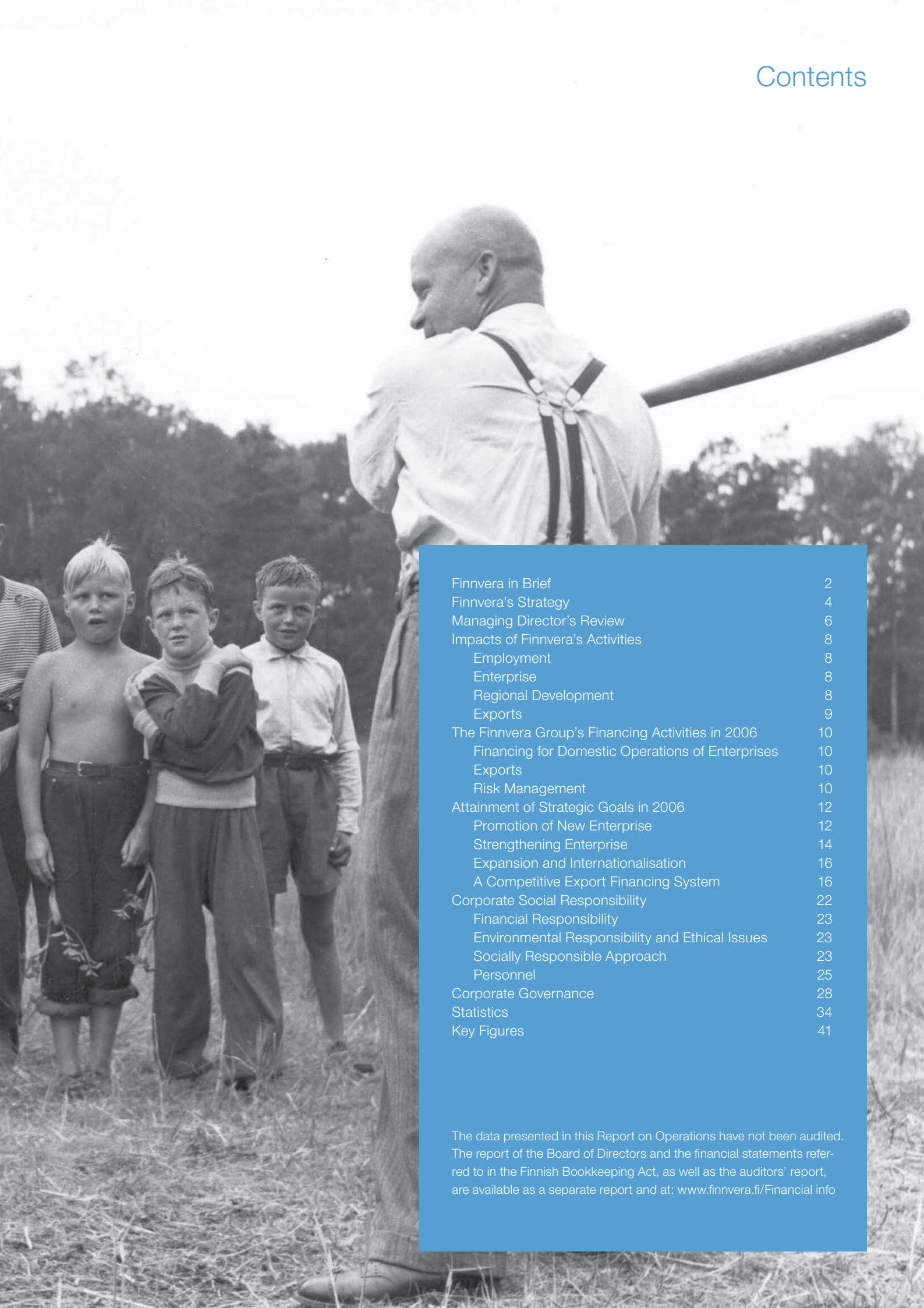


Growth and creativity are integral elements of the Finnish character, and the source of a strong entrepreneurial spirit.



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The data presented in this Report on Operations have not been audited. The report of the Board of Directors and the financial statements referred to in the Finnish Bookkeeping Act, as well as the auditors' report, are available as a separate report and at: [www.finnvera.fi/Financial info](http://www.finnvera.fi/Financial%20info)

Finnvera plc is a specialised financing company owned by the State of Finland. Supplementing the financial market, it enhances the opportunities available to Finnish enterprises when they launch their operations or aim at growth and internationalisation or exports. Finnvera can provide its clients with loans, guarantees, capital investments and export credit guarantees.

When an enterprise's own resources or collateral are insufficient for acquiring financing on the commercial market, Finnvera grants financing for operations that are based on a good business idea and meet profitability criteria. Our task is to diversify and supplement the financing options available to enterprises. In most cases, a financing solution is found in cooperation with other financiers or cooperation partners.

The State of Finland covers some of Finnvera's credit and guarantee losses. This enables Finnvera to take higher risks and to share risks with other financiers.

Thanks to interest support granted on regional policy grounds and by the European Regional Development Fund, enterprises operating in areas eligible for national and EU support can obtain financing at a lower cost.

Finnvera is Finland's official export credit agency (ECA). The State of Finland is responsible for Finnvera's commitments through the State Guarantee Fund (more on the State Guarantee Fund on pages 28 and 40).

AN INDUSTRIAL POLICY ACTOR

The industrial and ownership policy goals laid down by the Ministry of Trade and Industry steer Finnvera's operations. These goals include self-sustainability, promoting the government's regional and industrial policy goals, and offsetting shortcomings in the operation of the financial market.

In accordance with its goal of self-sustainability, Finnvera strives to cover its operating expenses, and the credit and guarantee losses at Finnvera's responsibility, with income received from its commercial operations. The goals and their implementation are presented in more detail in the Report of the Board of Directors and Financial Statements 2006.

Finnvera acquires the funds needed for granting credits to SMEs on the financial market. The European Investment Bank is a major lender.

Acting as an intermediary, Finnvera gives its clients interest support allocated from the State Budget on regional and industrial policy grounds. Some of Finnvera's financial products intended for SMEs may also include interest support from the European Regional Development Fund. In addition, the State compensates Finnvera for some credit and guarantee losses; this compensation is graduated depending on the geographical region. The average compensation has been approximately 50 per cent.

Impacts of Finnvera's activities

Domestic financing	2006	2005	2004	2003	2002
Loans, domestic guarantees and export guarantees offered, MEUR	926.0	895.3	891.5	772.4	770.2
Number of jobs created with the help of Finnvera's financing	11,134	10,548	11,457	9,730	9,509
Financing/new job, EUR 1,000	83	85	78	79	81
Number of enterprises started with the help of financing	3,641	3,638	2,956	2,576	2,281
Financing for assisted areas, MEUR	456.8	460.3	433.9	373.8	383.4
Financing of exports					
Export credit guarantees and special guarantees offered, MEUR					
• SMEs	48.8	44.6	18.6	18.4	29.1
• Major companies	2,843.8	4,047.3	2,708.3	2,488.5	1,951.6
Total	2,892.6	4,091.9	2,726.9	2,506.9	1,980.7
• Share of foreign risk	2,760.2	2,974.3	2,209.4	2,311.0	1,708.8
Guarantees that came into effect, MEUR					
• SMEs	40.0	18.3	16.8	19.3	18.9
• Major companies	1,257.9	2,627.2	1,094.5	1,326.3	818.5
Total	1,297.9	2,645.5	1,111.3	1,345.6	837.4
• Share of foreign risk	1,239.8	1,406.9	987.1	995.1	745.5
Exports covered by export credit guarantees, %					
• Share of Finland's total exports	2.7	1.9	2.4	1.4	1.7
• Share of exports to countries with political risk	6.4	4.9	5.7	4.2	5.6

Between 2002 and 2006, the cost incurred by the State for each job created in Finnvera's client companies has been on average EUR 4,000. The calculation includes interest support and the compensations for credit and guarantee losses Finnvera received from the State. This support benefits Finnvera's clients in the form of lower financing costs.

VALUES

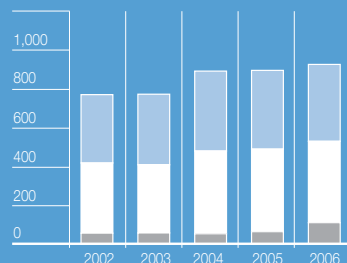
Finnvera's value statement, An Expert Esteemed by Clients, characterises the company's way of acting. Finnvera's value base consists of trust, honesty, benefits to clients, being a forerunner, profitability, effectiveness, and constant development of competence.

VISION

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

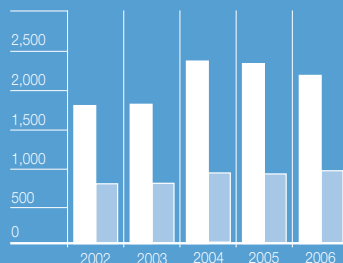
Finnvera promotes the competitiveness of Finnish enterprises, enabling the optimum financial solutions for their start-up, growth and international success.

Domestic financing
Financing, by product
MEUR



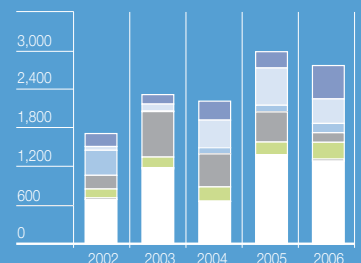
- Loans
- Domestic guarantees
- Export and special guarantees

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



- Total projects
- Share of Finnvera's financing

Foreign risk-taking
Guarantees offered, by region,
MEUR



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



Finnvera's Strategy

Finnvera sharpened its strategy in 2006. During the next few years, in accordance with the goals specified in the Government's Entrepreneurship Policy Programme, Finnvera will focus on the provision of financing for new enterprise activities and for the growth and internationalisation of enterprises, and on the development of a competitive export financing system.

On the basis of feedback from clients, cooperation partners and stakeholders, Finnvera works even more efficiently to identify enterprises at challenging stages of transition. Together with other financiers and with actors included in the Enterprise Finland service system, Finnvera provides these enterprises with flexible and comprehensive financing solutions. For Finnvera, the most important actors in the service system are Tekes, the Employment and Economic Development Centres and Finpro.

Networking was also continued with other public organisations offering services for enterprises. Knowledge of services offered by actors in the Enterprise Finland system and by regional enterprise service organisations, and combination of these services with the financing solutions offered, arose as the principal area where know-how should be developed.

The goal of the reorganisation launched during 2006 is to ensure the provision of expert services for various

client groups. The essential feature is to bring together all areas of special expertise found within the Group and to offer these actively to clients. In practice, this means even closer team work and, on the other hand, specification of responsibilities in the management of client relations. In all, implementation of the strategy requires even stronger prioritisation of customer service in the internal personnel policy.

The needs for personnel resources, and the direction of these resources, were outlined in 2006. The model applied to the management of regional offices was also revised. The new regional organisation will be adopted on 1 July 2007.

A new unit providing services for enterprises at various stages of growth and internationalisation began operations in April 2006. The unit identifies needs that SMEs have for the financing of exports and offers solutions to meet these needs.

In order to maintain the competitiveness of its export financing system, Finnvera adopted a new, higher coverage for export credit guarantees granted against commercial risks, updated the definition of 'Finnish content' that is applied to export trade projects eligible for guarantees, and revised the pricing system of export credit guarantees.

STRATEGIC GOALS 2007–2011

1. More starting enterprises

The goal is attained by providing loans and guarantees annually for 3,500 new enterprises at the start of their operations. In addition, Finnvera intends to invest EUR 50 million in 150 innovative enterprises through its subsidiary Aloitusrachasto Vera Oy.

2. Provision of financing for changes encountered by SMEs

In the coming years, an increasing number of Finnish SMEs will face a change of ownership or generation. One of the principal tasks in Finnvera's domestic financing is to enable these changes and to help ensure the continuity of the enterprise's operations.

3. Meeting the challenges posed for services by growing and internationalising enterprises

The goal is to identify growing and internationalising enterprises among the clientele of both Finnvera and the Finnish Growth Company Development Service. The actors in the Service are Finnvera, Finpro, Tekes and the Employment and Economic Development Centres.

By 2011, Finnvera's Unit of Financing for Growth and Internationalisation should have 800 clients that meet the criteria of a growth company. For an enterprise to be considered a growth company, its turnover and exports must increase by an average of 10 per cent annually.

4. Promotion of Finnish exports by means of a competitive export financing system

The goal can be attained by controlled growth of country and bank risks and by providing SMEs with export credit guarantees for foreign risk-taking. Risk management is developed and hedging policy is strengthened because export credit guarantees are granted for exports to countries with increasingly high risks and because risk concentrations are growing.



The Managing Director's Review 2006



The year 2006 was a successful one for Finnvera and Finnvera's clients, whether we look at it from the perspective of the industrial policy goals set by Finnvera's owner, the economic indicators of our clients, or the company's own business. However, current globalisation trends and the consequent pressures for change have accentuated differences among enterprises and sectors. On the whole, the very positive results reflect favourable trends in both the world economy and the Finnish economy, which has performed well largely because Finnish export enterprises have been successful in the ever stiffer international competition.

Finnvera's success in attaining its goals is assessed by measuring how many new enterprises, growing and internationalising enterprises, export transactions, and new jobs can in part be attributed to the financing provided by Finnvera. All these goals were exceeded in 2006. Similarly, the goals set for the equal distribution of financing and employment impacts in various regions were met.

- Risk-taking for new enterprise activities and growth enterprises

Finnvera's operations were reorganised at the beginning of April. We serve our clients now through five business areas, four of which are located in the parent company. Each business area concentrates on the needs of its own customer segment: starting enterprises, regional SMEs, growing and internationalising enterprises, and export financing. The fifth business area – venture capital investments – is divided between three of Finnvera's subsidiaries. In addition, Finnish Export Credit Ltd. administers the interest equalization system that is at the State's responsibility.

In line with the goals of the Government's Entrepreneurship Policy Programme and the company's own strategy, Finnvera focused its risk-taking, in particular, on new enterprise activities and on growth enterprises. It is indeed gratifying to note that the number of new starting enterprises has risen. Finnvera's own target – provision of financing for 3,100 new enterprises – was even exceeded last year.

As important as it is to achieve new enterprise activity in Finland, it is even more important for the overall development of the Finnish economy to ensure the continued success and growth of enterprises. Increasingly often, pursuit of growth also involves demanding internationalisation. Owing to Finland's small domestic markets, this is in many cases necessary at a very early stage in the enterprise's history.

The State has set definite objectives for public capital investment operations, in particular, to speed up the growth of enterprises. Concrete proof of this is the decision made by Finnvera's General Meeting to provide EUR 38.5 million as additional capital for Finnvera's subsidiary, Aloitusrahassto Vera Oy, which concentrates on the financing of innovative service enterprises at the start of their operations. The additional capital makes it possible for the company to invest a total of EUR 50 million in about 150 innovative and growth-oriented enterprises.

- From a service jungle to a coherent service network

Promotion of growth and internationalisation among enterprises poses a challenge to all parallel enterprise service organisations – Finnvera, Finpro, Tekes and Employment and Economic Development Centres – to clarify their services and to intensify their cooperation. Our new unit for growth and internationalisation strives to identify these enterprises

As important as it is to achieve new enterprise activity in Finland, it is even more important for the overall development of the Finnish economy to ensure the continued success and growth of enterprises.

and to provide them with services that draw from the extensive pool of knowledge accumulated by Finnvera and its cooperation partners.

Similarly, the supply of services directed at starting enterprises is in need of clarification. This is also a national challenge, but regional differences require local agreement on the practical forms of cooperation, both among the actors involved in the Enterprise Finland service system and among other regional players.

Some of our clients are regional SMEs. They give work to ten or more people and play an important role as employers in their own regions. Finnvera is needed to provide financing and to share risks in various transitional situations, for instance, when the continuation of a business requires change of generation or ownership.

- Exports to countries with higher risks

To serve the exports of both SMEs and large companies, we must be able to offer an export financing system that is competitive against similar systems in other exporting countries that are much bigger than Finland. Finnish companies export their products to increasingly challenging countries that have very different political and economic circumstances. We must constantly develop our ability to give good customer service and to assess risks correctly.

So far Finnvera has had relatively small credit losses both in domestic financing and especially in financing of exports. This is a result of successful risk management and the long positive trend in the world economy. We must also be prepared for a different kind of future and for constantly increasing risk concentrations and their management.

- New options for the provision of services

The European Commission is currently studying the proposal of exempting Finnvera from income tax. Tax exemption would make it possible for Finnvera both to adjust its pricing and to raise its risk-taking level; this would primarily be reflected as a wider range of financing options available for starting, growing and internationalising enterprises and for export companies.

Tax exemptions notwithstanding, we want to keep developing our services and their pricing so that they match our clients' needs to an increasing extent. The pricing of export financing was revised during the year under review, as was also the definition of 'Finnish interest' that is applied to the review of export transactions. Revision of the pricing system for domestic financing will be completed during spring 2007.

Although economic growth in Finland has been exceptionally strong, on a global scale the centre of growth is elsewhere, in big, developing economies. This means that Finnish companies need to meet increasingly stringent international competence standards, and must have the ability to adapt to constant changes and to seize the opportunities opened up by these changes.

Private banks and risk investors always play the leading role; Finnvera's role is to share risks and to be a partner promoting the competitiveness of Finnish enterprises and offering financing solutions for the start-up, growth and international success of businesses.

I'd like to extend my warm thanks to our clients, cooperation partners and all Finnvera employees for the year 2006.

Pauli Heikkilä

Impacts of Finnvera's Activities



In its capacity as Finnvera's owner, the State of Finland – represented by the Ministry of Trade and Industry – sets annual goals and indicators for Finnvera. These are used to assess how the company has succeeded in its tasks of promoting employment, enterprise, regional development, the growth and internationalisation of enterprises, and exports. Associated with the Government's Entrepreneurship Policy Programme, the employment goals are in part dependent on Finnvera's authorisation to grant domestic financing. Finnvera implements its tasks by granting financing.

Attainment of the goals is measured by the number of new, growing and internationalising enterprises, and by the number of export transactions and new jobs, that Finnvera's financing has helped make possible. All these goals were exceeded in 2006. Similarly, the goals set for the equal distribution of financing and employment impacts in various regions were met.

EMPLOYMENT

In 2006, the financing provided by Finnvera for the domestic operations of enterprises contributed to the creation of 11,100 jobs. The target of 10,500 new jobs was exceeded. Of these jobs, 59 per cent were created in trade and other services, and 41 per cent in industry. By means of its financing, Finnvera helped secure over 6,000 jobs.

In 2006, Finnvera provided a total of EUR 140.9 million for changes of ownership in nearly 1,200 enterprises. These changes helped create or secure close to 4,500 jobs.

ENTERPRISE

In 2006, Finnvera participated in the financing of about 8,700 domestic projects. The value of the projects totalled EUR 2.2 billion (EUR 2.3 billion), of which Finnvera's financing accounted

for an average of 43 per cent. Investments accounted for 52 per cent (53) of the total value of projects while working capital accounted for 36 per cent (36).

The target set for 2006 was to provide financing for 3,100 starting enterprises, and this target was exceeded. Altogether 3,641 (3,638) starting enterprises received financing from Finnvera, the total sum being EUR 233.5 million (EUR 183.8 million). During the last few years, Finnvera has provided financing for one in every ten enterprises founded in Finland.

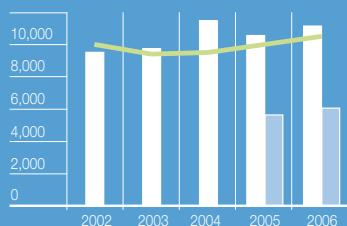
A growth enterprise is a small or medium-sized enterprise which, according to corporate analysis, is expected to show an average annual growth rate of at least 10 per cent in its turnover for the next three years. During 2006, Finnvera provided financing for 1,355 growth enterprises; the total sum was EUR 407.9 million (EUR 300.0 million).

REGIONAL DEVELOPMENT

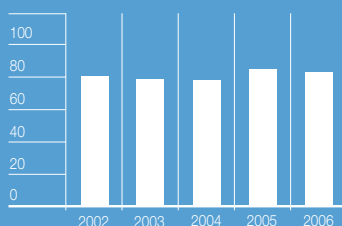
Finnvera acts as an intermediary between its own clients and the interest support programmes of the State of Finland and the European Regional Development Fund (ERDF). The interest support is used to reduce the financing costs of SMEs in the national assisted areas and in the EU Objective regions. The regionally graduated credit and guarantee loss compensation provided by the State also makes it possible for Finnvera to take higher risks, especially in the least developed areas. When seen in relation to all enterprises in the region, Finnvera's clients account for the highest percentages in the regions of Kainuu, Satakunta, Northern Savo and Lapland. The lowest percentages are in Uusimaa and especially in the Helsinki area.

In 2006, Finnvera's financing to enterprises operating in national assisted areas amounted to EUR 456.8 million (EUR 460.3 million), of which interest-subsidised loans granted on regional policy grounds accounted for EUR 118.5 million. Financing targeted at developing areas accounted for 49 per

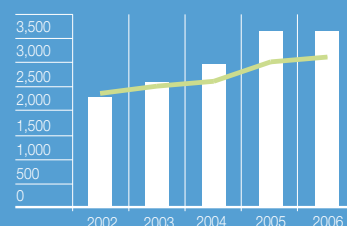
Domestic financing
New jobs



Domestic financing
Financing/new job, EUR 1,000



Domestic financing
Starting enterprises



■ New jobs
■ Redefined jobs
— Target

■ Starting enterprises
— Target



cent of all financing granted for the domestic operations of enterprises. The target set for 2006 was to grant EUR 420 million to developing areas.

Support given by the European Regional Development Fund (ERDF) forms part of the financing granted by Finnvera in Objective 1 regions in Eastern and Northern Finland and in Objective 2 regions in Western and Southern Finland. ERDF support is included in Finnvera's investment and working capital loans, entrepreneur loans, microloans and loans for women entrepreneurs. In addition, Finnvera gives guarantees supported by the ERDF in Objective 1 regions in Eastern and Northern Finland. In 2006, the loans and guarantees that included interest support from the ERDF and that were given to SMEs totalled EUR 100.8 million and EUR 14.7 million, respectively.

To cover some of the financing granted to SMEs, Finnvera can apply for a portfolio guarantee from the European Investment Fund (EIF). In that case, the guarantee commission is lower than normally. The total value of these growth guarantees granted in 2006 was EUR 56.7 million.

EXPORTS

For its part, Finnvera strives to ensure the competitiveness of Finnish enterprises on the export market by offering them financial services to cover export and project risks. To succeed in this task, Finnvera must be able to provide its clients with export financing services that are at least of the same standard as those offered to export undertakings in Finland's main competitor countries.

In large-scale export projects, risks are often shared between commercial financiers and risk-takers, on the one hand, and the official export guarantee and export credit agencies of more than one country, on the other. When implemented, such projects involve either a corporate risk or a

project risk. Project risks pertain to projects where loan servicing takes place through the cash flows generated by the investment, and where security arrangements play an important role.

Another objective is to encourage enterprises to make investments by giving investment guarantees. Finnvera's impact is seen in the form of investments made by large export enterprises and by their contract manufacturers and subcontractors, which in turn is reflected in the number of jobs created or kept.

- A record level for exports covered by guarantees

Finnvera's success in developing and offering a competitive export financing system is measured, for instance, by following the trend in exports guaranteed by means of export credit guarantees.

In 2006, the value of exports covered by guarantees totalled EUR 1,630.1 million (EUR 999.8 million); this is the biggest sum in Finnvera's history. It represented 2.4 per cent (1.9) of Finland's total exports. Exports to countries involving political risks account for an even higher share of the total, or 6.4 per cent (4.9).

Exports to the Middle East accounted for 39 per cent, to CIS countries – mainly Russia and Ukraine – for 22 per cent, to Latin America for 16 per cent, and to Asia for 12 per cent. The biggest single export country was the United Arab Emirates, followed by Russia, Thailand, Turkey and Iran.

The share of telecommunications out of all exports covered by guarantees rose to nearly 60 per cent.

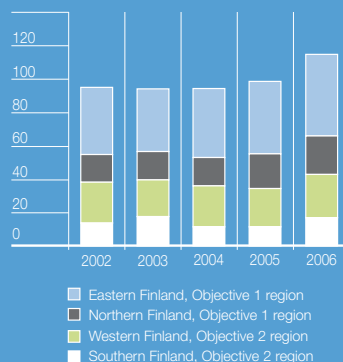
Furthermore, during the year, Finnish shipyards delivered three ships that Finnvera had helped to finance by means of its Finance Guarantees and Bond Guarantees.

Information about the biggest guaranteed export transactions is available at www.finnvera.fi/Export

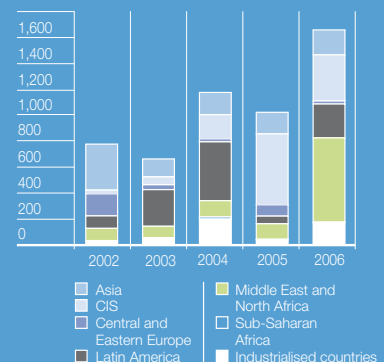
Domestic financing
Financing for areas assisted on regional policy grounds, MEUR



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



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



The Finnvera Group's Financing Activities in 2006

The Finnvera Group provides its clients with loans, domestic guarantees, venture capital investments, and export financing services, i.e. export credit guarantees, export and special guarantees, interest equalization services and export credits for countries exempted from tax at source.

Finnvera plc engages in venture capital investments through its subsidiaries, Veraventure Ltd, Aloitusrahasto Vera Oy and Matkailunkehitys Nordia Oy.

Finnish Export Credit Ltd, another of Finnvera's subsidiaries, administers the interest equalization system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement.

FINANCING FOR DOMESTIC OPERATIONS OF ENTERPRISES

- More than half of financing granted for investments

In 2006, the financing provided by Finnvera for the domestic operations of enterprises totalled EUR 926.0 million. Compared against the previous year, the sum increased by EUR 30.7 million, or over 3 per cent. Altogether 91 per cent of the financing was granted to micro-enterprises and SMEs.

The metals industry was the sector that received the most financing. Compared against the previous year, the volume of financing increased the most in the electrical and electronics industry, and in services to business. Financing for tourism, trade and other consumer services fell slightly from the previous year.

In relative terms, financing increased the most in Eastern Uusimaa, Central Ostrobothnia, Kanta-Häme and Ostrobothnia. The volume of financing varies regionally, depending on the investment and financing needs of enterprises.

Loans accounted for 43 per cent of all financing for domestic enterprise operations, while domestic guarantees and export guarantees covering domestic risks accounted for 57 per cent. For their export projects, SMEs can receive export guarantees where the risk remains within Finland. In 2006, the total value of these guarantees increased by 73 per cent, to EUR 110.4 million.

EXPORTS

- Brisk demand for guarantees continues

Demand for guarantees continued to focus on financing for shipyards and shipping companies and for the telecommunications sector. The guarantees offered for these sectors accounted for 80 per cent of the total volume of guarantees in 2006.

As the consumption of paper keeps rising, paper and forest industry operators carry out investments, expansions and modernisations around the world. For this reason, demand for export credit guarantees was also brisk in the forest industry, especially for exports to Latin America, Asia, Russia and Turkey.

The favourable price trends of metals accelerated mining investments and metal processing. Guarantees were sought for countries and projects with increasingly high risks.

Domestic financing, MEUR	2006	2005
• Loans, domestic guarantees and export guarantees offered, total	926.0	895.3
• Loans, domestic guarantees and export guarantees, offered to national assisted areas	456.8	460.3
• Outstanding commitments	2,438.0	2,417.5
Export financing, MEUR		
• Export credit guarantees offered (foreign risk)	2,760.2	2,974.3
• Export credit guarantees (domestic risk) and special guarantees offered	132.3	1,117.6
• Total outstanding commitments	4,975.8	4,485.2
Number of clients		
(Domestic financing and export financing together)	28,000	27,600

In 2006, the total value of guarantee offers pertaining to foreign risk-taking came to EUR 2,760.2 million. The sum is the second highest in Finnvera's history. Most guarantee offers concerned exports to industrialised countries, Asia, Russia and the Middle East. EUR 48.8 million (EUR 44.6 million) of the guarantee offers applied to export projects by SMEs.

The total value of guarantees that came into effect and pertained to foreign risk-taking was EUR 1,239.8 million (EUR 1,406.9 million); they cover political and/or commercial risks pertaining to 44 countries (37). Shipyards and shipping companies, telecommunications and wood processing accounted for a combined share of all guarantees that rose to 85 per cent.

In 2006, the total value of Bond Guarantee offers covering domestic risks and pertaining to the export projects of the shipyard industry came to EUR 132.3 million (EUR 132.5 million). The value of the guarantees that came into effect was EUR 58.1 million (EUR 74.4 million).

RISK MANAGEMENT

- Trends in risk-taking in 2006

Outstanding commitments in domestic financing remained unchanged in 2006 and totalled EUR 2.4 billion at year's end. Most outstanding commitments are in risk categories B1 and B2. During 2006, outstanding commitments developed in a direction involving somewhat higher risks than before. In particular, commitments in risk category A have been reduced in the past few years. When compared against the previous year, credit losses fell considerably during 2006, returning to a level that prevailed at the start of this decade.

Finnvera's foreign risk-taking, as referred to in the Act on the State's Export Credit Guarantees, stood at EUR 4.7 billion at the end of 2006. Of this total sum, the State Guarantee Fund was responsible for EUR 141.3 million. Liabilities increased by EUR 0.6 billion during the year. A significant portion of the current guarantees and binding offers are in the country categories 0 and 4–5, where commitments increased during the year. Alongside the positive development of country ratings, the risk involved in Finnvera's export credit guarantee portfolio in terms of political and country risks seems to have improved further during 2006.

Commercial commitments for foreign enterprises and Finnish shipyards increased by 13 per cent in 2006, to EUR 4.3 billion at the end of the year. The sectors with the highest commitments were shipyards, shipping companies and telecommunications. Owing to the favourable trends in the last few years, improvement of enterprises' risk categories continued; at year's end, 44 per cent of commitments were in category B1, which is near the investment level. New risks were mostly taken in categories B1-B3. The volume of guarantee losses was low in 2006.

At the end of 2006, the total value of reinsurance agreements and other corresponding arrangements made by

Finnvera to hedge against risks was EUR 62,7 million.

During the period under review, Finnvera plc made an investment of EUR 20 million in Aloitusrahasto Vera Oy; this increased the sum placed by Finnvera in venture capital investments to EUR 78.5 million. Venture capital investments continue to play a fairly small role in the parent company's ability to bear risks.

Finnvera's operational risks were charted in 2006. Based on the results, the management of operational risks is being developed.



Attainment of Strategic Goals in 2006

Attainment of the strategic goals set for 2006 is reviewed according to the division into business areas that came into effect on 1 April 2006. The business areas implement Finnvera's strategic goals: promotion of new enterprise activities; strengthening of regional enterprise activities; growth and internationalisation of enterprises; and provision of competitive export financing from Finnish exporters or their financiers.

The following strategic goals had been set for 2006:

- to revise financing services available to SMEs
- to develop equity financing for starting innovative enterprises
- to increase controlled risk-taking
- to make the definition of "Finnish interest" more flexible
- to pinpoint market shortcomings more accurately.

Small businesses

PROMOTION OF NEW ENTERPRISE

Finnvera exceeded the target set for the financing of starting enterprises in 2006. Most of the new enterprises – 93 per cent – started as small businesses.

The target is to provide financing for 3,500 starting enterprises annually. Finnvera will improve its services for small-sized clients by introducing online services and by developing cooperation with other financiers and regional enterprise service organisations.

In 2006, Finnvera's financing to enterprises employing fewer than ten people totalled EUR 285.7 million (EUR 296.7 million). Altogether 6,432 new jobs were created in micro-enterprises that received financing from Finnvera. At the end of 2006, 83 per cent of Finnvera's clientele were micro-enterprises.

• Visible growth in the service sector

The sectors where new enterprises have increased particularly rapidly in Finland have been services to business, real-estate services, building, social services, and other personal services. The growth of the service sector has been visible in Finnvera's financing because the bulk of starting small businesses operate in services.

The financing granted to micro-enterprises showed clearly that especially women continue to establish enterprises engaged in consumer services and trade. Among loans offered to women entrepreneurs in 2006, 54 per cent of financing was granted to these sectors (55). However, the relative share of both sectors was slightly smaller than in 2005.

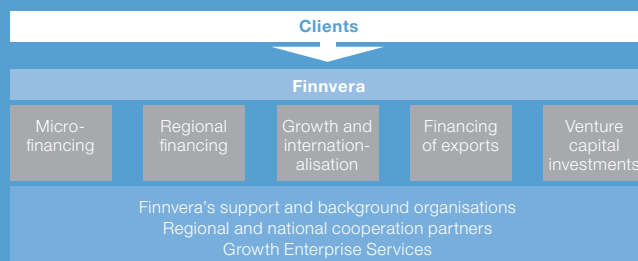
The relative share of industrial sectors increased among enterprises owned by men and financed by means of micro-loans. The share was now 37 per cent. Only 7 per cent of industrial enterprises had received a loan for women entrepreneurs.

• Venture capital investments – another way to boost enterprise

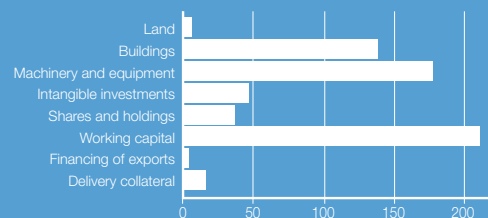
Finnvera plc's subsidiary Aloitusrahasto Vera Oy was founded in autumn 2005. It is a national seed fund for venture capital investments. In the main, the fund invests in technology enterprises at their initial stages and in technology-intensive or innovative service enterprises that are expected to show potential for developing into growth enterprises.

Aloitusrahasto Vera's cooperation partners in the screening of investments include Finnvera's Regional Offices, the Technology Centres and Sitra. Half of the projects undertaken by the fund have come through these bodies. Tekes is an important provider of funds for many of Aloitusrahasto Vera's client enterprises. Private venture capital investment companies have also referred some of their projects at the start-up stage to Aloitusrahasto Vera.

Finnvera Group's business areas



Small enterprises
Structure of financing projects
1 Jan–31 Dec 2006, MEUR





The national seed fund has been an active investor. The number of projects clearly exceeded the advance estimate.



The fund has been an active investor. The number of projects clearly exceeded the advance estimate. By the end of 2006, in all 330 enterprises had applied for financing. The Board of Directors of Aloitusrahassto Vera decided to invest a total of EUR 12.4 million in 51 enterprises; 39 of the projects were implemented by the end of the year.

During 2006, Aloitusrahassto Vera also made decisions about its first follow-up investments. Divided between three enterprises, these totalled EUR 331,000. The first decision on a partial withdrawal was made in December.

Regional financing
STRENGTHENING ENTERPRISE

Finnvera also provides financing for SMEs that have established their business and are important employers in their regions. These enterprises may be engaged either in production or in services. Together with other providers of financing, Finnvera helps secure their supply of working capital.

In order to improve the preconditions for regional enterprise and to secure employment, Finnvera uses its financing schemes to assist SMEs in their ownership arrangements, expansion, development, accelerating growth and internationalisation.

To be eligible for financing, enterprises must have the potential for profitable business. On regional and employment policy grounds, financing can be granted at a higher risk level provided that the enterprise's future prospects are at least reasonably good.

- A good half of financing for investments

Financing offered to regional enterprises in 2006 totalled EUR 422.0 million. The value of projects amounted to EUR 1,101.4 million, of which investments accounted for 55 per cent,

working capital for 36 per cent, and export financing and security for supply for 9 per cent. Finnvera's share of financing for these projects was 38 per cent.

Altogether 3,905 new jobs were created in the projects that received financing from Finnvera. Among Finnvera's clients, regional enterprises numbered 4,323.

- Nearly half to developing areas

Financing to national assisted areas amounted to EUR 209 million, which is just under 50 per cent of all financing granted in this business area. Nearly 2,000 of new jobs were created in the assisted areas.

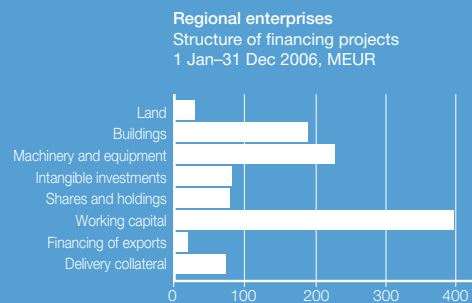
The regional interest-subsidised loans granted in 2006 totalled EUR 72.8 million, which is about 61 per cent of all interest-subsidised loans offered by Finnvera on regional policy grounds. Some of the interest-subsidised loans offered included support from the European Regional Development Fund.

The distribution of assisted areas was revised as of the beginning of 2007. In consequence, their number fell and the amount of financing granted to them will possibly be smaller. However, outside the national assisted areas, Finnvera can grant financing supported by the ERDF in the most challenged areas of the EU Objective regions in Western and Southern Finland. For this reason, no appreciable change is expected to take place in the sums granted when compared against financing granted in 2006.

- Capital investments in regional funds

Finnvera's subsidiary Veraventure Ltd is a fund of funds that invests in regional funds organised as limited companies. During 2006, it made two follow-up investments, in total EUR 2.1 million, in existing funds.

The company participated in the establishment of a new





regional fund, Luoteis-Venäjä Rahasto Oy. Its purpose is to promote enterprise in the regions of Southern Karelia, Southern Savo and Kymenlaakso. Acting as an intermediary, Veraventure Ltd provided the fund with EUR 2.8 million of financing from national sources and from the EU Interreg programme.

In regional venture capital investments, Veraventure's goal is to support and promote regional industrial policy together with local actors.

- Investments in engines for growth in the travel industry

Matkailunkehitys Nordia Oy is a venture capital investment fund, organised as a limited company, in which Finnvera plc has the majority holding. The second owner is Sitra, with its holding of 36.48 per cent. The fund shares risks in projects where financing cannot be obtained merely on market terms, or when an investment made by Nordia is a precondition for obtaining such financing.

Financing solutions are the result of cooperation between Nordia, Finnvera and banks – often including other public sources of financing as well. Investments may be equity investments or external capital investments. They are venture capital investments for which Nordia strives to obtain returns equalling the risks taken, either during the investment period or at the latest when giving up the investment.

At the end of 2006, Nordia had 17 investment sites, mostly enterprises operating in the travel industry. During the year, the fund carried out two initial investments and one follow-up investment. The fund gave up its investments in two sites.

The combined turnover of the enterprises in which the fund had made investments was about EUR 66 million (EUR 63 million) at the end of the financial period. The enterprises gave work to an average of 360 people on a permanent basis and to more than 650 people on a temporary or fixed-term basis during peak seasons. Apart from employing people directly, the enterprises have important indirect effects on employment.



**Veraventure Ltd's target funds
31 Dec 2006**

Teknoventure Oy	Oulu
Kainuun Pääomarahasto Oy	Kajaani
Oy Wedeco Ab	Vaasa
Savon Teknia Oy	Kuopio
Karinvest Oy	Joensuu
JyväSeed Fund Oy	Jyväskylä
Midinvest Oy	Jyväskylä
Etelä-Savon Pääomarahasto Oy	Mikkeli
Karhu Pääomarahasto Ky	Pori
Pikespo Invest Oy Ltd	Tampere
Luoteis-Venäjä Rahasto Oy	Imatra
Indekon Oy	Lappeenranta
Aboa Venture III Ky	Turku
Spinno-Seed Oy	Espoo
Uudenmaan Pääomarahasto Oy	Helsinki



**Matkailunkehitys Nordia Oy's investments
31 Dec 2006**

FTM Incoming Oy	Hämeenlinna
Hotelli Luostotunturi Oy	Sodankylä
Hotelli Mesikämmen Oy	Ähtäri
Jyväskylän Laajavuori Oy	Jyväskylä
Kalajoen Kylpylähotelli Sani Oy	Kalajoki
Kiinteistö Oy Saimaan Lomaranta	Taipalsaari
Kristina Cruises Oy	Kotka
Kultaranta Golf Oy	Naantali
Kuntokumppanit Oy	Helsinki
Levi Magic Oy	Kittilä
Lomakeskus Saimaanranta Oy	Taipalsaari
Lomakouhero Oy	Karstula
Muumimaailma Oy	Naantali
Opteam Henkilöstöpalvelut Oy	Helsinki
Savonlinnan Seurahuone Oy	Savonlinna
Tietotalo Infocenter Oy	Helsinki
Yterin Kylpylähotelli Oy	Pori

Finnvera uses its financing schemes to assist SMEs in their ownership arrangements, expansion and development.

Financing for growth and internationalisation EXPANSION AND INTERNATIONALISATION

New enterprises are founded in Finland fairly actively, and the number of small businesses is reasonably high when proportioned to the Finnish economy. In order to ensure the vitality of the economy, it would be important to develop clearly more medium-sized and dynamically growing SMEs than at present.

Many social expectations are linked with the growth of enterprises, for instance, rising employment and higher wage sums, more exports and international activities, and improved efficiency and competitiveness among enterprises. For an increasing number of growth-oriented enterprises, these expectations mean the start or expansion of international activities. These always involve greater risks than the average. For its part, Finnvera wants to lower the risk threshold and to use its financing instruments to expand competitive operations.

The increasing risk-taking is targeted at situations where international business operations are under transformation. These situations include the starting of exports or the expansion of exports to new countries and the launching of international operations. When providing financing for these enterprises, Finnvera can take risks that are higher than usual.

- Target exceeded by nearly 30 per cent

Financing offered to growing and internationalising enterprises in 2006 totalled EUR 263.0 million, which exceeded the target by nearly 30 per cent. Export guarantees and export credit guarantees accounted for half of the financing offered. In all, 48 per cent of the financing was directed at national assisted areas. The value of the projects was EUR 428.6 million. Of this sum, working capital accounted for 37 per cent, export financing and security for supply together for 38 per cent, and investments for 25 per cent. Finnvera's share of financing for these projects was 51 per cent.

The projects co-financed by Finnvera gave rise to 797 new jobs.

The target for 2007 is to increase the number of clients from 482 at the turn of the year to 550. The volume of financing offered will be the same as in 2006.

- The Finnish Growth Company Development Service – an important tool

During 2006, Finnvera intensified its cooperation with other public organisations providing services for enterprises, in particular with those included in the Finnish Growth Company Development Service. i.e. Finpro, Tekes and the Employment and Economic Development Centres.

The trainee exchange programme carried out with Finpro gave a marked boost to cooperation. This was reflected in Finnvera's client enterprises as new export opportunities. Corresponding cooperation will be launched with Tekes in 2007.

Financing of exports A COMPETITIVE EXPORT FINANCING SYSTEM

The positive trends in the world economy during the past few years are reflected in Finnvera's country risk rating system so that the category of about 40 countries has risen while the rating of only a few countries has fallen owing to the deterioration of their internal political situation.

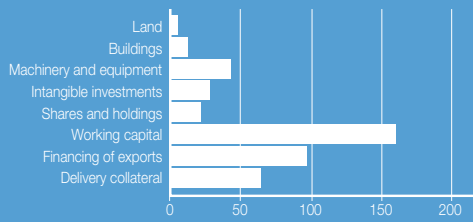
A higher country category means a smaller interest margin for the country in question. The premiums paid by Finnvera's clients for guarantees fall as the country rating improves. It has been possible to relax the guarantee policy in many countries, and short-term or medium-term guarantees have been made available for new countries.

As concerns Finnvera's commitments for export credit guarantees, the most important change in the country risk

In order to ensure the vitality of the economy, it would be important to develop clearly more medium-sized and dynamically growing SMEs than at present.



Growing and internationalising enterprises
Structure of financing projects
1 Jan-31 Dec 2006, MEUR



rating was Russia's jump from category 6 to category 4, and at the beginning of 2007 to category 3. Many CIS countries have recovered from the consequences caused by the break-up of the Soviet Union. Ratings have improved especially in countries that benefit from high oil prices. The ratings of many Latin American countries that have generally been considered unstable – above all Brazil – have improved during the 2000s.

The opportunity to join the EU supported structural changes in the economies of Central and Eastern Europe and the Baltic countries – and later also in Bulgaria and Romania – and gave a clear framework for their economic policy. The ratings of these countries have also improved.

In Finnvera's political risk portfolio, the share of Latin America has risen while commitments pertaining to Asia have decreased. This is an indication of increased risk-taking and larger projects in South American countries, but it also shows that the financial systems of Asian countries have developed and these countries have easier access to international financial markets. In consequence, there is less demand for export credit guarantees for these countries. In contrast, some new countries with high political risks have entered the sphere of guarantees and their share of commitments is growing.

- Interest in new countries

In 2006, the total value of guarantee applications submitted by exporters and financiers to Finnvera's Export Financing for export transactions involving foreign risk-taking came to EUR 3.1 billion (EUR 4.4 billion). Nearly half of the applications concerned telecommunications, while almost a quarter pertained to deliveries of vessels and almost one fifth to wood processing. The value of the applications was almost one third less than in 2005, when they had included two major applications pertaining to offers for cruise vessels.

The greatest interest focused on Iran, followed by the

United States (offers for shipbuilding), Pakistan, Australia and India. The greatest numbers of guarantee applications pertained to exports to Iran, Russia, Lebanon and Turkey. The increase in demand for guarantees for exports to Iran and Lebanon reflects the increase in risks pertaining to these countries during 2006. Finnvera grants guarantees for letters of credits issued by Iranian and Lebanese banks, but the granting of guarantees is limited.

At year's end, Finnvera had 68 guarantee applications under processing; their total value was EUR 1.8 billion. One quarter of the applications pertained to telecommunications, while wood processing, mining and shipbuilding each accounted for one fifth.

- Fewer applications for concessional credits to developing countries

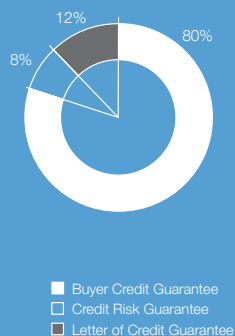
Finnvera guarantees concessional credits granted by the Ministry for Foreign Affairs for projects in developing countries. Finnvera also participates in assessment of the eligibility of projects for guarantees and interest support. The Ministry for Foreign Affairs assesses the projects and decides whether interest support is granted. Concessional credits can be arranged by all credit institutions operating in the European Economic Area.

During 2006, Finnvera received eight applications for concessional credits (10); their value was EUR 85.1 million (EUR 70.5 million). The applications pertained to transactions planned to take place in Asia and Africa.

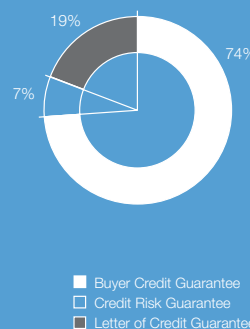
- Guarantee offers nearly record high

The number of new guarantee offers was 181 and their value totalled EUR 2,715.4 million; this is just under ten per cent less than in 2005. The figure was the second highest in Finnvera's history.

Foreign risk-taking
Guarantees offered, by product
1 Jan–31 Dec 2006
Total MEUR 2,715.4



Foreign risk-taking
Guarantees that came into effect,
by product
1 Jan–31 Dec 2006
Total MEUR 1,200.9



As in previous years, most guarantee offers concerned financing for the shipbuilding and shipping industries. They accounted for 44 per cent of the total. Financing for telecommunications accounted for 38 per cent. The number of guarantees offered for projects in the wood-processing industry was somewhat higher than in 2005. However, since the projects were smaller in size, the total sum was 45 per cent lower than the year before.

Most guarantee offers in 2006 pertained to exports to industrialised countries, Asia, Russia, the Middle East and North Africa. The biggest guarantee sums were offered for exports to the United States, Russia, India, Iran, Italy, Canada, Estonia and Brazil.

As in previous years, the highest number of guarantees was offered for exports to Russia, which accounted for one quarter of the total number.

- A decline in guarantees that came into effect

The value of guarantees that came into effect was 15 per cent smaller than the year before, or EUR 1,200.9 million (EUR 1,406.9 million). However, this is the third highest figure in Finnvera's history. Some of the guarantees granted in 2006 will come into effect in 2007 or later.

Of the guarantees that came into effect, Russia accounted for 23 per cent, and Brazil and Iran each for 10 per cent. The following countries had shares between 7 and 10 per cent: Thailand, Ukraine, Estonia and Turkey.

Out of the guarantees that came into effect, telecommunications accounted for 46 per cent, or EUR 556.2 million (EUR 785.9 million); wood processing for 26 per cent, or EUR 314.7 million (EUR 149.4 million); shipping companies for 15 per cent, or EUR 181.4 million (EUR 309.1 million); and power generation for 5 per cent, or EUR 56.6 million (EUR 25.2 million).

- Shipyards still an important customer

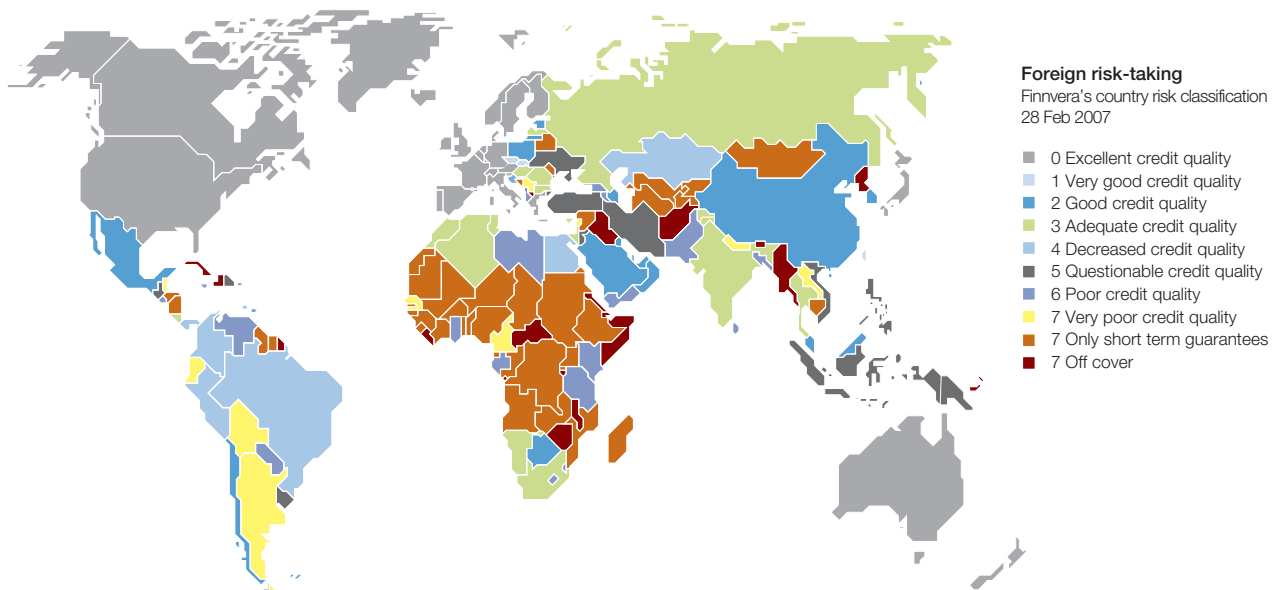
Among the export credit guarantee products used by Finnvera, Finance Guarantees and Bond Guarantees are examples of products suited to the pre-delivery financing of shipyards. Bond Guarantees are generally granted for the shipyard as security for advance payments made by the buyer, while Finance Guarantees are granted as security for pre-delivery credits. The need for pre-delivery export credit guarantees is explained by the production structure of the Finnish shipyard industry and by the consequent need for considerable amounts of working capital.

In 2006, the total value of Bond Guarantee offers covering domestic risks and pertaining to the export projects of the shipyard industry came to EUR 132.3 million (EUR 132.5 million). The value of the guarantees that came into effect was EUR 58.1 million (EUR 74.4 million). No Finance Guarantees were offered (EUR 809.1 million) and none came into effect (EUR 1,164.2 million).

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

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

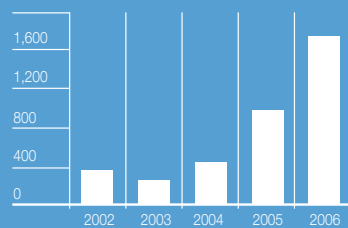
On 31 December, Finnvera's current pre-delivery commitments in the shipyard industry, pertaining to exports, totalled EUR 306.6 million (EUR 469.4 million). Offers for pre-delivery commitments totalled EUR 29.1 million (0).



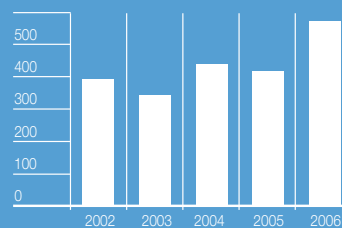
Export credit guarantees and special guarantees covering the domestic risks of major companies

MEUR	Offered					Current				
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002
Ship Guarantees	-	176.0	-	132.4	-	-	-	101.4	23.3	-
Environmental Protection Guarantees	-	-	-	133.3	-	-	-	-	133.3	-
Finance Guarantees										
• Shipyard industry	-	809.1	379.0	90.0	180.0	-	1,164.2	-	270.0	-
• Other	-	-	-	-	-	-	-	-	-	-
Total	-	809.1	379.0	90.0	180.0	-	1,164.2	-	270.0	-
Bond Guarantees										
• Shipyard industry	132.3	132.5	138.5	65.9	56.3	58.1	74.4	124.2	59.6	56.3
• Other	-	-	-	40.0	35.6	-	-	-	-	35.6
Total	132.3	132.5	138.5	105.9	91.9	58.1	74.4	124.2	59.6	91.9

Finnish Export Credit Ltd
Value of interest equalization agreements
MEUR



Finnish Export Credit Ltd
Outstanding credits
MEUR



No offers for Ship Guarantees were given to Finnish shipyards and shipping companies (EUR 176.0 million) and no Ship Guarantees came into effect in 2006 (0).

- Interest equalization enables fixed-interest rate export financing

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

Finnish Export Credit also promotes exports by providing export credits in cases where the borrower is a party referred to in tax treaties concluded with certain countries and the arrangement involves a withholding tax benefit. Like Finnvera, Finnish Export Credit is an internationally approved official export credit agency (ECA).

In an interest equalization system, a financial institution arranges for its client – usually a buyer of Finnish capital goods or services – to receive an export credit based on a fixed commercial interest reference rate (CIRR), in compliance with the terms of the OECD Arrangement.

Finnish Export Credit gives interest equalization offers to enterprises and financial institutions at an early stage during trade negotiations; these offers support the exporter's

commercial offer. Interest equalization agreements are made with investment grade financial institutions having a cooperation agreement with Finnish Export Credit. The procedure of interest equalization is based on terms set by the International Swaps and Derivatives Association, Inc. (ISDA). The State of Finland is responsible for any interest support paid to financial institutions on the basis of interest equalization agreements.

Based on tax treaties concluded by Finland, Finnish Export Credit enjoys a more favourable tax treatment than commercial banks in many countries. Finnish Export Credit can grant credits to borrowers in these countries, thereby reducing the costs of the financial arrangements.

- Value of interest equalization agreements rising

At year's end, Finnish Export Credit had cooperation agreements with 16 banks and with four specialised credit institutions or ECAs.

The total value of interest equalization offers given in 2006 amounted to EUR 3.2 billion (EUR 8.8 billion). The value of interest equalization commitments made in 2006 on the basis of signed credit agreements totalled EUR 1.2 billion (EUR 0.8 billion). The total value of interest equalization agreements concluded was EUR 1,054 million (EUR 730 million).

At year's end, the value of all interest equalization agreements in force totalled EUR 1,736 million (EUR 978 million). The maturity of outstanding agreements extends until 2014.

During 2006, Finnish Export Credit acted as a lender in six new export credit arrangements.

Corporate Social Responsibility

Finnvera is a specialised financing company whose tasks are based on special legislation. Social responsibility forms the starting point for the company's operations.

Finnvera's task is to supplement the financial market and to strengthen the prerequisites for the operations of Finnish enterprises during start-up, growth and internationalisation as well as in exports.

Finnvera's success in its operations is monitored by means of industrial policy and ownership policy indicators defined by the Ministry of Trade and Industry.

- Responsibility as part of Finnvera's values and vision

Finnvera's value base is defined by the phrase: An Expert Esteemed by Clients. In keeping with its vision, Finnvera promotes the competitiveness of Finnish enterprises, enabling the optimum financial solutions for their start-up, growth and international success.

As a State-owned specialised financing company, Finnvera can take higher risks than commercial financiers. Together with other – both commercial and public – providers of financing, Finnvera can thus enable comprehensive financing solutions for enterprises at various stages of transition.

- Principles of good conduct

In autumn 2005, Finnvera began to revise its guidelines on the principles of good conduct, which fall within the sphere of law governing groups of companies. Guidelines on bribery and hospitality and on impartial conduct among employees, as well as guidelines on insider information, were completed in spring 2006. Training events on the principles of good governance

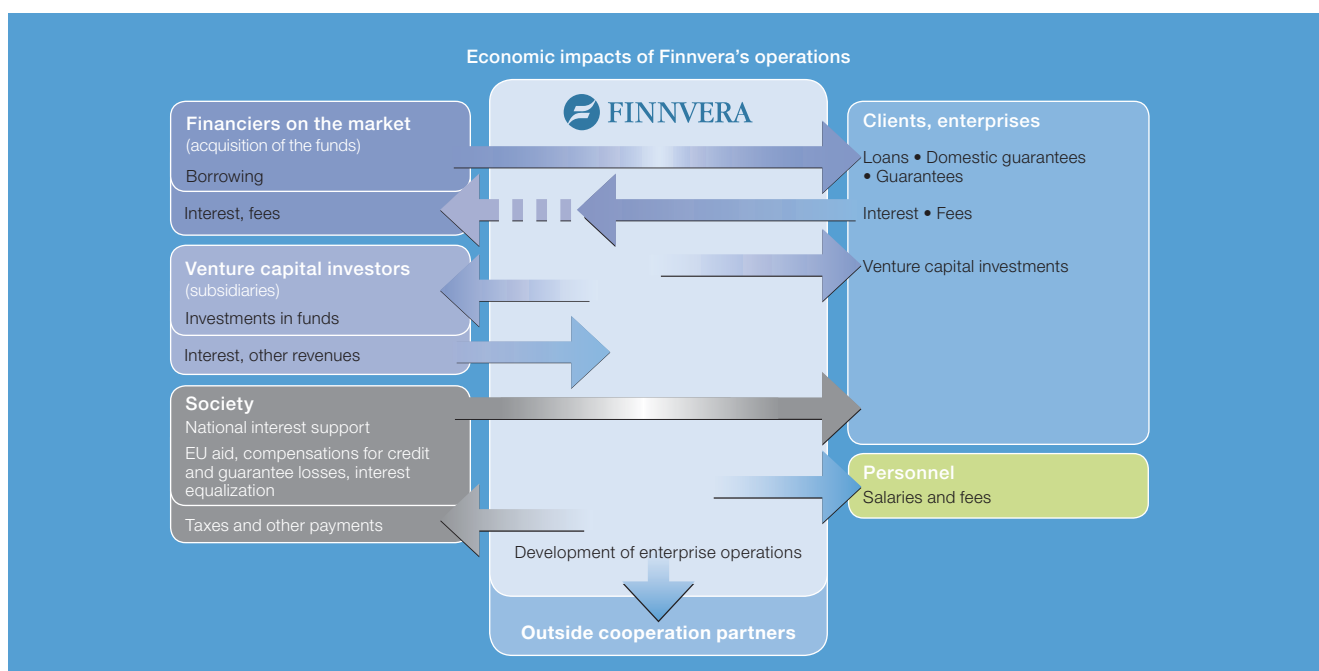
Key figures for economic responsibility

EUR million	2006	2005
Income		
• Net financing income and commissions income, total	109.1	108.0
Subsidies and compensations for losses		
• Interest subsidy passed on to clients and other interest subsidy	19.0	21.1
• Compensations for credit and guarantee losses	15.0	20.4
Write-down losses on credits and other receivables	39.8	48.0
Operating expenses	43.7	41.7
• Personnel costs	27.6	25.6
• Other administrative expenses	12.6	12.2
• Other operating expenses	3.5	3.9
Payments		
• Commission expenses	1.1	2.3
• Taxes	10.7	11.7

and on the associated guidelines were arranged for all regional offices and units during autumn 2006.

For Finnvera, the principles of good conduct mean

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



FINANCIAL RESPONSIBILITY

The starting point for all of Finnvera's activities is to provide economic value added for its clients, both regionally and in the whole of Finland.

The target set for self-sustainability and the level defined for the income-expense ratio also reflect the company's social responsibility.

ENVIRONMENTAL RESPONSIBILITY AND ETHICAL ISSUES

When providing financing for the domestic operations of enterprises, Finnvera complies with the Finnish environmental legislation. Moreover, by offering environmental loans and guarantees, Finnvera encourages Finnish SMEs to invest in environmental protection.

Finnvera's environmental policy in activities involving export credit guarantees is based on the company's status as Finland's official export credit agency that promotes exports and internationalisation benefiting the Finnish economy. According to the Recommendation on Common Approaches on Environment and Officially Supported Export Credits, adopted by the OECD in 2003, all projects that are financed by official export credit or export guarantee agencies and that can be considered to involve reasonably or considerably extensive environmental impacts must conform to international environmental standards.

In 2006, the export credit negotiations conducted within the OECD focused on the adoption of more effective anti-bribery measures and on the revision of the environmental recommendation.

- Environmental classification of export credit guarantee projects since 2001

At Finnvera, environmental classification of export credit guarantee projects has been in use since 2001. All export credit guarantee projects have been classified according to environmental criteria since the beginning of 2002. The assessment of the total risk of projects includes a review of the project's potential environmental impacts.

Finnvera's environmental policy was reviewed in spring 2004 on the basis of the Recommendation adopted by the OECD in 2003. In accordance with its environmental policy, Finnvera publishes environmental information on projects classified into environmental category A. The information is available at: [www.finnvera.fi/Export >Finnvera – an Export Credit Agency >Guaranteed transactions](http://www.finnvera.fi/Export/Finnvera-an-Export-Credit-Agency-Guaranteed-transactions). The scope of application of the environmental policy and the screening of export credit guarantee applications encompassed by environmental review were specified in spring 2005.

Finnvera's Export Financing Unit has two experts who specialise in the assessment of environmental risks.

- Publicity policy and environmental policy

Publicity provisions concerning Finnvera are included in the Act on the State-Owned Specialised Financing Company

(443/1998) and in the Act on the State's Export Credit Guarantees (422/2001).

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

Finnvera's export credit guarantee activities are additionally guided by the Act on the Openness of Government Activities.

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

More information about Finnvera's environmental and publicity policy is available at: [www.finnvera.fi/Export >Finnvera – an Export Credit Agency](http://www.finnvera.fi/Export/Finnvera-an-Export-Credit-Agency)

- Policy outlines in ethical issues

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

These practices include assessment of the environmental impacts of projects, anti-bribery measures, and the commitment to direct guarantees granted for exports to heavily indebted poor countries (HIPC) so that they are used for productive projects that contribute to social or economic development in the country. Finnvera is also committed to drawing exporters' attention to the OECD Guidelines for Multinational Enterprises.

In practice, Finnvera implements anti-bribery measures by requiring that, in connection with the guarantee application, exporters assure that they have not been involved in bribery during the project in question. Exporters pledge to repay any indemnity received if they are found to be guilty of giving bribes. If the guarantee-holder is a financier, the financier must also assure that no bribery is involved in the project. During its history, Finnvera has not had to recover indemnities from exporters or financiers.

SOCIALLY RESPONSIBLE APPROACH

- Relations with stakeholders

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

internationally are also indispensable. By networking with its cooperation partners, Finnvera strives to create added value for its clients.

While Finland held the EU Presidency during the latter half of 2006, the Ministry of Trade and Industry and Finnvera hosted two international meetings in Helsinki: an unofficial meeting of the European Council Working Group on Export Credits and a Round Table meeting associated with the European Commission's Multiannual Programme for Enterprise and Entrepreneurship. In addition, Finnvera's Vice President Pekka Karkovirta chaired the European Union's export credit meetings in Brussels.

Vice President Pekka Karkovirta continues to chair the Technical Sub-Committee of the Berne Union's Medium/Long Term Committee in 2007.

- Finnvera represents Finland in the Paris Club

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

The Paris Club met ten times in 2006. Finland did not participate in any new rescheduling negotiations in 2006, but signed a bilateral agreement with Iraq in February concerning the repayment of a debt of about EUR 200 million.

In August, Russia repaid its rescheduled debt of EUR 223 million prematurely in cash. According to previously signed debt conversion agreements, about EUR 25 million will additionally be paid during 2006–2008 in the form of scientific and technological equipment to be supplied to public research institutes and universities in Finland.

THE FINNVERA GROUP'S PRINCIPAL PARTNERSHIPS AND STAKEHOLDERS

Financing of domestic enterprise	Forms of cooperation
Owners and Ministries : Ministry of Trade and Industry, Ministry of Finance, Ministry of the Interior	<ul style="list-style-type: none"> • Industrial policy guidance and outlines • Legislative work concerning domestic financing • National and EU financing on regional policy grounds
Interest organisations: Federation of Finnish Enterprises, The Finnish Family Firms Association, Confederation of Finnish Industries, Technology Industries of Finland	<ul style="list-style-type: none"> • Cooperation with the Federation of Finnish Enterprises, e.g. the annual SME barometer survey • Trio Programme 2004–2010: Enterprise networks for developing technology, business concepts and internationalisation
Banks and insurance companies: Capital investors Finnish Industry Investment Ltd	<ul style="list-style-type: none"> • Cooperation agreements on risk-sharing in projects to be financed • Cooperation events, dissemination of information • Marketing cooperation • Training
Public enterprise service organisations: Employment and Economic Development Centres, Tekes, Finpro, Foundation for Finnish Inventions, SME Foundation	<ul style="list-style-type: none"> • National outlines on cooperation, e.g. through the Growth Enterprise Services and the Enterprise Finland service system • Regional cooperation towards clients • Bilateral cooperation with Finpro and Tekes to promote the internationalisation and growth of SMEs • Cooperation agreements
Regional Councils, municipal departments for business and industry, enterprise agencies	<ul style="list-style-type: none"> • Creation of regional industrial strategies • Establishment of new enterprises • Entrepreneur training
Committees (Committee of the Head Office, Regional Committees)	<ul style="list-style-type: none"> • Exchange of information and discussion on Finnvera's services / clients' expectations and needs
EU: European Investment Fund (EIF) European Investment Bank (EIB) European Microfinance Network (EMN) Network of European Financial Institutions for SMEs (NEFI) AECM (European Mutual Guarantee Association) EAPB (European Association of Public Banks) ISLTC (Institutions in the European Union Specialising in Long-Term Credit) European specialised financing institutions (e.g. Almi of Sweden)	<ul style="list-style-type: none"> • Utilisation of the financing options offered by the EU and the EIF, e.g. financing and growth guarantees provided by the European Regional Development Fund (ERDF) • Utilisation of refinancing provided by the EIB • Exchange of information and influencing the European Union's policy of financing SMEs

Both Algeria and Nigeria repaid their rescheduled debts prematurely. The payment made by Algeria was about EUR 10 million and that by Nigeria EUR 0.6 million.

PERSONNEL

Finnvera's personnel policy supports the attainment of the goals set in the company's vision and strategy and in the industrial and ownership policy. In accordance with the relevant outlines, the objective of Finnvera's personnel policy is to ensure that the company has a sufficient number of personnel with appropriate training, adequate experience, and a suitable age and gender distribution. The personnel shall be competent and committed to their work.

Finnvera's personnel policy outlines emphasise the following aspects:

- open rewarding for good work performance

- systematic management of competence, which is emphasised in management and supervisory tasks
- maintenance of professional skills and development of competence
- human resource planning, which will help the company make provision for the changes foreseen in the strategy period of 2007–2011, i.e. increasing the number of people at customer interface, and retirement of personnel and the consequent structural change in competence
- Personnel development and training

In connection with strategic annual planning, Finnvera defines its areas of core competence. The development and targeting of various competence areas in accordance with strategic goals are monitored by means of periodic surveys. The competence chart is updated yearly in conjunction with strategy work. The assessment tools in use are competence surveys and

THE FINNVERA GROUP'S PRINCIPAL PARTNERSHIPS AND STAKEHOLDERS

Financing of exports	Forms of cooperation
Owners and Ministries: Ministry of Trade and Industry, Ministry for Foreign Affairs, Ministry of Finance, State Guarantee Fund	<ul style="list-style-type: none"> • Industrial policy guidance and outlines • Legislative work concerning export credit guarantees • Cooperation in concessional credits • Communications about foreign risk-taking and about the needs for legislation and other measures • Working groups • Export promotion trips
Interest organisations: Federation of Finnish Financial Services Confederation of Finnish Industries, Technology Industries of Finland,	<ul style="list-style-type: none"> • Development of export credit guarantee activities • Information to stakeholders (joint events, visits)
Export Finance Committee	<ul style="list-style-type: none"> • Development of export credit guarantee activities
Public enterprise service organisations: Finpro, Fintra	<ul style="list-style-type: none"> • Cooperation events, dissemination of information • Marketing cooperation • Training
Subsidiaries and associated companies: Finnish Export Credit Ltd, FINNFUND	<ul style="list-style-type: none"> • Work on the Board of Directors • Use of joint resources, e.g. in environmental issues • Coordination of operating policies • Marketing cooperation • Joint representation in international organisations
International organisations: Berne Union OECD: Working Party on Export Credits and Export Credit Guarantees Participants to the Arrangement on Guidelines for Officially Supported Export Credits EU: European Council Working Group on Export Credits World Bank/IIF	<ul style="list-style-type: none"> • Influence
Other export credit agencies (ECAs)	<ul style="list-style-type: none"> • Annual meetings of Nordic managers and experts • Reinsurance agreements • ECA networking • Cooperation in guarantee projects
Civil society organisations	<ul style="list-style-type: none"> • Dialogue

performance discussions.

The pivotal competence areas are financing, management of credit risks, working with clients, and knowledge of the financial markets. During the strategy period of 2007–2011, special attention is paid to the work done by participants in the Enterprise Finland service system. The goal is to provide clients with a flexible range of comprehensive financial solutions made up of financial and advisory services offered by various actors. To be prepared to meet the challenges posed to its services by growing and internationalising enterprises, Finnvera arranges training that focuses, in particular, on exports and on financial services for exports. Management and supervisory tasks also continue to be central areas in the development and training of personnel.

The training given in 2006 focused on competence in financing. A new, long-range training programme was started: a programme for experts to improve their special knowledge of Russia. Eight experts from Finnvera were selected for this training. The first training programme will end during 2007.

Finnvera and Finpro launched cooperation to improve opportunities for job rotation among the employees of the two organisations. One Finnvera employee was working in the Finpro office in Shanghai, while one Finpro employee was working at Finnvera's Unit of Financing for Growth and Internationalisation. The job rotation will continue in 2007.

• Incentives and commitment

Basic salaries at Finnvera are based on job requirements and on individual work performance. The labour agreement concerning Finnvera plc, based on the collective bargaining agreement signed in 2004, will be in force until 30 September 2007. Trends in earnings at Finnvera are compared to earnings in the public, private and financial sectors.

Transparent bonus systems are in use to reward employees for good work performance. In total, EUR 1,1 million in bonuses approved by the Board of Directors was paid out in 2006 by

virtue of the profit-sharing scheme covering the entire personnel. The grounds on which bonuses for good work performance are paid have been defined at company level.

• Personnel well-being

Surveys on the internal atmosphere at Finnvera are conducted regularly, every second year. The response rate in the survey made in 2006 was 86 per cent. Throughout Finnvera's history, the surveys on the atmosphere have yielded better results than those obtained in reference companies. In the survey, both the company's external image and the internal employer image get exceptionally good ratings from Finnvera's employees. This is also reflected by the strong commitment reported by respondents. Employees consider that Finnvera has succeeded well in implementing its values in practice.

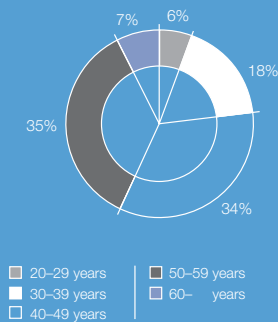
Although the general working atmosphere is already thought to be very positive, the survey indicated some individual areas of development that would help make the atmosphere even more open and more responsive to reforms and would strengthen the communal spirit. The most critical opinions were presented by employees who had worked for the company for 3–5 years, i.e. a group important for the company's future.

Finnvera has an equality plan, according to which each Finnvera employee has the opportunity to apply for a position corresponding to the employee's training and skills. The personnel can develop their competence and can participate in both internal and external training programmes in accordance with the approved budget and development plan. Realisation of equality in pay schemes is monitored in conjunction with the review of earning trends. Guidelines have also been drawn up for preventing and dealing with situations involving harassment.

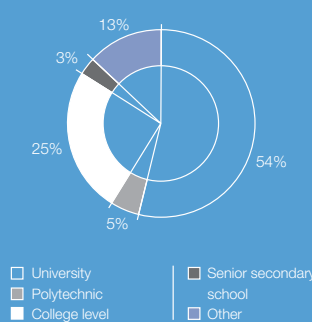
Finnvera has a comprehensive occupational health care system. The company also supports the personnel's fitness and recreational activities.



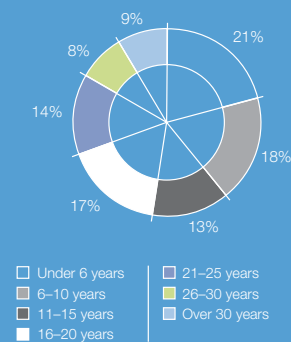
Personnel's age distribution
31 Dec 2006



Personnel's education
31 Dec 2006

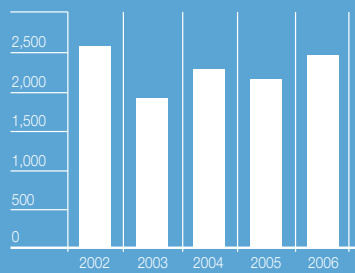


Average length of employment
31 Dec 2006

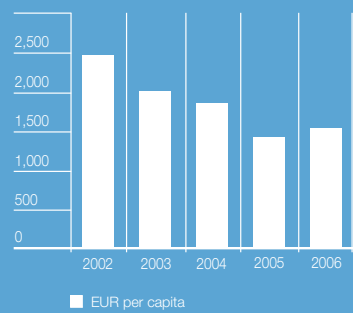




Personnel's training days



Personnel's training, EUR per capita
EUR 1,000



Corporate Governance

The State of Finland owns the entire stock of Finnvera plc, and Finnvera is included in the administrative sector of the Ministry of Trade and Industry. Finnvera's operations are based on law. The Acts on Finnvera define the tasks whereby Finnvera affects the development of enterprise and employment in Finland.

THE STATE AS THE OWNER

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

The commitments given by the State enable Finnvera to apply a higher risk-taking level in domestic financing than that applied by commercial financial institutions. The liability subject to the commitment to compensate for credit and guarantee losses stood at EUR 2,161.6 million (EUR 2,182.3 million) as per 31 December 2006. Interest-subsidised loans as per 31 December 2006 totalled EUR 784.0 million (EUR 869.1 million).

The total sum of guarantees granted by the State for Finnvera's acquisition of funds was EUR 753.4 million (EUR 773.5 million) at the end of 2006.

The purpose of the State Guarantee Fund is to ensure that Finnvera can meet the obligations of the export credit guarantees, domestic guarantees and other commitments referred to in §4 of the Act on the State Guarantee Fund. If the separate result calculated annually for export credit guarantees and special guarantees shows a deficit, the corresponding sum is transferred from the State Guarantee Fund to Finnvera, unless the fund for export credit guarantees and special guarantees on Finnvera's balance sheet has sufficient assets to cover the deficit.

The State Guarantee Fund serves 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 on the company's balance sheet.

The Fund's assets are also used to cover the liability arising from the guarantees and other commitments given by Finnvera's predecessor, the Finnish Guarantee Board, and – before that – the Export Guarantee Board and the State Guarantee Board. Finnvera manages this 'old' liability for the State, and the State Guarantee Fund pays Finnvera a fee for this management. The 'old' liability totalled EUR 148.6 million (EUR 210.1 million) as per 31 December 2006.

OWNERSHIP POLICY

Each year, the Ministry of Trade and Industry defines ownership and industrial policy goals and indicators for Finnvera; these are used for evaluating the company's success in its activities.

In line with the industrial policy goals, Finnvera shall strive to reach economic self-sustainability in the long term. For its part, the company shall offset any shortcomings in the operation of the financial market, shall promote and develop the activities of starting, small and medium-sized enterprises and shall advance the internationalisation and exports of enterprises. The industrial policy goals also include targets

pertaining to the Finnvera Group's venture capital investments.

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

The ownership policy and industrial policy goals set for Finnvera for 2006, and the company's performance in relation to these goals, are presented in more detail in the Financial Statements 2006 and at [www.finnvera.fi/Financial info](http://www.finnvera.fi/Financial%20info)

CORPORATE GOVERNANCE

The goal of good corporate governance, as practised by Finnvera, is to ensure transparency at all levels of the organisation. Finnvera complies with the Finnish law on companies and bookkeeping.

In addition, Finnvera's Management Group has approved principles and guidelines for the company's operations. The principles for Finnvera plc's good practices guide the entire personnel so that their actions would solidify Finnvera's reputation as a specialised financing company and an expert esteemed by clients.

Finnvera's annual reports and interim reports, as well as the press releases on financial statements, meet the requirements of the Finnish law and are published in Finnish, Swedish and English. The International Financial Reporting Standards (IFRS) will be adopted in 2007.

ADMINISTRATIVE BODIES OF FINNVERA PLC

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

• General Meeting of Shareholders

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

• Supervisory Board

According to the Articles of Association, the Supervisory Board is comprised of a minimum of 8 and a maximum of 18 members. The General Meeting of Shareholders elects the members of the Supervisory Board for a term of one year. A person who is 68 years old or older cannot be elected a member of the Supervisory Board.

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

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

In 2006, the Supervisory Board had 18 members (see p. 30) and met seven times. The average attendance rate at the Supervisory Board meetings was 85 per cent (79). During 2006, the most important issues handled by the Supervisory Board were the election of the Board of Directors and decision on Finnvera's strategic goals and the associated reorganisation.

- Board of Directors

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

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

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

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

According to the Articles of Association, the company's Board of Directors is comprised of a minimum of 6 members and a maximum of 9 members plus 2 deputy members. One Board member is elected among candidates named by the Ministry of Trade and Industry, one among candidates named by the Ministry of Finance, one among candidates named by the Ministry of Labour, and one among candidates named by the Ministry for Foreign Affairs. Of the two deputy members, the first is elected among candidates named by the Ministry of Trade and Industry and the second among candidates named by the Ministry of Finance.

The members and deputy members of the Board are elected for a term of one year. The term ends at the closing of the Supervisory Board's meeting where a new Board has been elected. A person who is 68 years old or older cannot be elected a member of the Board of Directors. The Board meets every second week.

- Managing Director, Management Group and Corporate Management

The Managing Director is responsible for the company's operational administration in keeping with the guidelines and regulations issued by the Board of Directors. In management of the tasks specified in the Companies Act, the Managing Director is assisted by the Management Group and the Corporate Management, presentation on page 32. Information on the Managing Director's employment contract and salary is given in the Notes to the Accounts, note no. 36.

SALARIES AND FEES

The fees paid to the members of the Supervisory Board and the Board of Directors are in agreement with the Ministry of Trade and Industry's recommendation on fees paid to the administrative bodies of State-owned companies. The fees paid in 2006 totalled EUR 321, 857.

The Board of Directors decides on the salaries paid to the Managing Director, the Executive and Senior Vice Presidents and to other Directors appointed by the Board, as well as on the bonus to be paid to the Managing Director.

RISK MANAGEMENT

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

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

More information about risk management is given on pages 10–11 and in the Financial Statements 2006.

INTERNAL AUDIT

Internal audit is part of Finnvera's management system, and is a tool used by the management for monitoring, evaluating and promoting internal control. Internal auditors report to the Managing Director, to the bodies audited and, at least once a year, to the Board of Directors.

Internal auditors inspect and evaluate

- the extent, sufficiency, efficiency and economy of internal control
- the working of risk management systems
- the reliability and integrity of the accounting, IT and other systems used for measuring, classifying and reporting economic and operational data
- the correctness of business transactions and the working of the internal control applied to these transactions
- compliance with the regulations and guidelines issued
- attainment of the goals set, profitability of operations, use of resources and management of assets.

In their work, internal auditors comply with the relevant standards, good internal auditing practice and the guidelines issued by Financial Supervision. They coordinate their work with the company's auditors and the Audit Unit of the Ministry of Trade and Industry.

AUDITING

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

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

The company's regular auditor is KPMG Oy Ab. The auditor with the main responsibility is Hannu Niilekselä, Authorised Public Accountant.

In 2006, the fees paid to the auditors totalled EUR 138,869.93. In addition, the auditing company was paid EUR 27,630.54 for advisory services during the year.

Supervisory Board of Finnvera plc

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

Chairman

Johannes Koskinen
Member of Parliament
(Finnish Social Democratic Party)

First Vice Chairman

Kyösti Karjula
Member of Parliament
(Finnish Centre Party)

Second Vice Chairman

Esko Kurvinen
Member of Parliament
(National Coalition Party)

Members

Peter Boström
Managing Director
(Swedish People's Party)

Markus Fogelholm
Managing Director
Finnish Bankers' Association

Susanna Haapoja
Member of Parliament
(Finnish Centre Party)

Sinikka Hurskainen
Member of Parliament
(Finnish Social Democratic Party)

Pekka Pokela
Director
Confederation of Finnish Industries
EK
until 12 October 2006

Timo Kekkonen

Director
Confederation of Finnish Industries EK
from 13 November 2006

Leila Kurki

Senior Adviser
Finnish Confederation of Salaried
Employees STTK

Erkki K. Mäkinen

Managing Director
Federation of Finnish Enterprises

Reijo Paajanen

Member of Parliament
(National Coalition Party)

Pia Peltoniemi

Adviser
Finnvera plc

Iivo Polvi

Member of Parliament
(Left Alliance)

Eero Reijonen

Member of Parliament
(Finnish Centre Party)

Heikki Ropponen

Deputy Managing Director
Federation of Finnish Commerce

Osmo Soininvaara

Member of Parliament
(Green League)

Veli-Matti Töyrylä

Chairman
Finnish Association of Graduates
in Economics and Business
Administration – SEFE

Timo Vallittu

Chairman
Chemical Workers' Union

Board of Directors of Finnvera plc



Kalle J. Korhonen



Pekka Huhtaniemi



Jyrki Kiviharju



Risto Suominen



Pekka Laajanen



Päivi Kerminen



Martti Mäenpää



Matti Viialainen

Chairman

Kalle J. Korhonen

(1948), M.Sc. (Tech.)
Director-General
Ministry of Trade and Industry
Chairman of the Board 1999–
Finpro, Board Member 1997–
Rautaruukki Corporation, Board
Member 2005–
Finnish Industry Investment Ltd,
Board Member 1999–2006

First Vice Chairman

Pekka Laajanen

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

Second Vice Chairman

Pekka Huhtaniemi

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

Päivi Kerminen

(1958), LL.M.
Governmental Counsellor
Ministry of Labour
Board Member 1999–

Jyrki Kiviharju

(1945), LL.M.
Special Adviser, Financing
Confederation of Finnish Indus-
tries EK
Board Member 2006–

Martti Mäenpää

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

Risto Suominen

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

Matti Viialainen

(1953), M.Soc.Sc.
Deputy Director
Central Organisation of Finnish
Trade Unions SAK
Board Member 2000–
IDP Consultants Oy, Managing
Director 1988–
Ilmarinen Mutual Pension Insurance
Company, Supervisory Board Member
2000–2006
Finnish Industry Investment Ltd,
Investment Council Member 2000–
Tekes, Board Member 2003–2006
Veritas Ltd, Supervisory Board
Member 2006–

Deputy Members:

Elise Pekkala

(1959), LL.M., LL.M. (Eur.)
Governmental Counsellor
Ministry of Trade and Industry
Deputy Member of the Board
2004–
TTS Institute, Vice Chairman of
the Board 1999–
Finland Convention Bureau, Board
Member 1998–2006

Kristina Sarjo

(1959), LL.M.
Financial Counsellor
Ministry of Finance
Deputy Member of the Board
2003–
Nordic Investment Bank, Board
Member 2003–
Council of Europe Development
Bank, Administrative Council
Member 2003–

Corporate Management and Management Group

The Corporate Management discusses matters having an extensive impact on the Finnvera Group and its personnel; the matters may be prepared within the Management Group. Besides the members of the Management Group, the Corporate Management includes the Vice President responsible for corporate planning and the Managing Director of Finnish Export Credit Ltd. The personnel organisations have been represented in the Corporate Management since 1 February 2006. The Corporate Management meets once a month.

The Management Group discusses important issues pertaining to clients, business operations and risk management. The Management Group comprises the Managing Director, the Executive Vice Presidents, the Managing Director of Veraventure Ltd, the Senior Vice President, Legal Affairs, and the Communications Manager. The Management Group meets three times a month.

Pauli Heikkilä

(1962), D.Sc. (Tech.)
Managing Director
Chairman of Corporate Management, the Management Group and the Management Group on Financing 2005–
Tekla Corporation, Board Member 2004–2006
Finnish Business and Policy Forum EVA, Member 2005–
Excellence Finland, Advisory Board Member 2005–
Export Forum, Member 2005–

Topi Vesteri

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

Veijo Ojala

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

Aarno Järvinen

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

Eila Alajoki

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

Seppo Arponen

(1943), M.Sc. (Econ. & Bus. Adm.)
Member of Corporate Management, Management Group and Management Group on Financing until 31 August 2006
Senior Vice President, Corporate Planning
Fourth Deputy of the Managing Director
Nordea Plc Oulu, Supervisor 1992–
Incap Corporation, Board Member 2002–
Veraventure Ltd, Board Member 2003–2004, Chairman of the Board 2005–2006

Matkailunkehitys Nordia Oy, Chairman of the Board 2005–2006
3C Europe Oy, Board Member 2005–2006
Proventia Group Oy, Board Member 2005–2006
Invest in Finland, Member of the Foundation's Board 2005–2006
Aloitusrahasto Vera Oy, Chairman of the Board 2005–2006

Leo Houtsonen

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

Marja Karimeri

(1949), eMBA, LL.M.
Senior Vice President, Legal Affairs
Member of Corporate Management and the Management Group on Financing 1999–
Management Group Member 2005–
Finnish Export Credit Ltd, Board Member 2001–2006
Board of the State Guarantee Fund, Secretary 2001–
Paris Club, Head of the Finnish Delegation 2001–
Veraventure Ltd, Board Member 2005–2006
Aloitusrahasto Vera Oy, Board Member 2005–2006
Spikera Oy, Chairman of the Board 2005–

Hannu Lipponen

(1945), M.Sc. (Tech.), Management Group Member until 31

December 2006
Senior Vice President, Finance
Member of Corporate Management 1999–2006

Heikki Lähdesmäki

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

Matti Männikkö

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

Annamarja Paloheimo

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

Tuija Saari

(1952), LL.M.
Liaison Officer, Information Services
Personnel organisation Erityisrahoituksen Ammattilaiset ERA ry
Member of Corporate Management 2006–

Ilse Salonen

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

Jyrki Wirtavuori

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Managing Director, Finnish Export Credit Ltd
Member of Corporate Management and the Management Group on Financing 2005–

Directors of Finnvera's Regional Offices

Juho Björn
(1947), M.Sc. (Tech.)
Joensuu Regional Office

Jan-Christer Eriksson
(1946), M.Sc. (Tech.)
Vaasa Regional Office
until 14 March 2006

John Erickson
(1956), M.A.
Vaasa Regional Office
from 15 March 2006

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

Reijo Järvinen
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Pori Regional Office

Markku Laineenoja
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Pauli Piilma
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Lahti Regional Office

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Seinäjoki Regional Office

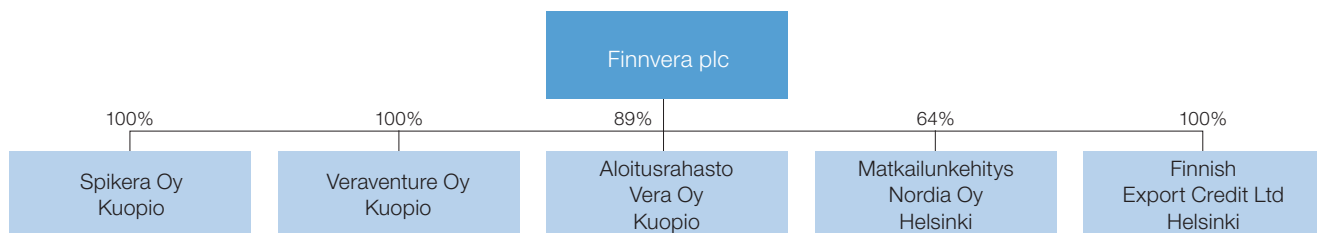
Pauli Tengvall
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Kuopio Regional Office

Kari Tuominen
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Seppo Tyynelä
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FINNVERA GROUP



- The development and investment company Spikera Oy provides financing for special projects and for short-term investments. The company works in close cooperation with Finnvera's Regional Offices and with the Corporate Development Group of Domestic Financing.

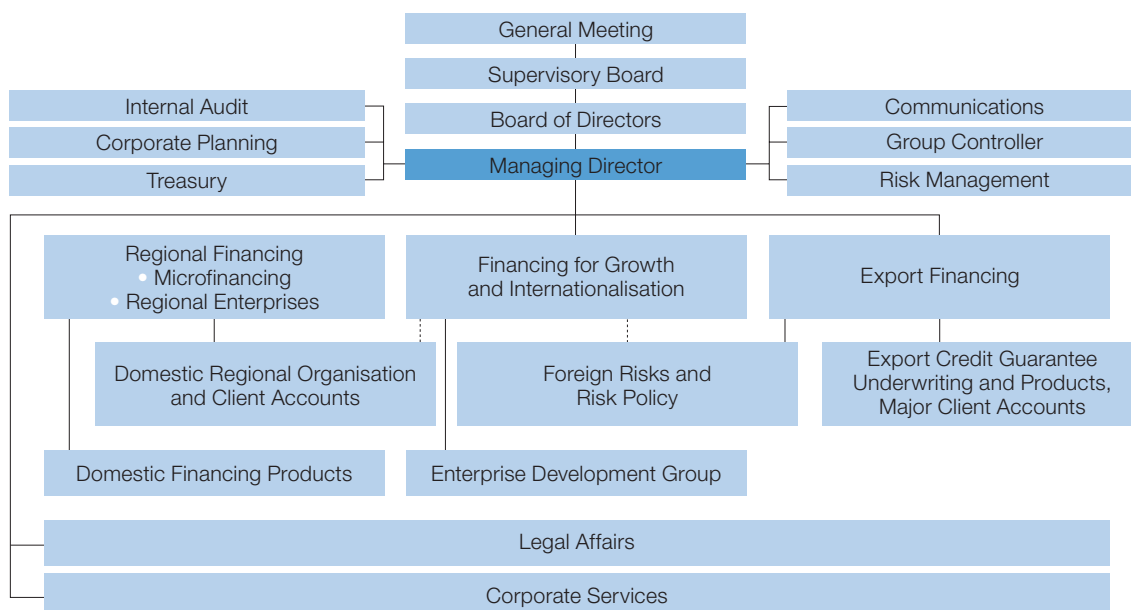
- Within the Finnvera Group, Veraventure Ltd engages in venture capital investments in accordance with the guidelines issued by the Ministry of Trade and Industry and the goals set by the parent company. Veraventure Ltd supports and promotes regional industrial policy together with local actors.

- Aloitusrahasto Vera Oy makes investments in starting innovative enterprises. In addition to Finnvera plc, the Finnish Association of Graduate Engineers, the Finnish National Fund for Research and Development (Sitra), and Ilmarinen Mutual Pension Insurance Company hold shares in the company.

- A venture capital investment fund specialising in the travel industry, owned by Finnvera plc and the Finnish National Fund for Research and Development (Sitra).

- Finnish Export Credit administers the interest equalization system for officially supported export credits and domestic ship financing in accordance with the OECD Arrangement.

ORGANISATION OF FINNVERA PLC AS OF 1 APRIL 2006



Domestic Financing

Financing, by product

(MEUR)	2006	2005	2004	2003	2002
Loans	396.2	405.8	411.8	363.7	352.1
Loans for investments and working capital	270.7	262.9	258.8	230.1	230.9
Venture capital loans	12.6	21.5	22.3	24.8	20.0
Development loans	13.7	17.8	23.3	17.1	17.8
Loans for women entrepreneurs	23.2	25.7	22.1	18.2	17.3
Microloans	30.0	32.1	31.0	30.8	26.6
Entrepreneur loans	26.6	25.5	28.5	24.2	18.0
Environmental loans	19.3	20.3	25.8	18.6	21.6
Domestic guarantees	419.4	425.6	426.6	351.3	361.7
For investments and working capital	171.9	142.7	130.3	115.2	127.1
For growth and employment	56.7	69.3	80.3	66.6	54.0
For current account with overdraft	102.6	89.2	89.1	69.5	76.7
Micro-guarantees	16.2	20.6	20.2	19.2	19.2
For delivery	71.8	104.0	106.7	78.7	84.6
For environmental protection				2.0	
Export guarantees and special guarantees	110.4	63.9	53.1	57.5	56.4
Export guarantees	110.4	63.9	53.1	57.5	56.4
Venture capital guarantees			0.1		
Total	926.0	895.3	891.5	772.4	770.2

Financing decisions, by enterprise size

(MEUR)	2006	2005	2004	2003	2002
Micro-enterprises	347.3	296.7	251.6	215.9	206.8
Other SMEs	492.8	517.5	519.8	444.1	463.1
Major companies and other business	85.8	81.0	120.1	112.4	100.3
Total	926.0	895.3	891.5	772.4	770.2
(%)	2006	2005	2004	2003	2002
Micro-enterprises	37.5	33.1	28.2	28.0	26.9
Other SMEs	53.2	57.8	58.3	57.5	60.1
Major companies and other business	9.3	9.1	13.5	14.5	13.0
Total	100.0	100.0	100.0	100.0	100.0

Financing, by sector

(MEUR)	2006	2005	2004	2003	2002
Rural trades, in total	6.7	5.3	6.7	6.1	7.1
Special sectors in agriculture	5.8	3.9	5.1	3.7	5.4
Fishery	0.9	1.5	1.6	2.3	1.7
Industry, in total	539.9	533.3	552.1	488.7	463.5
Manufacture of foods	28.6	30.2	23.4	27.1	28.8
Manufacture of textiles, clothing and leather products	16.3	22.7	20.5	17.5	20.1
Manufacture of wood-based products	48.0	52.5	55.3	59.2	67.7
Manufacture of paper products	7.9	8.1	3.1	9.2	6.0
Communications industry	6.3	7.9	14.3	10.9	13.0
Manufacture of furniture	17.6	12.1	14.6	9.4	14.6
Manufacture of chemical, rubber and plastics products	29.5	24.2	29.9	30.4	25.3
Manufacture of glass, ceramic and stone products	10.6	12.7	10.2	12.7	9.6
Basic metals and mechanical industry	257.3	251.1	240.2	193.3	155.1
Electrical and electronics industry	47.9	34.4	68.8	59.3	68.0
Other industry and manufacture	69.8	77.4	71.7	59.7	55.3
Tourism, in total	65.4	68.5	57.4	51.6	44.1
Accommodation and restaurant business	38.9	39.0	37.7	31.9	29.4
Activities serving tourism	26.5	29.4	19.7	19.7	14.8
Service for business, in total	166.5	138.8	136.4	117.5	150.5
Real-estate companies	29.1	28.1	28.7	27.3	39.3
Transport	23.5	31.7	25.6	19.2	28.0
Data processing services	30.0	18.5	18.0	20.5	16.1
Services for business management	20.7	12.9	15.8	9.4	12.6
Technical services	30.2	25.7	23.7	18.7	35.2
Media and advertising services	5.9	7.3	5.9	5.9	5.1
Other services for business	16.7	8.1	6.9	9.6	7.9
Cleaning and real-estate maintenance	10.5	6.5	11.9	6.8	6.3
Trade and consumer services, in total	147.4	149.4	138.9	108.5	104.9
Wholesale trade	60.8	62.7	61.4	39.5	42.8
Retail trade	40.9	40.2	36.7	32.3	22.2
Repair of motor vehicles	23.6	21.3	19.3	19.1	21.2
Consumer services	22.2	25.1	22.5	17.6	18.8
Grand total	926.0	895.3	891.5	772.4	770.2

Financing, by regional office

(MEUR)	2006	2005	2004	2003	2002
Helsinki	85.7	76.7	94.6	63.8	67.2
Joensuu	29.9	31.0	32.5	29.1	29.0
Jyväskylä	45.3	43.1	44.6	30.8	32.2
Kajaani	37.1	40.6	34.1	26.7	22.7
Kuopio	50.0	49.7	49.1	44.2	39.5
Lahti	62.7	53.4	52.1	43.5	50.7
Lappeenranta	44.5	38.3	36.3	37.0	31.7
Mikkeli	25.9	25.4	29.4	22.3	24.6
Oulu	85.1	70.3	70.2	56.6	72.1
Pori	71.1	79.6	61.3	57.7	50.9
Rovaniemi	35.9	40.2	36.2	30.9	27.9
Seinäjoki	29.9	34.1	30.8	32.0	24.3
Tampere	120.7	125.6	123.7	126.7	117.5
Turku	74.4	83.1	98.2	68.9	88.9
Uusimaa	54.1	47.5	42.3	39.7	38.4
Vaasa	73.0	55.8	55.9	56.9	52.2
Ahvenanmaa	0.5	0.8	0.4	0.5	0.4
Head Office				5.1	
Total	926.0	895.3	891.5	772.4	770.2

Outstanding commitments, by product

(MEUR)	31 Dec 2006	31 Dec 2005	31 Dec 2004	31 Dec 2003	31 Dec 2002
Loans	1,408.1	1,412.0	1,365.4	1,290.9	1,261.7
Domestic guarantees	806.1	841.8	796.1	692.6	626.1
Export guarantees and special guarantees	93.9	52.9	42.5	65.9	59.4
Share capital investments	117.0	95.8	78.8	60.7	57.9
Guarantee receivables	12.9	14.9	12.8	7.7	6.4
Total	2,438.0	2,417.5	2,295.7	2,117.8	2,011.5

Outstanding commitments, by sector

(MEUR)	2006	2005	2004	2003	2002
Rural trades	20.5	19.2	20.0	20.2	20.6
Industry	1,323.2	1,352.4	1,321.9	1,221.9	1,178.4
Tourism	211.8	200.8	193.8	188.6	177.1
Services to business	530.3	497.4	469.7	435.0	420.7
Trade and consumer services	352.0	347.7	290.3	252.1	214.7
Total	2,438.0	2,417.5	2,295.7	2,117.8	2,011.5

Outstanding commitments, by regional office

(MEUR)	2006	2005	2004	2003	2002
Helsinki	176.5	179.7	173.2	142.8	143.0
Joensuu	98.3	94.8	97.1	89.5	87.0
Jyväskylä	121.0	121.5	123.2	106.8	108.1
Kajaani	78.1	86.9	82.4	72.3	61.9
Kuopio	157.6	154.7	144.9	140.8	138.5
Lahti	136.5	138.7	134.0	121.1	120.9
Lappeenranta	113.7	113.7	109.3	111.3	104.6
Mikkeli	76.8	79.4	74.5	73.9	77.9
Oulu	188.3	188.8	176.1	169.3	172.1
Pori	178.1	180.6	170.2	162.2	143.5
Rovaniemi	135.7	132.7	127.1	122.3	121.4
Seinäjoki	96.2	99.8	82.5	86.5	73.6
Tampere	318.0	300.8	295.4	275.2	243.2
Turku	167.8	188.0	186.2	178.3	168.7
Uusimaa	114.2	112.7	97.0	86.5	86.2
Vaasa	167.2	152.8	145.3	134.0	125.9
Ahvenanmaa	1.4	1.6	2.2	2.2	2.4
Head Office	112.6	90.4	75.1	42.8	32.6
Total	2,438.0	2,417.5	2,295.7	2,117.8	2,011.5

Clients, by enterprise size

(Number)	2006	2005	2004	2003	2002
Micro-enterprises	24,878	22,535	21,131	20,626	21,055
Other SMEs	2,837	4,546	4,664	4,420	4,244
Major companies and other business	157	288	316	355	377
Total	27,872	27,369	26,111	25,401	25,676

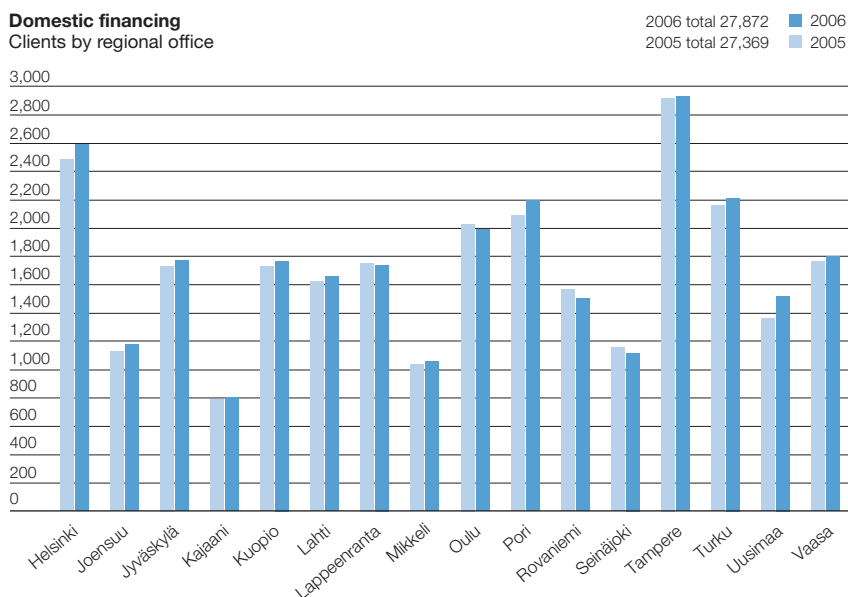
(%)	2006	2005	2004	2003	2002
Micro-enterprises	89.3	82.3	80.9	81.2	82.0
Other SMEs	10.2	16.6	17.9	17.4	16.5
Major companies and other business	0.6	1.1	1.2	1.4	1.5
Total	100.0	100.0	100.0	100.0	100.0

Clients, by sector

(Number)	2006	2005	2004	2003	2002
Rural trades	315	189	331	345	383
Industry	9,585	9,830	9,479	9,359	9,683
Tourism	3,215	3,092	2,949	2,895	2,821
Services to business	6,488	6,348	6,121	5,950	6,164
Trade and consumer services	8,269	7,910	7,231	6,852	6,625
Total	27,872	27,369	26,111	25,401	25,676

New clients

(Number)	2006	2005	2004	2003	2002
Micro-enterprises	4,328	4,398	3,858	3,410	3,167
Other SMEs	274	367	638	613	613
Major companies and other business	4	9	14	16	20
Total	4,606	4,774	4,510	4,039	3,800

Domestic financing
 Clients by regional office

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

MEUR	Offered					Current				
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002
Ship Guarantees	-	176.0	-	132.4	-	-	-	101.4	23.3	-
Environmental Protection Guarantees	-	-	-	133.3	-	-	-	-	133.3	-
Finance Guarantees										
• Shipyard industry	-	809.1	379.0	90.0	180.0	-	1,164.2	-	270.0	-
• Other	-	-	-	-	-	-	-	-	-	-
Total	-	809.1	379.0	90.0	180.0	-	1,164.2	-	270.0	-
Bond Guarantees										
• Shipyard industry	132.3	132.5	138.5	65.9	56.3	58.1	74.4	124.2	59.6	56.3
• Other	-	-	-	40.0	35.6	-	-	-	-	35.6
Total	132.3	132.5	138.5	105.9	91.9	58.1	74.4	124.2	59.6	91.9

Foreign Risk-taking ¹⁾

Guarantees offered, by region

(MEUR)	2006	2005	2004	2003	2002
Asia	515.8	251.7	293.0	146.3	200.3
CIS *	379.1	576.7	427.2	108.0	58.6
Central and Eastern Europe	144.0	103.1	95.7	8.8	387.0
Industrialised countries	1,285.2	1,379.8	660.1	1,163.0	689.3
Latin America	147.9	465.5	510.2	702.5	211.5
Middle East and North Africa	260.0	196.1	222.4	162.8	138.3
Sub-Saharan Africa	28.2	1.4	0.8	19.6	23.8
Total	2,760.2	2,974.3	2,209.4	2,311.0	1,708.8

Guarantees that have come into effect, by region

(MEUR)	2006	2005	2004	2003	2002
Asia	181.0	309.5	211.2	46.3	152.4
CIS *	406.3	483.0	162.5	63.7	14.2
Central and Eastern Europe	96.7	1.4	125.4	15.3	237.8
Industrialised countries	163.4	362.3	66.2	409.3	157.1
Latin America	154.7	165.2	257.9	337.8	74.0
Middle East and North Africa	222.9	85.5	147.5	122.7	110.0
Sub-Saharan Africa	14.8	–	16.4	–	0.0
Total	1,239.8	1,406.9	987.1	995.1	745.5

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

(MEUR)	2006	2005	2004	2003	2002
Telecommunications	556.3	785.9	597.6	283.1	535.8
Wood processing	315.2	149.4	84.8	25.8	12.6
Power generation	82.8	25.2	177.0	119.6	87.7
Shipping companies	181.4	309.1	2.4	395.0	–
Other	104.1	137.3	125.3	171.6	109.4
Total	1,239.8	1,406.9	987.1	995.1	745.5

Outstanding commitments²⁾, by product, 31 Dec 2006

(MEUR)	Offers	Current	Total
Buyer Credit Guarantees	1,901.7	2,304.0	4,205.7
Credit Risk Guarantees	2.2	152.5	154.7
Letter of Credit Guarantees	5.8	105.9	111.7
Investment Guarantees	84.4	–	84.4
Bond Guarantees	–	–	–
Total	1,994.1	2,562.4	4,556.5
Raw Material Guarantees	–	–	–
Grand Total	1,994.1 ³⁾	2,562.4 ^{4,5)}	4,556.5

Outstanding commitments²⁾, by region, 31 Dec 2006

(MEUR)	Offers	Current	Total
Asia	287.1	590.2	877.3
CIS *	27.5	595.9	623.4
Central and Eastern Europe	115.2	100.2	215.4
Industrialised countries	1,254.6	583.2	1,837.8
Latin America	278.9	466.3	745.2
Middle East and North Africa	17.4	212.1	229.5
Sub-Saharan Africa	13.4	14.5	27.9
Total	1,994.1 ³⁾	2,562.4 ^{4,5)}	4,556.5

Exports covered by guarantees, by region⁶⁾

(MEUR)	2006	2005	2004	2003	2002
Asia	190.3	165.0	169.5	136.7	351.0
CIS *	352.6	541.4	184.7	60.5	28.5
Central and Eastern Europe	23.2	86.3	23.2	37.2	168.7
Industrialised countries	161.5	30.4	189.4	41.3	20.4
Latin America	258.5	58.5	449.0	279.8	95.1
Middle East and North Africa	642.7	118.1	124.5	88.1	93.0
Sub-Saharan Africa	1.3	0.1	16.0	0.1	0.2
Total	1,630.1	999.8	1,156.3	643.7	756.9

* CIS refers to 12 independent states that were formerly included in Soviet Union.

Claims paid and recovery on the basis of political risk, by country (EUR 1,000)

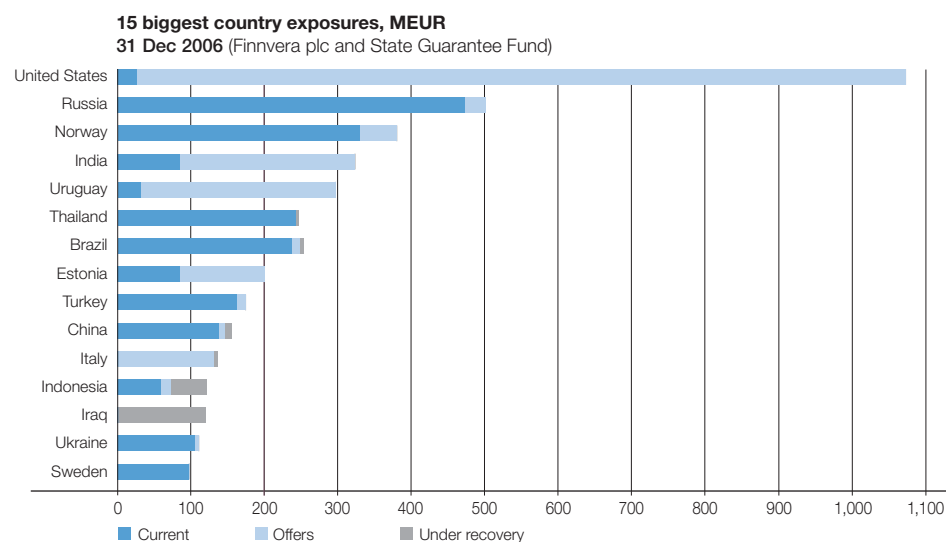
	2006		2005		2004		2003		2002	
	Claims	Recovery	Claims	Recovery	Claims	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery
Latvia	-	-	-	-	-	-	0.4	5.1	402.4	467.9
Total	-	-	-	-	-	-	0.4	5.1	402.4	467.9

Claims paid and recovery on the basis of commercial risk, by country (EUR 1,000)

	2006		2005		2004		2003		2002	
	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery	Claims ⁷⁾	Recovery
Argentina	4.5	309.0	4.1	251.1	3.8	381.0	2.7	348.4	2,865.1	22.6
Australia	-	100.9	-	125.9	-	1,104.5	1,739.2	44.7	-	-
Chile	-	-	-	-	0.6	-	4.4	70.0	318.6	-
China	-	-	-	-	-	-	-	-	-	-
Indonesia	3.4	997.5	28.3	3,395.4	1,586.6	128.1	67.2	10,159.5	20,283.8	-
Israel	7.1	-	-	-	-	-	-	-	-	-
Latvia	-	-	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	2.7	2.3	-	-	-	-
Mexico	-	-	-	-	-	-	-	-	-	-
Poland	85.9	-	-	-	-	-	290.3	-	-	-
Russia	17.7	-	164.1	-	7.0	-	0.1	-	-	-
United Arab Emirates	15.6	294.4	3.0	-	21.3	-	0.8	-	2.2	14.9
Venezuela	19.2	-	-	-	-	42.7	169.4	107.0	-	-
Total	153.4	1,656.8	199.5	3,772.4	1,622.0	1,658.6	2,274.1	10,729.6	23,469.7	37.5

Receivables in the recovery process, 31 Dec 2006⁸⁾

(EUR 1,000)	Political risk	Commercial risk	Total
Buyer Credit Guarantees	-	1,181.3	1,181.3
Credit Risk Guarantees	-	18,942.3	18,942.3
Other	-	96.8	96.8
Total	-	20,220.4	20,220.4



- Foreign risk-taking = export credit and special guarantees in which the object of the risk is abroad.
- Outstanding commitments = commitments as per coverage; overlapping between guarantees that have been eliminated (net commitments).
- Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 12.6 million. Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.
- Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees (422/2001) accounted for EUR 373.9 million.
- The outstanding commitments arising from Credit Risk Guarantees include a provision of EUR 2.0 million for credit losses.
- Exports covered with Buyer Credit, Credit Risk and Letter of Credit Guarantees; does not include exports covered with the corresponding guarantees for which the State Guarantee Fund is liable.
- Claims paid minus recovery (net claims; changes in claims provisions and recovery receivables have been included).
- Finnvera's share

The Liability Managed by Finnvera

By virtue of the Act on the State Guarantee Fund, liability for the export credit guarantees and State guarantees granted by the Finnish Guarantee Board and outstanding on 31 December 1998 rests with the Fund, which is managed by the Ministry of Trade and Industry. The Ministry and Finnvera have signed an agreement on the management of this 'old' liability. Accordingly, the Fund pays Finnvera a management fee. The purpose of the State Guarantee Fund is to ensure that the liability arising from Finnvera's export credit guarantees and domestic guarantees and

from other commitments referred to in §4 of the Act on the State Guarantee Fund is covered. If the separate result calculated annually for export credit guarantees and special guarantees shows a deficit, the corresponding sum is transferred from the State Guarantee Fund to Finnvera, unless the fund for export credit guarantees and special guarantees on Finnvera's balance sheet has sufficient assets to cover the deficit.

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

Liability for guarantees under the Act on the State's Export Credit Guarantees and for raw material guarantees (Act on the State Guarantees to Ensure the Supply of Basic Raw Material)¹⁾, 31 Dec 2006

(MEUR)	Offers			Current commitments			Total			Book value ²⁾		
	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total	Fund	Finnvera	Total
Export credit guarantees												
Buyer Credit Guarantees	-	1,901.7	1,901.7	139.6	2,304.0	2,443.6	139.6	4,205.7	4,345.3	129.0	3,175.4	3,304.4
Credit Risk Guarantees	-	2.2	2.2	-	152.5	152.5	-	154.7	154.7	-	154.0	154.0
Letter of Credit Guarantees	-	5.8	5.8	-	105.9	105.9	-	111.7	111.7	-	109.9	109.9
Investment Guarantees	-	84.4	84.4	-	-	-	-	84.4	84.4	-	42.5	42.5
Bond Guarantees	-	29.1	29.1	1.7	114.0	115.7	1.7	143.1	144.8	1.6	116.0	117.6
Finance Guarantees	-	-	-	-	192.6	192.6	-	192.6	192.6	-	192.2	192.2
Export Guarantees	-	2.9	2.9	-	93.5	93.5	-	96.3	96.3	-	94.9	94.9
Compulsory provisions	-	-	-	-	-2.0	-2.0	-	-2.0	-2.0	-	-2.0	-2.0
Total	-	2,026.0	2,026.0	141.3	2,962.5	3,103.8	141.3	4,988.5	5,129.8	130.6	3,883.0	4,013.6
Raw Material Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	2,026.0³⁾	2,026.0³⁾	141.3⁴⁾	2,962.5^{5,6)}	3,103.8^{6,7)}	141.3⁴⁾	4,988.5⁸⁾	5,129.8⁹⁾	130.6	3,883.0	4,013.6

Liability for special guarantee activities, 31 Dec 2005

(MEUR)	Current commitment ¹⁰⁾		
	Fund	Finnvera	Total
State Guarantees			
Industry Guarantees	5.2	-	5.2
Ship Guarantees	-	-	-
Environmental Protection Guarantees	2.0	85.4	87.4
Stabilisation Guarantees	-	-	-
Micro-guarantees	0.0	-	0.0
Total	7.2	85.4	92.6

The State Guarantee Fund's recovery receivables, 31 Dec 2006

(MEUR)	Total receivables	The Fund's share ¹¹⁾	Book value
Based on political risk			
Rescheduled receivables	221.5	181.8	32.7
Other receivables based on political risk	36.0	33.5	0.3
Total	257.5	215.3	33.0
Based on commercial risk	135.9	147.7	51.7
Grand Total	393.4	363.0	84.7

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

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

3) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit Guarantees totalled EUR 12.6 million.

Special risk-taking is authorisation given by the Government for special reasons to grant export credit guarantees in situations in which they would not be granted on the basis of regular risk assessment.

4) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 2.0 million.

5) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 373.9 million.

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

7) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 375.9 million for credit losses.

8) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 386.5 million for credit losses.

9) Of this sum, commitments as per special risk-taking referred to in §6 of the Act on the State's Export Credit guarantees totalled EUR 388.5 million for credit losses.

10) As per the Act

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

Finnvera Group, Key Figures

Financial indicators

(MEUR)	2006	2005	2004	2003	2002
Turnover	169.9	171.0	164.2	153.2	153.2
Operating profit or loss	45.4	45.5	54.9	37.3	24.9
% of turnover	26.7	26.6	33.4	24.3	16.2
Profit or loss before appropriations and taxes	45.4	45.5	54.9	37.3	25.0
% of turnover	26.7	26.6	33.4	24.3	16.3
Return on equity, %	7.1	7.4	9.5	7.1	4.8
Return on assets, %	2.0	2.0	2.5	1.7	1.1
Equity ratio %	28.6	27.1	27.9	24.1	22.4
Capital adequacy ratio	18.4	18.1	16.4	15.8	14.6
Credit losses and claims paid	39.8	48.0	36.5	34.1	31.3

Finnvera plc, domestic financing

Number of clients	3,641	3,638	2,956	2,576	2,281
Number of new jobs	11,134	10,548	11,457	9,730	9,509
Financing granted, MEUR	926.0	895.3	891.5	772.4	770.2
Outstanding commitments at year's end					
Outstanding credits, MEUR	1,372.3	1,376.3	1,337.8	1,246.6	1,212.2
Outstanding guarantees, MEUR	804.3	839.8	793.1	691.5	623.3

Finnvera plc, financing of exports

Outstanding commitments, MEUR	4,556.5	3,902.9	3,367.1	3,138.6	2,561.4
Guarantees offered, MEUR	2,760.2	2,974.3	2,209.4	2,311.0	1,708.8
Guarantees that came into effect, MEUR	1,239.8	1,406.9	987.1	995.1	745.5

Clients

Domestic and export financing together	28,000	27,600	26,300	25,600	26,000
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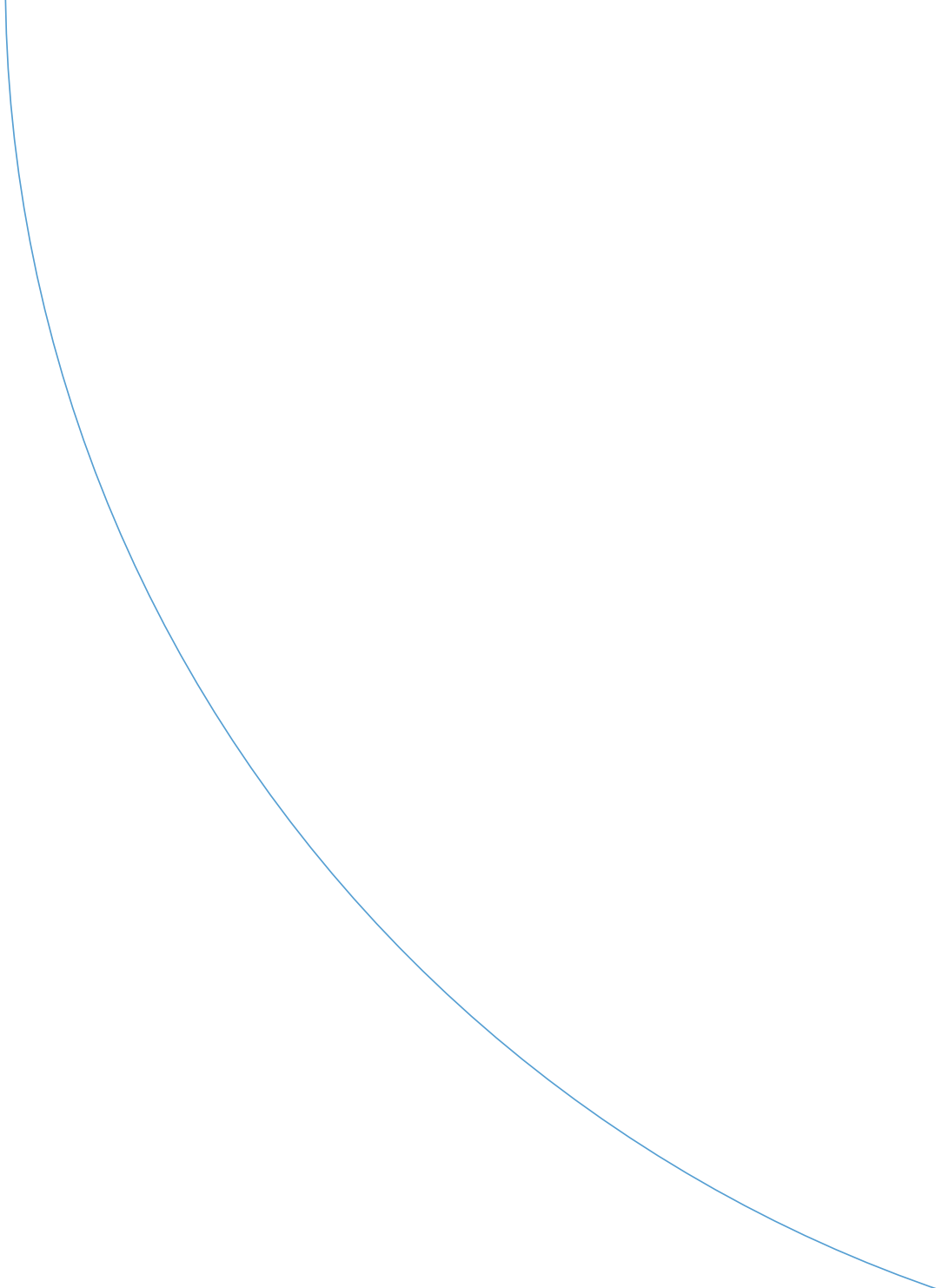
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