	-1,900	351,572
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	477,243	-8,255	468,988	353,472	-1,900	351,572
Average interest rate, %		4,90			4,00	

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

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

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

Note no. 20	2007			2006		
Derivatives	Fair value Positive	Fair value Negative	Total nominal value	Fair value Positive	Fair value Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
Interest rate swaps and foreign exchange derivatives	0	14,999	491,235	0	25,339	366,910
Interest rate derivatives						
Interest rate swaps	0	1,013	50,000	0	364	50,000
Total derivatives	0	16,012	541,235	0	25,703	416,910

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

Note no. 21	2007	2006
Provisions		
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	0	0
Provisions used during the period	0	0
Provisions reversed during the period	0	0
Effect of discounting	0	0
Provision for export credit guarantee losses at 31 Dec	2,000	2,000

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

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

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

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

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

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

Employee benefits

Defined benefit pensions plans

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

Balance sheet items arising from the defined benefit obligation

Present value of funded obligations	6,032	4,551
Fair value of plan assets	-4,421	-3,253
	1,611	1,298

Unrecognized actuarial gains (+) or losses (-)	-816	-167
Net liability recognized in the balance sheet	795	1,131

Expenses recognized in the income statement

Current service costs	651	633
Interest on obligation	205	175
Expected return on plan assets	-202	-137
Total expenses recognized in the income statement	654	671

Actual return on plan assets	179	-165
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Note no. 21 continued	2007	2006
Change in the fair value of plan assets		
Fair value at 1 Jan	3,253	2,662
Expected return on plan assets	202	137
Contributions paid into the plan	990	755
Actuarial gains (+) or losses (-)	-24	-301
Fair value of plan assets at 31 Dec	4,421	3,253
Change in the present value of the obligation		
Present value at 1 Jan	4,551	3,877
Current service costs	652	633
Interest on obligation	205	175
Actuarial gains (-) or losses (+)	625	-134
Present value of the obligation at 31 Dec	6,033	4,551
Amounts for the current and previous periods		
Defined benefit obligation	6,032	4,551
Plan assets	-4,421	-3,253
Surplus/deficit	1,611	1,298
Experience adjustments arising on plan assets	824	-134
Experience adjustments arising on plan liabilities	-24	301

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

Actuarial assumptions

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

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

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

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

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

Note no. 24	2007		2006	
Equity				
Equity attributable to the parent company's shareholders				
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	<u>2,604</u>	53,640	<u>1,052</u>	52,088
Unrestricted reserves				
Fund for domestic operations	144,906		129,852	
Fund for export credit guarantee and special guarantee operations	95,379		80,223	
Other unrestricted reserves	<u>59</u>	240,344	<u>59</u>	210,134
Retained earnings				
Profit/loss for previous periods	-7,790		-11,587	
Profit/loss for the period	52,430	44,640	34,050	22,463
Total equity attributable to the parent company's shareholders		535,229		481,290
Minority interest		9,278		8,574
Total equity		544,507		489,864
Share capital				
	Number of shares	Ownership %	Number of shares	Ownership %
The state	11,565	100	11,565	100

Reserves

Share premium

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

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

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

Fair value reserve

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

Other notes (EUR 1,000)

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

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

Binding financing offers	268,941		209,671	
	Total	Group and associated companies	Total	Group and associated companies
Domestic guarantees	827,404		826,808	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	3,878,343		3,815,468	
Liability for special guarantees	64,219		139,334	
	4,769,966	0	4,781,610	0

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

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

Group companies (EUR 1,000)

Note no. 27

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

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

Shares and holdings in associates

lin Micropolis Oy, li	Development company	23,08 %	23,08 %
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27,73 %	27,73 %
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36,43 %	36,43 %
Kiinteistö Oyj Lappeenrannan Snellmaninkatu 10	Real estate company	37,00 %	37,00 %
Kiinteistö Oy Oulun Asematu 37	Real estate company	41,82 %	41,82 %
Kiinteistö Oy Porrassalmenkatu 8, Mikkelä	Real estate company	31,71 %	31,71 %
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20,00 %	20,00 %

Subsidiaries' shares and holdings in 2007

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

Note no. 27 continued

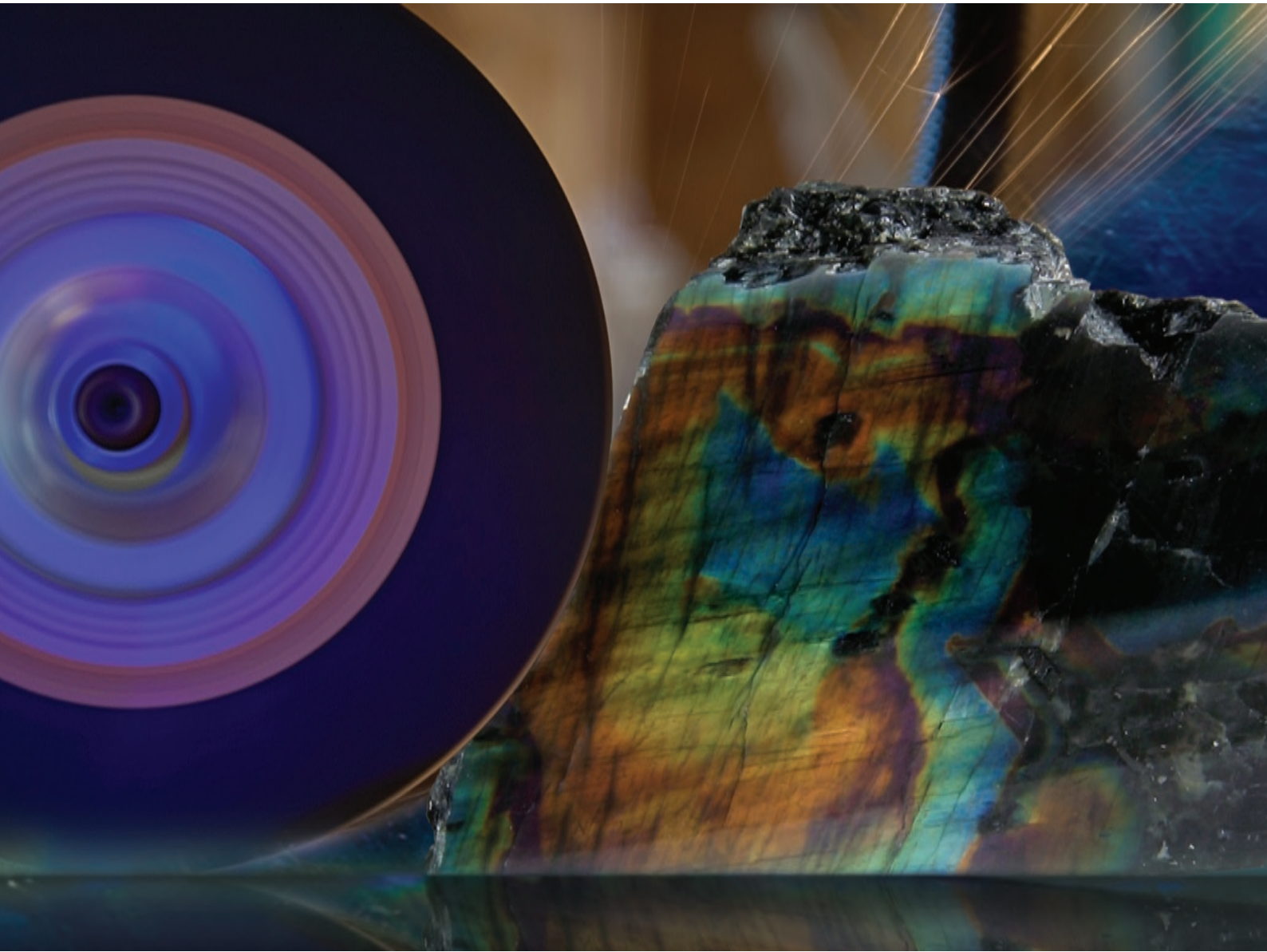
Company	Sector	Holding of all shares	Share of votes	Equity	Profit for the year
Veraventure Oy					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61,67 %	49,38 %	3,410	8
Indekon Oy, Lappeenranta	Venture capital investments	46,53 %	46,53 %	2,733	-701
JyväSeed Fund Oy, Jyväskylä	Venture capital investments	40,00 %	40,00 %	2,873	-130
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49,64 %	49,64 %	1,329	-69
Karinvest Oy, Joensuu	Venture capital investments	28,08 %	28,08 %	2,955	-20
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69,99 %	49,99 %	3,890	-72
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	38,97 %	38,97 %	The first financial period	
Midinvest Oy, Jyväskylä	Venture capital investments	29,23 %	29,23 %	4,280	1,362
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49,00 %	49,00 %	7,943	166
Savon Teknia Oy, Kuopio	Venture capital investments	33,45 %	33,45 %	4,875	-42
Spinno-seed Oy, Espoo	Venture capital investments	28,30 %	28,30 %	4,433	-2
Teknoventure Oy, Oulu	Venture capital investments	48,30 %	48,30 %	14,669	536
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39,03 %	39,03 %	6,783	-162
Virtaa Hämeeseen Oy	Venture capital investments	21,71 %	21,71 %	3,196	20
Oy Wedeco Ab, Vaasa	Venture capital investments	39,80 %	39,80 %	13,169	4,340
Matkailunkehitys Nordia Oy					
FTM Incoming Oy, Helsinki	Travel agency	44,61 %	44,61 %	-344	-122
Hotelli Luostotuntuti Oy, Sodankylä	Hotel and restaurant business	49,95 %	49,95 %	264	-24
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25,00 %	25,00 %	196	-4
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45,00 %	45,00 %	146	-54
Kristina Cruises Oy, Kotka	Cruises	20,00 %	20,00 %	1,329	687
Kiinteistö Oy Luoston Tuotto 1, Sodankylä	Hotel and restaurant business	17,83 %	17,83 %	The first financial period	
Levi Magic Oy, Kittilä	Project / No operations	22,56 %	22,56 %	696	377
LKS - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47,41 %	47,41 %	356	524
Lomakouhero Oy, Karstula	Hotel and restaurant business	51,72 %	51,72 %	-223	-124
Opteam Henkilöstöpalvelut Oy, Helsinki	Staffing services	38,03 %	38,03 %	536	393
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49,00 %	49,00 %	2,267	2,283
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50,00 %	50,00 %	540	213
Finnvera plc's shares and holdings in 2006					
Shares and holdings in Group companies					
Company	Sector	Holding of all shares	Share of votes		
Aloitusrahasto Vera Oy, Kuopio	Investment and development company	88,49 %	88,49 %		
Kera Oy, Kuopio	No operations	100,00 %	100,00 %		
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real-estate company	69,74 %	69,74 %		
Matkailunkehitys Nordia Oy, Kuopio	Investment and development company	63,52 %	63,52 %		
Spikera Oy, Kuopio	Investment and development company	100,00 %	100,00 %		
Suomen Vientiluotto Oy, Helsinki	Export financing and interest equalization	100,00 %	100,00 %		
Tietolaki Oy, Kuopio	No operations	100,00 %	100,00 %		
Tietoraha Oy, Kuopio	No operations	100,00 %	100,00 %		
Veraventure Oy, Kuopio	Investment and development company	100,00 %	100,00 %		
Shares and holdings in associates					
lin Micropolis Oy, li	Development company	23,08 %	23,08 %		
Teollisen yhteistyön rahasto Oy, Helsinki	Investment and development company	20,00 %	20,00 %		

Note no. 27 continued

Subsidiaries' shares and holdings in 2006

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

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





Finnvera plc

Income statement

(EUR 1,000)	Note	1 Jan–31 Dec 2007		1 Jan–31 Dec 2006	
Interest income	1				
Loans		77,878		58,638	
Subsidies passed on to customers		17,054		17,966	
Export credit guarantee and special guarantee receivables		176		506	
Guarantee receivables		2,881		1,856	
Other		<u>6,229</u>	+ 104,218	<u>4,194</u>	+ 83,160
Interest expenses	1		- 45,056		- 32,807
Other interest subsidies	1		+ 716		+ 1,089
Net interest income	1		+ 59,878		+ 51,423
Net fee and commission income	2		+ 65,955		+ 56,559
Gains and losses from financial instruments carried at fair value through profit or loss	3		- 1,757		- 1,715
Net income from investments	4				
Debt securities					
Shares and participations		411		2,003	
Investment property		<u>-163</u>	+ 247	<u>-214</u>	+ 1,789
Other operating income	5		+ 4,430		+ 9,086
Administrative expenses					
Employee benefit expenses	6				
Wages and salaries		21,004		21,555	
Social security costs		5,212		5,900	
Other administrative expenses		<u>13,549</u>	- 39,765	<u>12,626</u>	- 40,081
Other operating expenses	7		- 9,094		- 9,043
Net impairment loss on financial assets					
Loans and guarantees	8	45,918		36,200	
Credit loss compensation from the state		-12,497		-14,986	
Export credit guarantees and special guarantees		-1,517	- 31,904	6,830	- 28,045
Operating profit			+ 47,991		+ 39,973
Income tax expense	9				
Current and previous periods' tax expense				10,652	
Deferred tax expense		-2,027	- 2,027	-888	- 9,764
Profit for the period			+ 45,964		+ 30,210

Balance sheet

Assets

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

Liabilities

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

Finnvera plc's Statement of Changes in Equity

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

Finnvera plc's Statement of Cash Flows

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

Finnvera plc's Notes to the Financial Statement

1. Segment information

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

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

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

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

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

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

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

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

Financial assets and liabilities 31 Dec 2007

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

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

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

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2006

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

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

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

The Company does not have financial liabilities held for trading.

Notes to Finnvera

Notes to the income statement (EUR 1,000)

Note no. 1	2007	2006
Net interest income		
Interest income		
Loans to customers	77,878	58,638
Subsidies passed on to customers		
Regional interest subsidy	1,166	1,427
Interest subsidy to special loans	8,656	9,617
Interest subsidy from the ERDF	3,354	3,195
National interest subsidy (ERDF)	<u>3,878</u>	<u>3,727</u>
17,054		17,966
Interest on export credit guarantee and special guarantee receivables	176	506
Interest on guarantee receivables	2,881	1,856
Other interest income		
On receivables from credit institutions	1,922	1,399
On debt securities, available-for-sale	4,027	2,612
On other	280	183
Total interest income	104,218	83,160
Interest expenses		
On liabilities to credit institutions	24,762	20,580
On liabilities to other institutions	1,570	1,219
On debt securities in issue	18,424	10,526
Other interest expenses	300	482
Total interest expenses	45,056	32,807
Other interest subsidy		
Basic subsidy to loans granted before 1999	716	1,069
Net interest income	59,878	51,422
Interest income on financial assets which are not carried at fair value totalled	104,934	84,229
Interest expenses on financial liabilities which are not carried at fair value totalled	25,062	21,151
Interest income include interest accrued on impaired loans	2,951	2,943
Interest subsidy from the state and the European Regional Development Fund		
<p>The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999 - 2007 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.</p>		
<p>The interest subsidy is divided to subsidy directly passed on to customers and to basic interest subsidy paid to loans granted before 1999. The interest subsidy passed on to customers includes in the interest income and the basic interest subsidy is presented as a separate item before the net interest income.</p>		
Interest-subsidized loans and guarantees in total at 31 December	872,156	784,027

Note no. 2	2007	2006
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	43,534	35,002
From other guarantees	16,433	16,163
From credit operations	6,795	6,319
From other	94	129
Total fee and commission income	66,856	57,613

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

Fee and commission expenses		
From reinsurance	788	960
From borrowing	67	50
From payment transactions	46	44
From other	0	0
Total fee and commission expenses	901	1,054
Fee and commission expenses from financial assets which are not carried at fair value totalled	67	50
Net fee and commission income	65,955	56,559

Note no. 3	2007			2006		
Gains and losses from financial instruments carried at fair value through profit or loss						
	Gains and losses from sale	Changes in fair value	Total	Gains and losses from sale	Changes in fair value	Total
Derivatives			-6,180	-6,180		
Liabilities carried at fair value		5,936	5,936	0	-8	-8
Translation differences	-1,513	0	-1,513	-1,707	0	-1,707
	-1,513	-244	-1,757	-1,707	-8	-1,715

Gains/losses by categories of financial instruments (categories in accordance with IAS 39)						
Liabilities carried at fair value	0	-244	-244	0	-8	-8
Loans and other receivables	-1,513	0	-1,513	-1,707	0	-1,707
Available-for-sale financial assets	0	0	0	0	0	0
	-1,513	-244	-1,757	-1,707	-8	-1,715

Note no. 4	2007	2006
Net income from investments		
Available-for-sale financial assets		
Debt securities	0	0
Shares and participations		
Gains/losses	261	2,300
Items transferred from fair value reserve during the period	0	0
Impairment losses	0	-462
Dividends	149	165
Total available-for-sale financial assets	410	2,003

Investment property		
Rental income	149	144
Rental expenses and maintenance charges	-38	-35
Depreciation	-19	-20
Gains/losses from sale	-217	34
Other income and expenses	-38	-337
Total net income from investments	247	1,789

Note no. 5	2007	2006
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Other operating income

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

Note no. 6	2007	2006
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Employee benefit expenses

Wages and salaries	21,004	21,555
Social security costs		
Pension costs		
Defined contribution plans	2,752	4,308
Defined benefit plans	875	-84
Other social security costs	1,585	1,676
Total	26,216	27,455

Personnel in average

Permanent full-time	359	371
Permanent part-time	22	24
Temporary	20	18
Total	401	413

Note no. 7	2007	2006
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Other operating expenses

Rental expenses	2,499	2,290
Expenses from property in own use	1,176	1,207
Other expenses	3	7
Total	3,678	3,504

Depreciation and amortization

Intangible assets	4,538	4,320
Property, plant and equipment		
Properties	155	161
Machinery and equipment	723	756
Total	5,416	5,237

Impairment losses

Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	0	302
Total	0	302

Total other operating expenses	9,094	9,043
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Note no. 8	2007	2006
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	19,489	25,523
Guarantee losses	8,759	8,618
Reversal of losses recognized		
Credit losses	-2,895	-3,352
Guarantee losses	-862	-536
Change in impairment of individually assessed loans during the period	17,693	4,871
Change in impairment of collectively assessed loans during the period	3,734	1,076
Total impairment losses on loans and guarantees	45,918	36,200
The state's and the ERDF's share of the parent company's final credit and guarantee losses	-12,497	-14,986
Finnvera plc's share	33,421	21,214

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

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

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

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

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

Notes to the balance sheet (EUR 1,000)

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

Note no. 11	2007	2006
Loans and receivables from customers		
Loans		
Subordinated loans	73,862	99,146
Other loans	1,295,032	1,272,370
Total loans	1,368,894	1,371,516
Guarantee receivables	17,200	12,645
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	90	499
Recovery receivables	7,490	7,664
Total receivables from export credit guarantee and special guarantee operations	7,580	8,163
Total receivables from customers	1,393,674	1,392,324

Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	9,263	2,474
- Credit losses realized during the period on which an impairment loss has been earlier recognized	-840	-1,143
+ Impairment losses recognized during the period	14,144	7,932
- Reversal of impairment losses	-500	0
Effect of discounting	1,395	0
Impairment losses at the end of the period	23,462	9,263
Impairment losses on collectively assessed loans at the beginning of the period	23,415	23,239
Impairment losses on collectively assessed loans recognized during the period	-946	176
Impairment losses on collectively assessed loans at the end of the period	22,469	23,415
Total impairment losses	45,931	32,678

Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	2,073	4,286
- Guarantee losses realized during the period on which an impairment loss has been earlier recognized	0	-607
+ Impairment losses recognized during the period	5,464	0
- Reversal of impairment losses	-1,500	-1,606
Effect of discounting	142	
Impairment losses at the end of the period	6,179	2,073
Impairment losses on collectively assessed guarantees at the beginning of the period	0	0
Impairment losses on collectively assessed guarantees recognized during the period	6,234	0
Impairment losses on collectively assessed guarantees at the end of the period	6,234	0
Total impairment losses	12,413	2,073

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

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

Note no. 12	2007	2006
Investments		
Debt securities	93,735	99,686
Investments in Group companies	123,834	99,016
Associates	18,386	18,373
Other shares and participations	4,886	3,832
Investment property	1,988	2,700
Total	242,829	223,607

Debt securities

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

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

Investments in Group companies

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

Associates

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

Associates accounted for using the equity method in 2007

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

Associates accounted for using the equity method in 2006

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

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

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

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

Note no. 14 **2007** **2006**

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

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

Note no. 15 **2007** **2006**

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

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

Note no. 16 **2007** **2006**

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

Note no. 17 **2007** **2006**

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

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

Note no. 18	2007			2006		
Liabilities to credit and other institutions	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Credit institutions	532,911	0	532,911	701,024	0	701,024
Other institutions						
At fair value through profit or loss	30,316	38	30,354	31,861	-381	31,480
At amortized cost	0	0	0	0	0	0
	563,227	38	563,265	732,885	-381	732,504

Note no. 19	2007			2006		
Debt securities in issue	Nominal value	Change in fair value	Carrying amount	Nominal value	Change in fair value	Carrying amount
Bonds						
At fair value through profit or loss	477,243	-8,255	468,988	353,472	-1,900	351,572
At amortized cost	0	0	0			
Commercial papers	0	0	0	0	0	0
	477,243	-8,255	468,988	353,472	-1,900	351,572
Average interest rate, %		4,90			4,00	

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

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

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

Note no. 20	2007			2006		
Derivatives	Fair value Positive	Fair value Negative	Total nominal value	Fair value Positive	Fair value Negative	Total nominal value
Contracts entered in hedging purposes						
Currency derivatives						
Interest rate swaps and foreign exchange derivatives		13,299	463,360		21,339	335,333
Interest rate derivatives						
Interest rate swaps		1,013	50,000		364	50,000
Total derivatives		14,312	513,360		21,703	385,333

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

Note no. 21	2007	2006
Provisions		
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	0	0
Provisions used during the period	0	0
Provisions reversed during the period	0	0
Provision for export credit guarantee losses at 31 Dec	2,000	2,000

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

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

A provision for domestic guarantee losses is recognized when objective evidence exists of impairment of guarantees' value.

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

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

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

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

Employee benefits

Defined benefit pensions plans

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

Balance sheet items arising from the defined benefit obligation

Present value of funded obligations	6,032	4,551
Fair value of plan assets	-4,421	-3,253
	1,611	1,298
Unrecognized actuarial gains (+) or losses (-)	-816	-167
Net liability recognized in the balance sheet	795	1,131

Expenses recognized in the income statement

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

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

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

Actuarial assumptions

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

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

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

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

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

Note no. 24	2007		2006	
Equity				
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	<u>606</u>	51,642	<u>276</u>	51,312
Unrestricted reserves				
Fund for domestic operations	144,906		129,852	
Fund for export credit guarantee and special guarantee operations	95,379		80,223	
Other unrestricted reserves	<u>0</u>	240,285	<u>0</u>	210,075
Retained earnings				
Profit/loss for previous periods	-13,265		-13,265	
Profit/loss for the period	45,964	32,699	30,210	16,945
Total equity		521,231		474,937

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

Reserves

Share premium

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

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

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

Fair value reserve

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

Other notes (EUR 1,000)

Note no. 25	2007		2006	
Contingencies at 31 Dec				
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec				
Export credit guarantees				
Buyer credit guarantees	4,170,807		4,205,658	
Credit risk guarantees	140,924		154,724	
Letter of credit guarantees	128,100		111,690	
Investment guarantees	78,125		84,430	
Bond guarantees	119,857		205,136	
Finance guarantees	280,134		226,891	
		4,917,947		4,988,529

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

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

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

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

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

Group companies (EUR 1,000)

Note no. 27

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

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

Shares and holdings in associates

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

Finnvera plc's shares and holdings in 2006

Shares and holdings in Group companies

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

Shares and holdings in associates

Iin Micropolis Oy, Ii	Development company	23,08 %	23,08 %
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20,00 %	20,00 %

Note no. 28**2007****2006****Related parties**

The relationships within the Group are presented in note no. 27.

The related party transactions

Operations with the state-owned companies, in which the state has a minimum ownership of 20 %.

Finance income	187	131
Services purchased	250	896
Loans	3,010	3,983
Guarantees	797	999

Management employee benefit expenses

Salaries and other short-term employee benefits	604	576
Termination benefits	A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company	
Post-employment benefits	0	0
Other long-term benefits	0	0

The total salary, remuneration and social security costs of the Managing Director and his deputy

Managing Director	331	309
Deputy Managing Director	273	267
Total	604	576

The total salaries, remuneration and social security costs of the members and deputy members of the Board of Directors

177 **189**

The remuneration paid to the Board of Directors

Monthly remuneration: chairman of the Board EUR 1,200, deputy chairman EUR 700, member EUR 600 and deputy member EUR 300

Attendance allowance for all members EUR 500 / meeting

The total salaries, remuneration and social security costs of the members of the Supervisory Board

132 **142**

The remuneration paid to the Supervisory Board

Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600, member EUR 500

Attendance allowance for all members EUR 200 / meeting

Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy

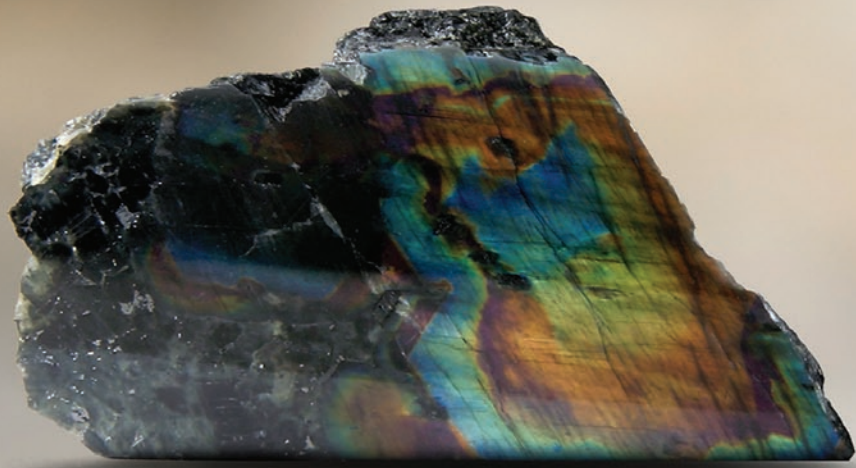
Loans at 1 January	9	14
Decreases during the financial period	-6	-5
Loans at 31 December	3	9

Note no. 29

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

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

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





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

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

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

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

Most significant effects of transition to IFRS

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

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

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

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

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

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

Other aspects relating to application of IFRS

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

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

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

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

Reconciliations of equity

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

Reconciliations of profit

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

Retained earnings

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

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

1) Loans and receivables

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

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

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

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

2) Investments / Property, plant and equipment

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

3) Intangible assets

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

4) Tax assets

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

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

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

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

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

Effect of the change in classification was:

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

6) Provisions

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

7) Other liabilities

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

Events After the Balance Sheet Date

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

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

In Helsinki, on 13 March 2008

Kalle J. Korhonen

Pekka Huhtaniemi

Päivi Kerminen

Jyrki Kiviharju

Pekka Laajanen

Martti Mäenpää

Risto Suominen

Matti Viialainen

Pauli Heikkilä
Managing Director

Auditors' Report

To the Annual General Meeting of Finnvera plc

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

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

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

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

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

Helsinki, 25 March 2008

KPMG OY AB

Raija-Leena Hankonen
Authorised Public Accountant

Statement by the Supervisory Board

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

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

Helsinki, 26 March 2008

Johannes Koskinen

Erkki K. Mäkinen

Peter Boström

Reijo Paajanen

Kaija Erjanti

Iivo Polvi

Susanna Haapoja

Eero Reijonen

Sinikka Hurskainen

Heikki Ropponen

Kyösti Karjula

Osmo Soininvaara

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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.

