FINANCIAL REVIEW 2008

FINNVERA

CONTENTS

Report of the Board of Directors

Owing to the exceptionally rapid global crisis affecting the financial markets, Finnvera was needed increasingly often as a risk-sharer in 2008. Both foreign and Finnish banks tightened their lending policies, which increased the demand for Finnvera's financing.

The value of export credit guarantees offered totalled EUR 6.3 billion, or nearly 240 per cent more than in the previous year. Financing for domestic enterprise rose by 15 per cent on the previous year, to EUR 1.0 billion.

Finnvera's financing options were improved during the year by raising the ceilings defined by law on Finnvera's outstanding commitments and by increasing the authorisation to grant loans and guarantees. The State of Finland is prepared to take several measures during the current financial crisis to ensure the availability of financing for business deemed to be profitable.

The ceilings determine the maximum amounts for loans, domestic guarantees and export credit guarantees granted by Finnvera. By legislative amendments, the ceiling on outstanding commitments for domestic financing was raised from EUR 2.6 billion to EUR 3.2 billion, and for export credit guarantees from EUR 7.9 billion to EUR 10 billion. The amendments entered into force on 1 January 2009.

A refinancing model was adopted at the beginning of 2009 in order to ease the liquidity problems faced by financiers of exports. A Finnish or foreign bank that finances a foreign buyer can transfer part of the export-related buyer credit granted on OECD terms to be financed by Finnvera's subsidiary, Finnish Export Credit Ltd, in cases where the project would be endangered because no other financing is available at reasonable terms. By virtue of a law that entered into force on 1 January 2009, Finnish Export Credit can use at most EUR 1.2 billion for refinancing export projects. To be eligible for refinancing, the projects must always include Finnvera's export credit guarantee.

In addition, the authorisation granted to Finnish Export Credit to conclude interest equalisation agreements and to give offers concerning export and ship credits between the years 1997 and 2010 was raised from EUR 5 billion to EUR 6 billion.

For loans and guarantees involving no interest subsidy, the Ministry of Employment and the Economy confirms the maximum amounts that Finnvera can grant each year. The maximum for 2008 was raised by a total of EUR 93 million during the year, after which the authorisation totalled EUR 661.0 million.

The working group that had been appointed by the Ministry of Employment and the Economy to study how to introduce more flexibility to the financing schemes promoting the internationalisation of SMEs completed its report, which was presented to the Ministry in late 2008. The decisions on Finnvera's internationalisation financing in line with the report still require amendments to be made in commitments and decrees; the intention is to adopt these during spring 2009. The amendments will enable more varied financing solutions for the internationalisation of SMEs.

Venture capital investments in starting enterprises

By decision of the Ministry of Employment and the Economy, Finnvera has been responsible for public venture capital investments for seed-stage enterprises since the beginning of 2008. Previously, Finnish Industry Investment Ltd and Sitra had also participated in seed-stage investments alongside Finnvera. In practice, Finnvera's sole responsibility for public venture capital investments at the seed stage meant that Finnvera introduced joint investments with private investors and launched the SijoittajaExtra web service aimed at private investors. These activities have been assigned to Finnvera's subsidiary Veraventure Ltd, which manages Seed Fund Vera Ltd, a fund that makes capital investments in starting innovative enterprises.

During the period under review, Finnvera made an additional investment of EUR 11.5 million in Seed Fund Vera. As part of its stimulus policy, the government decided towards the end of the year to add another EUR 30 million to the equity of these companies.

Changes in the commitments given by the State to compensate for Finnvera's credit and guarantee losses

As from 1 July 2008, the Government amended the commitment given to Finnvera concerning the partial compensation for credit and guarantee losses. The amendments pertained to an increase in the compensation paid by the State in areas of abrupt structural change, and to the compensation that will be paid for credit and guarantee losses incurred in 2009–2011. At the same time, the validity of the commitment was extended until 31 December 2012.

As part of the model to address abrupt structural changes, the State's compensation for losses incurred in areas of abrupt structural change in Support Region 3 was raised. Support Region 3 refers to Finland outside development areas. In Support Region 3, the sub-regions of Kotka-Hamina, Kouvola, Forssa, Southern Pirkanmaa, Heinola and Vakka-Suomi and the Town of Kaskinen are areas of abrupt structural change.

In line with the amendments made to its commitment, the Government reduced its compensation for losses in 2009–2011 by a total of EUR 21 million. In consequence, Finnvera plc's liability for credit and guarantee losses will increase as follows: by EUR 4 million in 2009, by EUR 7 million in 2010, and by EUR 10 million in 2011.

Amendments to the European Community's rules on State aid

In 2008, the European Union's rules on State aid were subject to several amendments that affect Finnvera's financing operations.

In May 2008, the Commission adopted a new Communication concerning State aid for guarantees. Changes based on this Communication must be made by 1 January 2010. Being an element in the revision of the policy framework concerning small and medium-sized enterprises (the Small Business Act), the General Block Exemption Regulation came into effect on 29 August 2008. The central form of aid applied by Finnvera in domestic financing, the SME aid, was adapted to fit within the scope of the General Block Exemption Regulation as of 1 January 2009.

A new Communication on reference interest rates came into effect on 1 July 2008. Finnvera applies this method when calculating the size of the State aid element included in a loan. The new method pays more attention to the risk category of the enterprise and to the recovery rate in the event of a loss. Following the change, the imputed State aid element included in Finnvera's loans is greater than before in most financing situations.

Owing to the prevailing economic

and financial crisis, the Commission of the European Union published temporary reliefs to State aid rules on 17 December 2008. Adoption of the reliefs requires separate notification to the Commission. Finnvera submitted its first notification concerning reliefs to the Commission in February 2009.

Development of operations

During the year, Finnvera participated in strategic planning concerning the MEE Group. In this context, a joint customer segmentation plan was drawn up and international evaluation of the innovation system was started.

Together with the Ministry of Employment and the Economy, Finnvera developed a new service model for small enterprises and drafted a comment form that will be used when Finnvera handles the projects of small starting enterprises and also when Employment and Economic Development Centres process start-up grant applications. Cooperation with Regional Enterprise Service Centres, launched in 2007, was intensified and the operating model was adopted in all Regional Offices.

During 2008, Finnvera introduced two new guarantee products to facilitate the exports of internationalising SMEs. The Bank Risk Guarantee protects a bank that has given a bank guarantee to a Finnish export company against risks arising from the buyer's bank. The Export Receivables Guarantee is intended for short-term exports to countries with political risks.

In keeping with the decision made by the Supervisory Board, the operations of the Helsinki and Uusimaa Regional Offices were merged as of the beginning of 2009. The Helsinki Regional Office will serve all enterprises operating in the Uusimaa region. The purpose of the merger was to improve customer service and to make operations more efficient.

Finnvera's customer feedback system was improved. By recording, reporting and analysing feedback systematically, Finnvera develops its operations and the quality of service. Moreover, Finnvera's Online Services were expanded, and the forms used by banks for applying for Letter of Credit Guarantees and Micro-guarantees were taken into use.

Finnvera's subsidiary, Spikera Oy, wound up its operations at the end of 2008 after having been in business for many years. The company has handled various complex company reorganisations and asset items. The company's remaining assets will be realised. Spikera's employees began in the employ of Finnvera on 1 January 2009.

History of specialised financing

In spring 2005, Finnvera began preparations for the writing of a history of specialised financing. The history, written by Docent Timo Herranen, D.Soc.Sc., was completed during the year under review and will be published in May 2009.

Business trends

Financial performance

The consolidated financial statements and the parent company's financial statements for 2008 have been drawn up in accordance with the International Financial Reporting Standards (IFRS).

The Finnvera Group's profit for 2008 came to EUR 8.1 million (EUR 53.1 million). The Group companies and associated companies had an effect of EUR -7.1 million on the profit (EUR 7.1 million). The factors contributing to the sharp decline in the profit included a decrease of EUR 9.3 million in fee and commission income and expenses, of which Finnvera plc's share was EUR 8.0 million, and an increase of EUR 23.8 million in Finnvera's share of impairment losses and guarantee losses. In addition, owing to the fact that the Finnish Fund for Industrial Cooperation Ltd was no longer included in the Group, the Group's share of the associated companies' profit was EUR -8.1 million, while the figure in 2007 had been EUR 3.5 million. The fair value of the Finnish Fund for Industrial Cooperation Ltd cannot be determined reliably; the shares have therefore been valued at the original acquisition price.

The parent company's profit was EUR 15.2 million, or EUR 30.7 million less than in 2007.

Interest income and interest expenses

The interest income of Finnvera plc includes interest subsidy of EUR 17.2 million, passed on by the parent company directly to its clients, and other interest subsidy of EUR 0.5 million. The sums are presented as items of their own in the income statement.

The interest subsidy from the State and from the European Regional Development Fund (ERDF) totalled EUR 17.7 million (EUR 17.8 million), of which the State accounted for EUR 9.3 million and the ERDF plus the associated national interest subsidy for a total of EUR 8.4 million.

The interest income paid by clients and the Group's interest expenses increased because of the rising interest rates during the year. A downturn in interest rates occurred towards the end of the year. The mean interest rate that clients paid for loans was 5.94 per cent on 31 December 2008 (5.97), while the mean interest rate for borrowing was 4.33 per cent (4.56).

Fee and commission income and expenses

The Group's fee and commission income totalled EUR 59.6 million. This was EUR 9.2 million less than in the previous year.

Fee and commission income includes EUR 36.0 million as commissions received by the parent company for export credit guarantee and special guarantee operations, EUR 16.6 million as other guarantee commissions, EUR 4.7 million as handling fees for loans and guarantees, and EUR 2.3 million as other commissions for the Group's financing operations.

Fee and commission expenses totalled EUR 1.0 million (EUR 0.9 million), of which the expenses of reinsurance operations were EUR 0.8 million.

Gains and losses from items carried at fair value

The fair value changes in liabilities and derivatives carried at fair value totalled EUR -1.2 million and the fair value changes in venture capital companies' investments in shares were EUR 0.6 million. Foreign exchange gains arising mainly from changes in the exchange rate of the U.S. dollar totalled EUR 0.4 million.

Other income

Gains on the sale of shares and holdings amounted to EUR 1.8 million; the dividends received totalled EUR 1.5 million. A total of EUR 1.6 million in impairment losses was entered on shares.

Net income from investment property, EUR -0.1 million, consists of income and expenses on real property that is not in the Group's own use.

Other operating income includes the management fee of EUR 0.4 million paid by the State Guarantee Fund for management of the 'old' portfolio of export credit guarantees and special guarantees arisen before 1999, a fee of EUR 0.8 million for the management of the ERDF financing, EUR 0.8 million in rental income, and EUR 0.8 million written off under the terms of a subordinated loan received from the State for the acquisition of shares in Seed Fund Vera Ltd.

Impairment losses on receivables and credit and guarantee losses

The parent company's credit and guarantee losses totalled EUR 64.1 million (EUR 28.2 million). EUR 4.3 million of losses recognised earlier was cancelled; thus, net losses came to EUR 59.8 million (EUR 24.5 million). In addition, the parent company's income statement includes an increase of EUR 18.0 million in impairment losses; thus, the total sum entered in the income statement for the parent company's impairment losses on credits and guarantees was EUR 77.8 million. Compensation by the State and the ERDF for the credit losses realised totalled EUR 28.3 million or 47.4 per cent. Thus, Finnvera's share was EUR 49.4 million.

Claims paid by virtue of export credit guarantees and special guarantees came to EUR 6.5 million. Funds recovered and the change in recovery receivables totalled EUR 0.3 million; thus, the net claims shown by the income statement came to EUR 6.2 million.

In the consolidated income statement, the impairment losses on receivables and the guarantee losses totalled EUR 57.9 million (EUR 32.3 million), of which credit losses incurred by the subsidiaries accounted for EUR 2.3 million (EUR 0.4 million).

Other expenses

The Group's administrative expenses totalled EUR 41.1 million (EUR 42.1 million), of which personnel expenses accounted for 67.1 per cent. The parent company's administrative expenses totalled EUR 38.6 million (EUR 39.8 million), of which personnel expenses accounted for 67.6 per cent. Other operating expenses were costs associated with real property.

Separate results

The separate result of export credit and special guarantee activities referred to in §4 of the Act on the State Guarantee Fund (444/1998) totalled EUR 22.6 million. Correspondingly, the result of Finnvera plc's other activities totalled EUR -7.4 million. The separate income statements are presented under Notes to the Financial Statements, note no. 30.

Balance sheet

At year's end, the consolidated balance sheet total was EUR 1,803.6 million, while the parent company's balance sheet total came to EUR 1,743.6 million. Among the subsidiaries, Seed Fund Vera Ltd, showing a balance sheet total of EUR 72.8 million, and Finnish Export Credit Ltd, showing a balance sheet total of EUR 62.9 million, had the greatest effect on the consolidated balance sheet.

At year's end, Finnvera's credit portfolio totalled EUR 1,382.3 million, which was EUR 13.4 million more than at the start of the year. The Group's credit portfolio came to EUR 1,410.2 million. Finnvera plc's domestic guarantees increased by EUR 55.4 million during the year. At the end of 2008, domestic guarantees totalled EUR 882.8 million. The book value of the outstanding commitments, as referred to in the Act on the State's Export Credit Guarantees, amounted to EUR 6,372.03 million (EUR 3,878.3 million). Outstanding commitments arising from export credit guarantees and special guarantees (current commitments and offers given) totalled EUR 8,292.5 million (EUR 4,980.2 million).

The parent company's non-current liabilities at year's end totalled EUR 960.1 million. Of this sum, EUR 488.8 million consisted of bonds. The liabilities include subordinated loans of EUR 15.1 million received from the State for the share capital of Seed Fund Vera Ltd. In addition, the balance sheet includes EUR 74.4 million in derivative liabilities. These arise from interest rate and currency swaps and pertain to non-current liabilities. Liabilities fell by EUR 88.1 million during the year. The Group's non-current liabilities totalled EUR 998.6 million.

Other liabilities include a debt of EUR 27.6 million owed to the State. This debt pertains to the subsidy that was received for the acquisition of shares in associated companies and that must be repaid as per contract terms.

The share premium reserve totals EUR 51.0 million. The share premium reserve consists of the following sums: the difference between the acquisition price and the nominal value of Kera's shares, EUR 42.9 million; the sum of EUR 0.1 million arisen in connection with the transfer of the Finnish Guarantee Board's assets and the acquisition of Fide Ltd's shares; and the sum of EUR 8.1 million arisen when Finnvera's share capital was raised in May 2004 for the acquisition of the stock of Finnish Export Credit Ltd.

The fair value reserve shows the difference between the fair value and acquisition value of publicly quoted shares and investment funds, in total EUR -0.6 million for the Group.

The Acts governing the operations of Finnvera plc were amended in 2006 so that two separate funds were established on the company's balance sheet: one is used for covering future losses incurred in domestic operations and the other for covering future losses incurred in operations involving export credit guarantees and special guarantees. After the amendment came into effect on 1 January 2007, losses from export credit guarantees and special guarantees are covered from the State Guarantee Fund only if the company's new internal fund for export credit guarantees and special guarantees does not have sufficient assets. The State Guarantee Fund will continue to serve as a buffer between Finnvera and the State's budget funding in the event that operations involving export credit guarantees and special guarantees give rise to a deficit that the company's own fund can no longer cover.

As at 31 December 2008, the fund for domestic operations had EUR 141.3 million and the fund for export credit guarantee and special guarantee operations had EUR 130.6 million.

Capital adequacy and acquisition of funds

At the end of 2008, the capital adequacy ratio of the Finnvera Group was 15.7 per cent. The target set for capital adequacy is 12–20 per cent.

At the end of 2008, Finnvera plc's capital adequacy stood at 14.7 per cent. In 2008, capital adequacy was calculated with the Basel II standard method for the first time.

The parent company's long-term borrowings totalled EUR 138.2 million. In all, EUR 166.6 million in non-current loans was paid back during the year.

Group structure and its changes

In 2008, a total of EUR 11.5 million was used to acquire shares in Seed Fund Vera Ltd. The subscription increased the holding in Seed Fund Vera Ltd to 90.4 per cent.

Besides the parent company, the Finnvera Group comprised the following companies owned 100 per cent by Finnvera on 31 December 2008: Spikera Oy, Veraventure Ltd, Tietolaki Oy and Finnish Export Credit Ltd. In addition, the Group included Matkailunkehitys Nordia Oy, where Finnvera's holding was 63.5 per cent, Seed Fund Vera Ltd., where Finnvera held 90.4 per cent of the shares, and one company providing services for business premises.

When the share capital of the Finnish Fund for Industrial Cooperation Ltd was raised, Finnvera's holding fell to 15.7 per cent, and the company is no longer Finnvera's associate.

There were six associated companies, of which five were business property companies.

Finnvera's risk management principles are described in the notes to the financial statements.

Attainment of industrial policy and ownership policy goals

The Act on the State-owned Specialised Financing Company (443/1998) contains provisions on Finnvera's economic operating principles.

In defining the company's industrial policy goals, attention has been paid to the industrial policy strategy of the Ministry of Employment and the Economy and to the objectives of EU programmes.

Most of the goals laid down for 2008 were attained.

Corporate Governance

Personnel

At the end of the year, Finnvera had 395 employees, of whom 374 held a permanent post and 21 a fixed-term post. The Group had 415 employees.

The salaries and bonuses paid to the personnel totalled EUR 20.4 million. Of this sum, bonuses accounted for EUR 0.5 million.

The Board of Directors has confirmed the principles applied to the bonuses to be paid for 2008, which total EUR 0.4 million for the year.

Supervisory Board and auditor

On 18 April 2008, Johannes Koskinen, Member of Parliament, was re-elected Chairman of the Supervisory Board by the Annual General Meeting of Finnvera. Kyösti Karjula, Member of Parliament was re-elected First Vice Chairman and Reijo Paajanen, Member of Parliament, Second Vice Chairman.

The new members on the Supervisory Board are Ulla Achrén, Party Secretary; Matti Kauppila, Member of Parliament; Petri Pihlajaniemi, Member of Parliament; Hannele Pohjola, Director of Innovation; and Tuomo Puumala, Member of Parliament.

The Annual General Meeting decided to amend the Articles of Association so that, instead of the Supervisory Board, the Annual General Meeting elects the Members, Chairman and Vice Chairmen of the company's Board of Directors.

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

Board of Directors

The Supervisory Board of Finnvera plc elected a new Board of Directors for the company on 9 May 2008. Under-Secretary of State Kalle J. Korhonen continues to chair the Board of Directors; Pekka Laajanen, Governmental Counsellor, Director of Legislative Affairs, continues as the First Vice Chairman, and Pekka Huhtaniemi, Under-Secretary of State, as the Second Vice Chairman.

Director Risto Suominen continues as a regular member.

The new regular members elected for the Board are Regional Director Pirkko-Liisa Hyttinen, Director Timo Kekkonen, Labour Market Counsellor Marja Merimaa, and Manager, Trade and Industrial Policy Janne Metsämäki.

Governmental Counsellor Elise Pekkala and Financial Counsellor Kristina Sarjo continue as deputy members.

The members of the Supervisory Board and the Board of Directors are presented on pages 18–19 of the Annual Review 2008 and at www.finnvera.fi > Finnvera > Finnvera in Brief > Organisation.

Future prospects and impending risks

Uncertainty on the financial market will increase the demand for Finnvera's financing in Finland. With slower economic growth, the emphasis in financing is likely to shift from investments to working capital.

Among industrial enterprises, the volume of orders on hand will probably continue to decrease at least in the beginning of the year. The situation of service enterprises will also weaken, but their prospects are still brighter thanks to domestic demand, which will remain reasonably good.

The number of enterprises in distress and the number of bankruptcies may well rise already during the first half of the year.

During the first few months of 2009, the global economic crisis has deepened further. According to Finnvera's estimate, exports covered by means of export credit guarantees will account for a higher share of total exports.

At the outset of 2009, the number of claims based on short-term guarantees has been on the rise among others in Russia and Turkey, owing to buyers' difficulties in meeting their payments. So far the sums have been small. Finnvera has not yet encountered any disruptions in payments with respect to export credit guarantees for capital goods exports, but Finnvera's counterparts abroad have already reported increasing payment delays. The availability of financing has fallen everywhere, in particular on the emerging markets. This increases the country, bank and enterprise risks existing in Finnvera's outstanding commitments for export credit guarantees.

According to the current estimate, the financial performance for 2009 is likely to fall below that for 2008. However, if more risks materialise than has been anticipated, the situation may change considerably.

Key Indicators Describing the Group's Financial Development

EUR million	2008	2007	2006	2005	2004
Operating profit or loss	9	56	45	46	55
Return on equity %	1.5	10.3	7.1	7.4	9.5
Return on assets %	0.5	3.2	1.9	2.0	2.5
Equity ratio %	30.6	30.8	27.7	27.1	27.9
Capital adequacy ratio	15.7	19.5	18.4	18.1	16.4
Expense-income ratio	0.3	0.3	0.4	0.4	0.3

Key indicators for the years 2008, 2007 and 2006 have been calculated in accordance with the IFRS.

Formulas for the key indicators:

Operating profit or loss	Directly from the income statement
Return on equity % (ROE)	$\dfrac{\text{Operating profit/loss - income taxes * 100}}{\text{Equity + minority interest + accumulated appropriations deducted by the deferred tax liability (average of the beginning and the end of the year)}}$
Return on assets % (ROA)	$\dfrac{\text{Operating profit/loss - income taxes * 100}}{\text{Total assets in average (average of the beginning and the end of the year)}}$
Equity ratio %	$\dfrac{\text{Equity + minority interest + accumulated appropriations deducted by the deferred tax liability * 100}}{\text{Total assets}}$
Capital adequacy ratio	2008 calculated according to Basel II standard method Until 2007 calculated in accordance with the Financial Supervision Regulation no. 106.7.
Expense-income ratio	$\dfrac{\text{Administrative expenses + other operating expenses}}{\text{Net interest income + net fee and commission income + gains/losses from financial instruments carried at fair value + net income from investments + other operating income}}$

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

The parent company's profit for the financial period was EUR 15,229,662.59.

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

Profit from domestic operations to the fund for domestic operations	EUR -7,417,337.41
Profit from export credit guarantee and special guarantee operations to the fund for export credit guarantee and special guarantee operations	EUR 22,647,000.00
	EUR 15,229,662.59

Consolidated Income Statement

(EUR 1,000)	Note		1 Jan–31 Dec 2008		1 Jan–31 Dec 2007
Interest income	1				
Loans		85,190		79,487	
Subsidies passed on to customers		17,173		17,054	
Export credit guarantee and special guarantee receivables		165		176	
Guarantee receivables		2,601		2,881	
Other		7,783	+ 112,913	7,080	+ 106,679
	1				
Interest expenses			- 50,813		- 46,681
Other interest subsidies	1		+ 519		+ 716
Net interest income	**1**		**+ 62,618**		**+ 60,715**
Net fee and commission income	2		+ 58,619		+ 67,876
Gains and losses from financial instruments carried at fair value through profit or loss	3		- 235		+ 1,475
Net income from investments	4				
Shares and participations		1,633		2,288	
Investment property		-97		-199	
Associates		-8,091	-6,556	3,520	+ 5,610
Other operating income	5		+ 3,079		+ 4,422
Administrative expenses					
Employee benefit expenses	6				
Wages and salaries		21,457		22,110	
Social security costs		6,160		5,536	
Other administrative expenses	7	13,529	- 41,147	14,494	- 42,140
Other operating expenses	8		- 9,252		- 9,214
Net impairment loss on financial assets	9				
Loans and guarantees		80,030		46,339	
Credit loss compensation from the state		-28,353		-12,497	
Export credit guarantees and special guarantees		6,253	- 57,930	-1,517	- 32,325
Operating profit			**+ 9,196**		**+ 56,418**
Income tax expense	10				
Current tax expense		574		360	
Deferred tax expense		487	- 1,061	2,966	- 3,326
Profit for the period			**+ 8,135**		**+ 53,092**
Attributable to					
Equity holders of the parent company			**7,656**		**52,430**
Minority interest			**+ 479**		**+ 662**
			8,135		**53,092**

Consolidated balance sheet

ASSETS

(EUR 1,000)	Note		31 Dec 2008		31 Dec 2007
Loans and receivables from credit institutions	11		81,018		30,487
Loans and receivables from customers	12				
Loans		1,410,205		1,393,677	
Guarantee receivables		15,845		17,200	
Receivables from export credit guarantee and special guarantee operations		2,089	1,428,140	7,580	1,418,457
Investments	13				
Debt securities		97,496		98,425	
Associates	28	41,958		64,141	
Other shares and participations	28	95,504		89,139	
Investment property		2,695	237,653	3,993	255,698
Derivatives			2,197		0
Intangible assets	14		8,460		10,533
Property, plant and equipment	15				
Properties		7,671		8,134	
Other tangible assets		2,393	10,064	2,648	10,782
Other assets	16				
Credit loss receivables from the state		12,692		4,842	
Other		6,857	19,549	7,464	12,307
Prepayments and accrued income	17		16,348		16,504
Tax assets	18		209		11,770
			1,803,639		**1,766,536**

LIABILITIES

(EUR 1,000)	Note			31 Dec 2008			31 Dec 2007
Liabilities to credit institutions	19		416,307			532,911	
Liabilities to other institutions	19						
At fair value through profit or loss			78,401			57,631	
Debt securities in issue	20						
At fair value through profit or loss			488,758			468,988	
Derivatives	21		74,408			16,012	
Provisions	22		18,469			15,208	
Other liabilities			46,850			30,038	
Accruals and deferred income	23		110,978			83,015	
Tax liability	18		2,152			2,263	
Subordinated liabilities	24		15,136	1,251,459		15,963	1,222,029
Equity	25						
Equity attributable to the parent company's shareholders							
Share capital			196,605			196,605	
Share premium			51,036			51,036	
Fair value reserve			-614			2,604	
Unrestricted funds							
Fund for domestic operations		141,348			130,711		
Fund for export credit guarantee and special guarantee operations		130,642			95,467		
Other		59			59		
Retained earnings		20,480	292,528		58,746	284,984	
Minority interest			12,625	552,181		9,278	544,507
				1,803,639			**1,766,536**

Consolidated Statement of Changes in Equity

EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

(EUR 1,000)	Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantee and special guarantee operations	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2007	**196,605**	**51,036**	**1,052**	**129,852**	**80,223**	**59**	**22,463**	**481,290**	**8,574**	**489,864**
Available-for-sale financial assets:										
Change in fair value			1,552					1,552		1,552
Other items recognized in retained earnings										
IAS 12 Income Taxes							-1,140	-1,140		-1,140
IAS 19 Employee Benefits							84	84		84
IAS 38 Intangible Assets							-279	-279		-279
IAS 39 Financial Instruments							1,292	1,292	42	1,334
Profit for the period							52,430	52,430	662	53,092
Total recognized income and expenses for the period	**196,605**	**51,036**	**2,604**	**129,852**	**80,223**	**59**	**74,850**	**535,229**	**9,278**	**544,507**
Transfers between funds				859	15,245		-16,104			0
Balance at 31 December 2007	**196,605**	**51,036**	**2,604**	**130,711**	**95,468**	**59**	**58,746**	**535,229**	**9,278**	**544,507**
Balance at 1 January 2008	**196,605**	**51,036**	**2,604**	**130,711**	**95,468**	**59**	**58,746**	**535,229**	**9,278**	**544,507**
Available-for-sale financial assets:										
Change in fair value			-3,218					-3,218		-3,218
Other items recognized in retained earnings										
IAS 38 Intangible Assets				-99	-54			-153		-153
IAS 39 Financial Instruments							42	42	2,868	2,910
Profit for the period							7,656	7,656	479	8,135
Total recognized income and expenses for the period	**196,605**	**51,036**	**-614**	**130,612**	**95,414**	**59**	**66,444**	**539,556**	**12,625**	**552,181**
Transfers between funds				10,736	35,228		-45,964			0
Balance at 31 December 2008	**196,605**	**51,036**	**-614**	**141,348**	**130,642**	**59**	**20,480**	**539,556**	**12,625**	**552,181**

Consolidated Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flows from operating activities		
Withdrawal of loans granted	-390,457	-384,071
Repayments of loans granted	321,730	367,292
Purchase of investments	-7,212	-11,112
Proceeds from investments	290	7,046
Interest received	90,010	84,889
Interest paid	-49,946	-44,584
Interest subsidy received	18,102	18,160
Payments received from commission income	86,323	54,748
Payments received from other operating income	36,391	18,473
Payments for operating expenses	-32,474	-47,364
Claims paid	-29,325	-18,912
Taxes paid	11,623	-8,714
Net cash from operating activities (A)	**55,055**	**35,851**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-2,674	-5,448
Profit from the assignment of tangible and intangible assets	3,335	
Purchase of other investments	0	2,000
Proceeds from other investment	107	0
Dividends received from investments	1,845	1,685
Net cash used in investing activities (B)	**2,613**	**-1,763**
Cash flows from financing activities		
Proceeds from issue of share capital	3,000	0
Proceeds from loans	145,823	273,091
Repayment of loans	-168,201	-331,171
Net cash used in financing activities (C)	**-19,378**	**-58,080**
Net change in cash and cash equivalents	**38,290**	**-23,992**
(A+B+C) increase (+) / decrease (-)		
Cash and cash equivalents at the beginning of the period	**205,228**	**229,220**
Cash and cash equivalents at the end of the period	**243,518**	**205,228**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	81,018	30,487
Debt securities	97,496	98,425
Investments in short-term interest funds	65,004	76,316
	243,518	**205,228**

Notes to the Consolidated Financial Statements

Summary of significant accounting policies

Basic information of the company

Finnvera provides financing for the business of small and medium-sized enterprises (SMEs), for exports and internationalisation, and helps implement the government's regional policy objectives.

The Group's parent company is a Finnish limited liability company established in accordance with Finnish law and domiciled in Kuopio. Its registered address is Haapaniemenkatu 40, 70111 Kuopio. The Board of Directors approved the financial statements on 19 March 2009.

Copies of the consolidated financial statements are available on the Internet, at www.finnvera.fi, or in the Group's head offices at Haapaniemenkatu 40, 70110 Kuopio and Eteläesplanadi 8, 00100 Helsinki.

Accounting principles for the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IFRSs effective on 31 December 2008 that refer to the standards and their interpretations adopted in accordance with the procedures laid down in IAS Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting and Limited Liability Companies Acts.

In 2008, Finnvera adopted the following IFRSs and interpretations:

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions.
- IFRIC 12 – Service Concession Arrangements.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.
- Commission Regulation (EC) No 1004/2008 amending the international accounting standards IAS 39 and IFRS 7. The amendments were issued in October 2008 because of the international financial crisis and they concern the reclassification of certain financial instruments.

The amendments made to standards and the new IFRIC interpretations have not had any impact on Finnvera's financial statements.

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

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

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

Principles of consolidation

Subsidiaries

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

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

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

Minority interest

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

Associates

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

Equity investments made by Finnvera through its subsidiaries are treated in the alternative manner allowed by IAS 29 Investments in Associates at fair value, as investments recognised through profit or loss. Changes in fair value are entered in the income statement during the period of the change.

Transactions denominated in foreign currencies

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

Recognition of income and expenses

Net interest income

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

Fees and commission income and expenses, net

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

Gains and losses from financial instruments carried at fair value

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

Net income from investments

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

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

Government grants

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

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

Cash and cash equivalents

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

Financial instruments

Classification

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

Financial instruments at fair value through profit or loss

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

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

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

In Finnvera, debt securities, as well as shares and holdings other than those held for venture capital investment activities, are classified as available-for-sale financial assets. Upon initial recognition, these assets are measured at fair value plus any transaction costs directly attributable to the acquisition. Subsequently available-for-sale financial assets are measured at fair value and the change in fair value is recognised directly in equity in the fair value reserve. If there is objective evidence of impairment on an asset classified as an available-for-sale financial asset, the accumulated loss recognised in equity is entered in the income statement.

Other financial liabilities

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

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

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

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

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

Impairment losses on receivables and credit and guarantee losses

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

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

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

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

An impairment loss is recognised as a realised loss when the customer has been found indigent in the liquidation proceedings or the receivable has been written off in either a voluntary or statutory loan arrangement.

Determination of fair value

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

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

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

Recognition and derecognition of financial assets and financial liabilities

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

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

Leases

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

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

Intangible assets

Intangible assets include the development costs of IT applications and software, as well as other intangible assets if their cost can be measured reliably and it is probable that the Group will gain economic benefits from the assets.

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

Property, plant and equipment

Property, plant and equipment comprise the properties in own use as well as the machinery and equipment. Properties in which a significant part of the floor area is used by Finnvera or its subsidiaries are classified as properties in own use.

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

Property	30–40 years
Machineryand equipment	5–7 years

Impairment of intangible assets and property, plant and equipment

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

Investment property

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

Provisions

Employee benefits

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

Provisions for export credit guarantee losses

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

Provision for domestic guarantee losses

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

Income taxes

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

Deferred taxes are calculated for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are determined using tax rates enacted by the balance sheet date.

The amendment to the Income Tax Act enacted by Parliament entered into force through the Government's Decree issued on 20 December 2007. The amendment made Finnvera plc exempt from income taxation as from 1 January 2007.

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

To a certain extent, the preparation of financial statements requires the making of judgments. In Finnvera, the essential judgments concern the determination of the fair value of financial instruments and investment property, the impairment testing of loans and receivables, and the provision to be made for guarantee commitments.

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

The impairment testing is based on estimates on future cash flows to be received. The provision to be made for guarantee commitments is based on the management's assessment of the probable amount of expenditure that needs to be covered by the provision.

Events after the balance sheet date

Application of new IFRSs

In 2009, the Group will adopt IFRS 8 Operating Segments (effective on 1 January 2009). The new standard replaces the existing IAS 14 Segment Reporting. The Group is currently assessing the effects of the new standard.

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

- IAS 23 Borrowing Costs (revised in 2007, applied to financial periods starting on 1 January 2009 or thereafter)
- IFRIC 13 Customer Loyalty Programmes (applied to financial periods starting on 1 July 2008 or thereafter)
- IAS 1 Presentation of Financial Statements (revised in 2007, applied to financial periods starting on 1 January 2009 or thereafter)
- IFRS 3 Business Combinations (revised in 2008, applied to financial periods starting on 1 July 2009 or thereafter)
- IAS 27 Consolidated and Separate Financial Statements (amended in 2008, applied to financial periods starting on 1 July 2009 or thereafter)
- IFRS 2 Share-based Payment; amendments to the standard – Vesting Conditions and Cancellations (applied to financial periods starting on 1 January 2009 or thereafter)
- IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments, Presentation and Disclosure; amendments to the standards – Puttable Financial Instruments and Obligations Arising on Liquidation (applied to financial periods starting on 1 January 2009 or thereafter)
- Improvements to IFRSs (Annual Improvements 2007) (generally applied to financial periods starting on 1 January 2009 or thereafter)
- Amendments to standards IFRS 1 First-time Adoption of IFRS and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (applied to financial periods starting on 1 January 2009 or thereafter)
- IAS 39 Financial Instruments: Recognition and Measurement; amendment to the standard – Eligible Hedged Items (applied to financial periods starting on 1 July 2009 or thereafter)
- IFRIC 15 Agreements for the Construction of Real Estate (applied to financial periods starting on 1 January 2009 or thereafter)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (applied to financial periods starting on 1 October 2008 or thereafter)

The Presentation of Financial Statements has an effect on the content and presentation of the financial statements. The other standards are not expected to have any material effect on the Group.

Risk Management

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

Risk management is of central importance for the maintenance of Finnvera's ability to take risks and for the attainment of economic objectives in the long run. The company's Board of Directors and the top management are responsible for arranging and organising internal control and risk management. The Board of Directors approves decision-making powers, the principles of risk management and the outlines for risk-taking. For its part, the goal of risk management is to ensure prerequisites for implementing the company's strategy. In keeping with its role, Finnvera uses financing to support the operations of enterprises in the phases of start-up and growth, as well as to promote the exports and internationalisation of companies.

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

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

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

Working independently of Finnvera's business areas, the Risk Management Unit is responsible for the development of policy, methods and guidelines for risk management, and for the monitoring of the company's risk standing. The Risk Management Unit reports to the Managing Director. Internal auditing monitors and ensures that the guidelines approved by the Board of Directors are followed. The practical measures regarding risk management are part of the day-to-day management and are implemented by the entire Finnvera organisation and the Group companies.

Credit and guarantee risks

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

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

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

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

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

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

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

Basel II

Finnvera calculates its official capital adequacy by using the Basel II standard method, although Finnvera is under no official obligation to adopt the Basel II Framework methods. When assessing its capital adequacy internally, Finnvera uses techniques complying with Basel II and based on clients' probable solvency.

It has been ensured through legislation that, in the capital adequacy calculations of banks, the risk weight of Finnvera's guarantees is the same as that of the State of Finland, which was determined at zero as per 31 December 2008.

Interest rate and currency risks

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

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

Liquidity risk

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

The potentially high claims arising from export credit guarantee operations may lead to an unexpected need for liquidity. Finnvera has entered into contractual arrangements with the State of Finland to prepare for the realisation of such liquidity risk.

Operational risks

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

The management of operational risks has been developed systematically since 2006. Systematic collection and registration of materialised risk occurrences started at the beginning of 2007. These risks and other risks deemed to be potential are assessed continuously for the probability of their materialisation and for their severity. The management of operational risks and the related work are carried out together with the work for developing processes. Safeguards are taken against operational risks, for instance, by introducing internal control mechanisms, by developing processes, information systems and the quality of operations, and by taking out insurance against risks.

Venture capital investments

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

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

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

Capital management

Due to the nature of the business, Finnvera plc must ensure that the amount of equity is sufficient in relation to the credit risks taken. Equity and retained earnings have been allocated to the fund for domestic operations and to the fund for export credit guarantee and special guarantee operations. Finnvera plc's domestic financing includes the credit and guarantee loss compensation paid by the State. At present, the credit and guarantee loss compensation varies between 40–80% of the existing loan and guarantee portfolio. In regard to export credit guarantee operations, the State of Finland is responsible, e.g. through the State Guarantee Fund, for the losses arisen during the financial period that have exceeded the assets in the fund for export credit guarantee and special guarantee operations.

As at 31 December 2008, the fund for domestic operations totals EUR 141,3 million and the fund for export credit guarantee and special guarantee operations EUR 130,6 million.

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

Finnvera Group

1. Credit risks

Receivables (EUR 1,000)	31 Dec 2008	31 Dec 2007
Loans and receivables from credit institutions	81,018	30,487
Loans and receivables from customers	1,428,140	1,418,457
Debt securities	97,496	98,425
Derivatives	0	0
Total	**1,608,851**	**1,547,369**
Contingencies (Note 26)	**9,541,423**	**6,076,511**

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

Risk class (EUR 1,000)	31 Dec 2008	%	31 Dec 2007	%
A1	1,199	0 %	3,625	0 %
A2	22,353	1 %	29,837	1 %
A3	141,780	6 %	156,974	7 %
B1	595,876	26 %	578,098	26 %
B2	1,144,312	50 %	1,090,312	49 %
B3	309,235	13 %	310,340	14 %
C	58,697	3 %	47,039	2 %
D	37,458	2 %	29,636	1 %
Total	**2,310,910**	**100 %**	**2,245,861**	**100 %**

3. Concentrations

3.1. Receivables from customers and guarantees by industry

(EUR 1,000)	31 Dec 2008	31 Dec 2007
Rural trades	15,812	15,796
Industry	1,237,607	1,208,615
Tourism	198,717	210,157
Services to business	492,591	463,811
Trade and consumer services	366,183	347,483
Total	**2,310,910**	**2,245,861**

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

(EUR 1,000)			31 Dec 2008			31 Dec 2007
	Offered	**In force**	**Total**	**Offered**	**In force**	**Total**
Telecommunications	187,500	1,486,073	1,673,573	0	756,492	756,492
Wood processing	450,381	654,508	1,104,889	16,323	478,161	494,484
Power generation	16,785	65,941	82,726	0	1,161	1,161
Shipping companies	1,341,040	1,640,391	2,981,431	1,942,900	699,115	2,642,015
Metal industry and ore mining	5,294	115,638	120,932	0	107,647	107,647
Other	172,211	115,777	287,988	18,029	82,822	100,851
Total	**2,173,211**	**4,078,328**	**6,251,539**	**1,977,252**	**2,125,398**	**4,102,650**

3.3. Bank commitments of the export credit guarantee operations

(EUR 1,000)			31 Dec 2008			31 Dec 2007
	Offered	**In force**	**Total**	**Offered**	**In force**	**Total**
Banks and financing	26,662	530,115	556,777	32,054	345,950	378,004

4. Commitments by area

4.1. Loans and guarantees by area

(EUR 1,000)	31 Dec 2008	31 Dec 2007
Finland	2,277,470	2,245,861

4.2. Commitments of the export credit guarantee operations by area

(EUR 1,000)	31 Dec 2008			31 Dec 2007		
	Offered	In force	Total	Offered	In force	Total
Asia	378,657	550,559	929,216	63,430	599,028	662,458
CIS*	318,446	768,656	1,087,102	10,057	474,587	484,644
Central and East Europe	1,126	192,463	193,589	115,200	94,281	209,481
Latin America	2,351	1,389,664	1,392,015	750	640,923	641,673
Middle East and North Africa	18,929	363,127	382,056	76,295	167,530	243,825
Sub-Saharan Africa	82,100	19,220	101,320	0	35,747	35,747
Industrial countries	2,068,866	1,113,921	3,182,787	1,750,435	494,792	2,245,227
Total	**2,870,475**	**4,397,610**	**7,268,085**	**2,016,167**	**2,506,888**	**4,523,055**

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

5. Collateral shortage

(EUR 1,000)	31 Dec 2008				31 Dec 2007			
Risk category	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%	Amount of commitment	Amount of collaterals	Collateral shortage	Collateral shortage-%
A1	1,199	716	483	40 %	3,625	2,491	1,134	31 %
A2	22,353	13,307	9,046	40 %	29,837	20,095	9,743	33 %
A3	141,780	65,739	76,041	54 %	156,974	72,126	84,848	54 %
B1	595,876	220,384	375,492	63 %	578,098	238,175	339,922	59 %
B2	1,146,312	406,647	739,665	64 %	1,090,312	397,080	693,231	64 %
B3	309,235	81,461	227,774	74 %	310,340	81,127	229,213	74 %
C	58,697	11,066	47,631	81 %	47,039	9,885	37,154	79 %
D	32,454	5,612	31,848	85 %	29,636	5,464	24,173	82 %
Total	**2,310,910**	**804,932**	**1,505,978**	**65 %**	**2,245,861**	**826,443**	**1,419,418**	**63 %**

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

Impairment losses on individually assessed loans and guarantee provisions 31 Dec 2008

Loans (EUR 1,000)					
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	0	71,648	7,949	5,309	84,906
Impairment loss	0	30,839	3,205	2,338	36,382
Commitment after the impairment	0	40,809	4,744	2,971	48,524

Guarantees (EUR 1,000)					
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	0	31,489	1,356	2,775	35,620
Guarantee provision	0	7,760	540	885	9,185
Commitment after the guarantee provision	0	23,729	816	1,890	26,435

Impairment losses on collectively assessed loans and guarantee provisions 31 Dec 2008

Loans (EUR 1,000)					
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the impairment	11,739	19,834	10,286	36,351	78,210
Impairment loss	1,313	4,116	4,068	12,749	22,246
Commitment after the impairment	10,426	15,718	6,218	23,602	55,964

Guarantees (EUR 1,000)					
Risk category	**B2**	**B3**	**C**	**D**	**Total**
Commitment before the guarantee provision	9,163	9,515	2,879	11,862	33,419
Guarantee provision	732	1,646	800	2,867	6,045
Commitment after the guarantee provision	8,431	7,869	2,079	8,995	27,374

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

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

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

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

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

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

7. Past due receivables

(EUR 1,000)	31 Dec 2008	31 Dec 2007
1 day - 3 months	13,640	10,613
3 - 6 months	3,017	3,557
6 - 12 months	5,714	11,496
Over 12 months	13,393	15,731
Total	**35,763**	**41,397**

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

8. Liquidity risk

Maturity of liabilities 31 Dec 2008

(EUR 1,000)	Carrying amount	Payable	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Liabilities to credit institutions	416,307	455,922	37,224	100,901	317,797	0	0
Liabilities to the public and public sector	78,401	83,302	0	677	41,559	41,066	0
Debt securities in issue	488,757	556,376	1,074	22,817	532,485	0	0
Subordinated liablities	15,136	15,136	0	0	0	0	15,136
Binding financing offers		366,110	366,110	0	0	0	0
Total liabilities	**998,601**	**1,476,846**	**404,408**	**124,395**	**891,841**	**41,066**	**15,136**
Derivatives - receivables	4,994	585,194	1,074	21,697	521,357	41,066	0
Derivatives - liabilities	77,206	701,298	5,547	22,723	628,310	44,718	0
Derivatives - net	**-72,212**	**-116,104**	**-4,473**	**-1,026**	**-106,953**	**-3,652**	**0**
(receivables + / liabilities -)							

Maturity of liabilities 31 Dec 2007

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

9. Interest rate risk

Determination of the interest rate on receivables and liabilities 31 Dec 2008

(EUR 1,000)	Carrying amount	Nominal value	< 3 months	3 - 12 months	1 - 5 years	5 - 10 years	> 10 years
Receivables from credit institutions	81,018	81,018	51,918	29,100	0	0	0
Receivables from customers	1,428,140	1,428,293	451,506	921,097	45,565	8,830	1,795
Debt securities	97,496	97,496	91,196	6,300	0	0	0
Total receivables	**1,606,654**	**1,606,807**	**594,620**	**956,497**	**45,565**	**8,830**	**1,795**
Liabilities to credit institutions	416,307	416,307	60,000	356,307	0	0	0
Liabilities to others	78,401	79,276	0	0	79,276	0	0
Debt securities in issue	488,758	470,513	61,539	0	408,974	0	0
Subordinated liabilities	15,136	15,136	0	0	0	0	15,136
Total liabilities	**998,602**	**981,232**	**121,539**	**356,307**	**488,250**	**0**	**15,136**
Derivatives - receivables	4,994	549,789	61,538	0	448,613	39,638	0
Derivatives - liabilities	77,206	637,815	76,944	560,871	0	0	0
Derivatives - net	**-72,212**	**-88,026**	**-15,406**	**-560,871**	**448,613**	**39,638**	**0**

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

Sensitivity to interest rate

An immediate increase of 1 percentage unit decreases the net interest income by EUR 5.0 million and an equal decrease in the interest rate increases the net interest income by EUR 5.0 million during the following 12 months.

The fair value of available-for-sale money market funds and debt securities increases by EUR 0.3 million if the interest rates decrease by 1 per centage unit. Respectively, their fair value decreases by EUR 0.3 million of the interest rates increase by 1 percentage unit. The change in the fair value is recognised in the balance sheet.

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

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

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

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

Sensitivity to interest rate

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

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

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

10. Currency risk

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

	31 Dec 2008	31 Dec 2007
The USD strengthens by 10 % against the euro	1,433	+187
The USD weakens by 10 % against the euro	-1,173	-152

The currency risk stems from the dollar account that is kept as provision for export credit guarantee losses denominated in dollars; its amount increased by EUR 11.1 million during 2008.

Finnvera Group

Segment information

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

Consolidated income statement and balance sheet by segments for the period 1 Jan 2008–31 Dec 2008

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internatio-nalisation	Export financing	Capital investments	Elimi-nations	Total
Net interest income	16,151	28,608	8,322	6,261	3,277	0	62,619
Net fee and commission income	5,309	13,512	7,612	32,224	-13	-24	58,620
Net impairment loss on financial assets, guarantee and security losses	-4,108	-31,637	-18,395	-1,535	-2,255	0	-57,930
Operating expenses *	-11,727	-14,007	-7,815	-9,868	-3,515	1,843	-45,089
Depreciation and amortization	-1,021	-1,630	-1,072	-1,587	0	0	-5,310
Other income/expenses**	396	-1,392	-60	1,407	5,973	-10,038	-3,714
Operating profit	**5,000**	**-6,546**	**-11,408**	**26,902**	**3,467**	**-8,219**	**9,196**
Total assets	**326,202**	**763,678**	**258,247**	**327,517**	**132,763**	**-4,768**	**1,803,639**
Receivables from customers	300,805	809,749	289,695	15,518	14,438	-2,065	1,428,140
Total liabilities	**226,540**	**604,723**	**221,919**	**138,413**	**61,971**	**-2,107**	**1,251,459**

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

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

*) Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization
**) Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant.

Finnvera Group

Financial assets and liabilities 31 Dec 2008

(EUR 1,000)	Loans and receivables	Financial instruments carried at fair value	Available -forsale financial assets	Total	Fair value
Financial assets					
Loans and receivables from credit institutions	81,018			81,018	81,018
Loand and receivables from customers	1 428,140			1,428,140	1,424,547
Debt securities			97,496	97,496	97,496
Derivatives		2,197		2,197	2,197
Investments in associates		39,153	2,805	41,958	41,958
Shares and participations		14,048	81,456 *	95,504	95,504
Other financial assets	25,377			25,377	25,377
	1,534,535	**55,398**	**181,757**	**1,771,690**	**1,768,097**

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

(EUR 1,000)	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Financial liabilities				
Liabilities to credit institutions		416,307	416,307	416,307
Liabilities to other institutions	78,401		78,401	78,401
Debt securities in issue	488,758		488,758	488,758
Derivatives	74,408		74,408	74,408
Other financial liabilities		106,416	106,416	106,416
Subordinated liabilities		15,136	15,136	15,136
	641,567	**537,859**	**1,179,426**	**1,179,426**

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2007

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

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

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

The Company does not have financial liabilities held for trading.

* Because the fair value of the Finnish Fund for Industrial Cooperation Ltd, included in the figure, cannot be determined reliably, the shares have been valued at original acquisition cost.

Notes to the Consolidated Financial Statements

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

Note no. 1		2008		2007
Net interest income				
Interest income				
Loans to customers		85,190		79,487
Subsidies passed on to customers				
Regional interest subsidy	1,398		1,166	
Interest subsidy to special loans	7,415		8,656	
Interest subsidy from the ERDF	3,922		3,354	
National interest subsidy (ERDF)	4,438	17,173	3,878	17,054
Interest on export credit guarantee and special guarantee receivables		165		177
Interest on guarantee receivables		2,601		2,881
Other interest income				
On receivables from credit institutions	788		1,847	
On debt securities, available-for-sale	4,619		4,309	
On other	2,376	7,783	924	7,080
Total interest income		**112,912**		**106,679**
Interest expenses				
On liabilities to credit institutions		22,347		24,762
On liabilities to other institutions		3,037		3,194
On debt securities in issue		25,200		18,424
Other interest expenses		229		300
Total interest expenses		**50,813**		**46,680**
Other interest subsidy				
Basic subsidy to loans granted before 1999		519		716
Net interest income		**62,618**		**60,715**
Interest income on financial assets which are not carried at fair value totalled		112,556		107,395
Interest expenses on financial liabilities which are not carried at fair value totalled		22,427		25,062
Interest income include interest accrued on impaired loans		5,412		2,951

Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999-2008 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

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

	2008	2007
Interest-subsidized loans and guarantees in total at 31 December	**770,933**	**872,156**

Note no. 2	2008	2007
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	35,991	43,534
From other guarantees	16,626	16,434
From credit operations	6,386	7,038
From other	618	1,793
Total fee and commission income	**59,621**	**68,799**
All fee and commission income is from financial assets which are not carried at fair value totalled		
Fee and commission expenses		
From reinsurance	836	788
From borrowing	88	68
From payment transactions	51	47
From other	27	20
Total fee and commission expenses	**1,002**	**923**
Fee and commission expenses from financial assets which are not carried at fair value totalled	1,624	68
Net fee and commission income	**58,619**	**67,876**

Note no. 3

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

	2008			2007		
	Gains and losses from sale	**Changes in fair value**	**Total**	**Gains and losses from sale**	**Changes in fair value**	**Total**
Derivatives	0	-62,035	-62,035	0	-6,199	-6,199
Liabilities carried at fair value	0	60,788	60,788	0	5,936	5,936
Shares and participations	0	642	642	0	3,225	3,225
Translation differences	370	0	370	-1,487	0	-1,487
	370	**-605**	**-235**	**-1,487**	**2,962**	**1,475**

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

	Gains and losses from sale	**Changes in fair value**	**Total**	**Gains and losses from sale**	**Changes in fair value**	**Total**
Liabilities carried at fair value	0	-605	-605	0	2,962	2,962
Loans and other receivables	370	0	370	-1,487	0	-1,487
	370	**-605**	**-235**	**-1,487**	**2,962**	**1,475**

Note no. 4		2008		2007
Net income from investments				
Available-for-sale financial assets				
Debt securities		0		0
Shares and participations				
Gains/losses	1,763		1,143	
Items transferred from fair value reserve during the period	0		0	
Impairment losses	-1,648	115	-810	333
Dividends		1,518		1,955
Total available-for-sale financial assets		**1,633**		**2,288**
Investment property				
Rental income	290		216	
Rental expenses and maintenance charges	-38		-36	
Depreciation	-64		-71	
Gains/losses from sale	-199		-217	
Other income and expenses	-86	-97	-91	-199
Share of profit of associates		-8,091		3,521
Total net income from investments		**-6,555**		**5,610**

Note no. 5

Other operating income

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

Note no. 6		2008		2007
Employee benefit expenses				
Wages and salaries		21,457		22,110
Social security costs				
Pension costs				
Defined contribution plans	3,105		3,000	
Defined benefit plans	1,516		875	
Other social security costs	1,540	6,161	1,661	5,536
Total		**27,618**		**27,646**
Personnel in average				
Permanent full-time		361		376
Permanent part-time		26		23
Temporary		17		20
Total		**404**		**419**

Note no. 7		2008		2007
Auditors' fees				
Fees for auditing	55			84
Fees for expert services provided by auditors	187	242	152	236

Note no. 8	2008	2007
Other operating expenses		
Rental expenses	2,566	2,499
Expenses from property in own use	1,297	1,184
Other expenses	79	102
Total	**3,942**	**3,785**
Depreciation and amortization		
Intangible assets	4,515	4,545
Property, plant and equipment		
Properties	148	154
Machinery and equipment	647	730
Total	**5,310**	**5,429**
Impairment losses		
Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	0	0
Total	**0**	**0**
Total other operating expenses	**9,252**	**9,214**

Note no. 9	2008	2007
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	47,637	19,910
Guarantee losses	18,705	8,759
Reversal of losses recognized		
Credit losses	-3,698	-2,895
Guarantee losses	-634	-862
Change in impairment of individually assessed loans during the period	18,673	17,693
Change in impairment of collectively assessed loans during the period	-653	3,734
Total impairment losses on loans and guarantees	**80,030**	**46,339**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	**-28,353**	**-12,497**
Finnvera plc's share	**51,677**	**33,421**

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2008 these loans and guarantees totalled EUR 2,282 (2,207) million. The compensation was 47.4 % (51.0 %) of the credit and guarantee losses recognized during the period.

	2008	2007
Export credit guarantees and special guarantees		
Claims paid	6,059	6,991
Change in the claims provision during the period	469	-30
Accumulated recoveries	-7,289	-8,892
Change in recovery receivables	7,014	414
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	**6,253**	**-1,517**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**57,930**	**32,325**

Note no. 10	2008	2007
Income tax expense		
Current period	574	360
Adjustment for priod periods	0	0
Deferred taxes	487	2,966
Income tax expense in the income statement	**1,061**	**3,326**
Reconciliation between the income tax expense and income tax calculated using the income tax rate of 26 %		
Profit for the period before income tax expense	8,135	56,417
Income tax calculated using the income tax rate of 26 %	2,115	14,668
Tax exempt income	-3,960	-12,724
Other non-deductible expenses	2,906	0
Adjustment for prior periods	0	1,382
	1,061	**3,326**

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

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

Note no. 11	2008	2007
Loans and receivables from credit institutions		
Payable on demand	63,366	30,486
Other	17,652	0
Total	**81,018**	**30,486**

Note no. 12	2008	2007
Loans and receivables from customers		
Loans		
Subordinated loans	95,224	75,163
Other loans	1,314,982	1,318,514
Total loans	**1,410,206**	**1,393,677**
Guarantee receivables	**15,845**	**17,200**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	338	90
Recovery receivables	1,751	7,490
Total receivables from export credit guarantee and special guarantee operations	**2,089**	**7,580**
Total receivables from customers	**1,428,140**	**1,418,457**
Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	**23,462**	**9,263**
- Credit losses realized during the period on which an impairment loss has been earlier recognized	-5,364	-840
+ Impairment losses recognized during the period	19,026	14,144
- Reversal of impairment losses	-742	-500
Effect of discounting	3,022	1,395
Impairment losses at the end of the period	**39,404**	**23,462**
Impairment losses on collectively assessed loans at the beginning of the period	**22,469**	**23,415**
Impairment losses on collectively assessed loans recognized during the period	-223	-946
Impairment losses on collectively assessed loans at the end of the period	**22,246**	**22,469**
Total impairment losses	**61,650**	**45,931**

Note no. 12 continue	2008	2007
Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	**6,179**	**2,073**
- Guarantee losses realized during the period on which		-1,891
an impairment loss has been earlier recognized	0	0
+ Impairment losses recognized during the period	6,729	5,464
- Reversal of impairment losses	-2,382	-1,500
Effect of discounting	275	142
Impairment losses at the end of the period	**8,910**	**6,179**
Impairment losses on collectively assessed guarantees at the beginning of the period	**6,234**	**0**
Impairment losses on collectively assessed guarantees recognized during the period	-189	6,234
Impairment losses on collectively assessed guarantees at the end of the period	**6,045**	**6,234**
Total impairment losses	**14,955**	**12,413**

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

Note no. 13	2008	2007
Investments		
Debt securities	97,496	98,425
Associates	41,958	64,141
Other shares and participations	95,504	89,139
Investment property	2,695	3,993
	237,653	**255,698**
Debt securities		
Available-for-sale		
Certificates of deposits	8,800	4,690
Commercial papers	88,696	93,735
Other	0	0
	97,496	**98,425**
Investments have been made to non-publicly quoted debt securities.		
Associates		
At the beginning of the period	64,141	58,723
Share of profit for the period	0	0
Additions	2,152	12,673
Disposals	-24,335	-7,255
At the end of the period	**41,958**	**64,141**

Associates accounted for using the equity method in 2008

Name	Carrying amount	Ownership %	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	362	394	0	49
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,748	16	155	0
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,583	14	91	6
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37.00 %	1,452	589	120	145
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,858	132	92	-7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31.71 %	2,936	12	104	7
Juolukkakiinteistöt Oy	0	50.00 %	216	279	13	-14
Myllymäen Teollisuuskiinteistö Oy	8	50.00 %	495	451	40	-1

Note no. 13 continue

Associates accounted for using the equity method in 2007

Name	Carrying amount	Ownership %	Assets	Liabilities	Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	332	413	38	1
Teollisen yhteistyön rahasto Oy	13,670	20.00 %	174,218	64,500	33,788	17,432
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,742	9	137	6
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,585	23	95	22
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37.00 %	1,475	757	295	68
Kiinteistö Oy Oulun Asemakatu 37	1,079	41.82 %	1,667	4	100	0
Kiinteistö Oy Porrassalmenkatu 8, MikkeLi	829	31.71 %	2,932	14	97	1
Juolukkakiinteistöt Oy	0	50.00 %	216	265	19	-10
Myllymäen Teollisuuskiinteistö Oy	8	50.00 %	552	506	40	1

Other shares and participations		
At fair value through profit or loss	65,500	78,840
Available-for-sale	30,004	10,321
	95,504	**89,161**
Other shares that are publicly quoted	**65,500**	**78,840**

	2008	2007
Investment property		
Acquisition cost		
Acquisition cost at 1 Jan	5,151	5,583
Additions	0	18
Disposals	-541	-465
Transferred to own use	0	15
Acquisition cost at 31 Dec	**4,610**	**5,151**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	1,158	1,238
Depreciation for the period	61	70
Impairment losses	696	-150
Accumulated depreciation and impairment losses at 31 Dec	**1,915**	**1,158**
Carrying amount at 1 Jan	3,993	4,345
Carrying amount at 31 Dec	2,695	3,993
Total investments	**237,653**	**255,720**
Fair value of investment property	2,695	3,993
Investment property companies' shares that are publicly quoted	348	70

Note no. 14	2008	2007
Intangible assets		
Acquisition cost		
Acquisition cost at 1 Jan	30,403	26,008
Additions	2,280	5,158
Disposals		-763
Acquisition cost at 31 Dec	**32,683**	**30,403**
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	19,870	15,639
Amortization for the period	4,353	4,230
Impairment losses	0	0
Accumulated amortization and impairment losses at 31 Dec	**24,223**	**19,869**
Carrying amount at 1 Jan	10,533	10,369
Carrying amount at 31 Dec	8,460	10,534

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

Note no. 15			2008			2007
Property, plant and equipment						
	Properties	**Machinery and equipment**	**Total**	**Properties**	**Machinery and equipment**	**Total**
Acquisition cost						
Acquisition cost at 1 Jan	13,583	9,398	22,981	13,567	8,729	22,296
Additions		394	394	29	707	736
Disposals		-4	-4	0	-38	-38
Transfers between items			0	-13		-13
Acquisition cost at 31 Dec	**13,583**	**9,788**	**23,371**	**13,583**	**9,398**	**22,981**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	5,449	6,750	12,199	4,980	6,020	11,000
Depreciation for the period	463	645	1,108	469	730	1,199
Impairment losses	0	0	0	0	0	0
Acc. depreciation and impairment losses at 31 Dec	**5,912**	**7,395**	**13,307**	**5,449**	**6,750**	**12,199**
Carrying amount at 1 Jan	8,134	2,648	10,782	8,587	2,709	11,296
Carrying amount at 31 Dec	7,671	2,393	10,064	8,134	2,648	10,782

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

Note no. 16	2008	2007
Other assets		
Credit loss receivables from the state and the ERDF	12,692	4,842
Other	6,857	7,464
	19,549	**12,306**

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

Note no. 17	2008	2007
Prepayments and accrued income		
Interest	9,802	10,348
Fee and commission receivables	2,739	1,936
Prepayments and other accrued income	3,807	4,220
Total prepayments and accrued income	**16,348**	**16,504**

Note no. 18	2008	2007
Tax assets and liabilities		
Tax assets		
Current income tax receivables	0	11,770
Deferred tax assets		
On timing differences	0	0
On fair value changes	0	0
	0	**11,770**
Deferred tax assets at 1 Jan	0	2,027
Increase/decrease to income statement during the period	0	-2,027
Increase/decrease to equity during the period	209	0
Deferred tax assets at 31 Dec	**209**	**0**
Tax liabilities		
Current income tax liabilities	384	0
Deferred tax liabilities		
On fair value changes recognized in fair value reserve	2,152	2,263
	2,536	**2,263**
Deferred tax liabilities at 1 Jan	2,263	941
Increase/decrease to income statement during the period	-487	1,322
Increase/decrease to equity during the period	376	0
Deferred tax liabilities at 31 Dec	**2,152**	**2,263**

Note no. 19		2008				2007
Liabilities to credit and other institutions	**Nominal value**	**Change in fair value**	**Carrying amount**	**Nominal value**	**Change in muutos**	**Carrying amount**
Credit institutions	416,307	0	416,307	532,911	0	532,911
Other institutions						
At fair value through profit or loss	78,178	223	78,401	57,593	38	57,631
At amortized cost	0	0	0	0	0	0
	494,485	**223**	**494,708**	**590,504**	**38**	**590,542**

Note no. 20		2008				2007
Debt securities in issue	**Nominal value**	**Change in fair value**	**Carrying amount**	**Nominal value**	**Change in fair value**	**Carrying amount**
Bonds						
At fair value through profit or loss	470,513	18,245	488,758	477,243	-8,255	468,988
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	470,513	18,245	488,758	477,243	-8,255	468,988
Average interest rate, %		4,61			4,90	

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option).
An amount equaling the nominal value of a liability is repaid at the maturity date.
The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 21

Derivatives	Fair value Positive (2008)	Fair value Negative (2008)	Total nominal value (2008)	Fair value positive (2007)	Fair value negative (2007)	Total nominal value (2007)
Contracts entered in hedging purposes						
Currency derivatives						
Interest rate swaps and						
foreign exchange derivatives	2,197	73,280	554,866	0	14,999	491,235
Interest rate derivatives						
Interest rate swaps	0	1,128	50,000	0	1,013	50,000
Total derivatives	**2,197**	**74,408**	**604,866**	**0**	**16,012**	**541,235**

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

Note no. 22

Provisions	2008	2007
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	3,800	0
Provisions used during the period	-2,000	0
Provisions reversed during the period	-1,300	0
Effect of discounting	0	0
Provision for export credit guarantee losses at 31 Dec	**2,500**	**2,000**

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

	2008	2007
Provision for domestic guarantee losses at 1 Jan	12,412	2,073
Provisions made during the period	5,387	12,409
Provisions reversed during the period	-2,383	-1,500
Effect of discounting	-461	-570
Provision for domestic guarantee losses at 31 Dec	**14,955**	**12,412**

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

	2008	2007
Other provisions at 1 Jan	0	250
Provisions made during the period	0	0
Provisions used during the period	0	-250
Provisions reversed during the period	0	0
Other provisions at 31 Dec	**0**	**0**

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

	2008	2007
Defined benefit pension plans at 1 Jan	795	1 131
Change during the period	219	-336
Defined benefit pension plans at 31 Dec	**1,014**	**795**
Total provisions	**18,469**	**15,207**

Note no. 22 continue	2008	2007
Employee benefits		
Defined benefit pensions plans		
The group pension insurances for the personnel and the management of Finnvera are defined benefit plans.		
Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	6,288	6,032
Fair value of plan assets	-4,906	-4,421
	1,382	**1,611**
Unrecognized actuarial gains (+) or losses (-)	-367	-816
Net liability recognized in the balance sheet	**1,015**	**795**
Expenses recognized in the income statement		
Current service costs	1,039	651
Interest on obligation	271	205
Expected return on plan assets	-313	-202
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	21	0
Total expenses recognized in the income statement	**1,018**	**654**
Actual return on plan assets	**-315**	**179**
Change in the fair value of plan assets		
Fair value at 1 Jan	4,421	3,253
Expected return on plan assets	313	202
Contributions paid into the plan	800	990
Actuarial gains (+) or losses (-)	-628	-24
Fair value of plan assets at 31 Dec	**4,906**	**4,421**
Change in the present value of the obligation		
Present value at 1 Jan	6,033	4,551
Current service costs	1,039	652
Interest on obligation	271	205
Actuarial gains (-) or losses (+)	-1,055	625
Present value of the obligation at 31 Dec	**6,288**	**6,033**
Amounts for the current and previous periods		
Defined benefit obligation	6,288	6,032
Plan assets	-4,906	-4,421
Surplus/deficit	**1,382**	**1,611**
Experience adjustments arising on plan assets	-393	824
Experience adjustments arising on plan liabilities	-628	-24

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

Actuarial assumptions		
Discount rate	5.25 %	4.50 %
Expected return on plan assets	6.50 %	6.50 %
Future salary increases	3.00 %	3.00 %
Inflation	2.00 %	2.00 %
Future pension increases	2.10 %	2.10 %
Turnover of personnel	3.20 %	3.20 %
Expected average remaining working life (years)	10	10

Finnvera expects to pay EUR 700,000 in contributions to defined benefit plans in 2009.

Note no. 23	2008	2007
Accruals and deferred income		
Interest	9,139	76,731
Advance interest payments received	670	
Guarantee premiums paid in advance	94,960	0
Other accruals and deferred income	6,209	6,284
Total accruals and deferred income	**110,978**	**83,015**

Note no. 24		2008		2007
Subordinated liabilities				
Finnvera plc				
Subordinated loans to the state, 2006 and 2007	EUR	15,136	EUR	15,963
	Interest rate, %	0	Interest rate, %	0
	Loan period	20 years	Loan period	20 years

The loans are to be used as investment raising the share capital of Aloitusrahasto Vera Oy. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered. The loss shown by Seed Fund Vera Ltd in 2007, or EUR 827,000, was deducted from the equity in 2008.

Note no. 25		2008		2007
Equity				
Equity attributable to the parent company's shareholders				
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	-614	50,422	2,604	53,640
Unrestricted reserves				
Fund for domestic operations	141,348		144,906	
Fund for export credit guarantee and special guarantee operations	130,642		95,379	
Other unrestricted reserves	59	272,049	59	240,344
Retained earnings				
Profit/loss for previous periods	12,824		-7,790	
Profit/loss for the period	7,656	20,480	52,430	44,640
Total equity attributable to the parent company's shareholders		**539,556**		**535,229**
Minority interest		**12,625**		**9,278**
Total equity		**552,181**		**544,507**

Share capital	Number of shares	Ownership, %	Number of shares	Ownership, %
The state	11,565	100.00	11,565	100.00

Note no. 25 continue

Reserves

Share premium

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

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

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

Fair value reserve

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

Other notes (EUR 1,000)

Note no. 26	2008	2007
Contingencies at 31 Dec		
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
Buyer credit guarantees	6,355,289	4,170,807
Credit risk guarantees	325,235	140,924
Export receivables guarantees	1,170	
Letter of credit guarantees	260,163	128,100
Bank risk guarantees	24,653	
Investment guarantees	286,451	78,125
Bond guarantees	315,596	119,857
Finance guarantees	683,826	280,134
	8,252,383	**4,917,947**
Special guarantees		
Environmental guarantees	42,585	64,144
Ship guarantees	0	0
Raw material guarantees	0	0
Venture capital guarantees	75	75
	42,660	**64,219**
Total export credit guarantees and special guarantees	**8,295,043**	**4,982,166**
Provision for export credit guarantees	-2,500	-2,000
Total	**8,292,543**	**4,980,166**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 8.7 (4.2) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

	2008 Total	2008 Group and associated companies	2007 Total	2007 Group and associated companies
Binding financing offers	**366,110**		**268,941**	
Domestic guarantees	882,770		827,404	
Carrying amount of the liability according to the Act on the State's Export Credit Guarantees	6,372,015		3,878,343	
Liability for special guarantees	42,660		64,219	
	7,297,445	**0**	**4,769,966**	**0**

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

Note no. 27	2008	2007
Operating leases		
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	22	24
Between one and five years	7,333	7,673
Later than five years	0	1,689
Total	**7,355**	**9,386**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	418	507
Between one and five years	91	192
Later than five years	0	0
Total	**509**	**699**

Group companies (EUR 1,000)

Note no. 28	2008	2007

Finnvera plc's shares and holdings in 2008

Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes %
Seed Fund Vera Ltd, Kuopio	Development and investment company	90.36	90.36
Kera Ltd, Kuopio	No operations	100.00	100.00
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74	69.74
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52	63.52
Spikera Oy, Kuopio	Development and investment company	100.00	100.00
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00	100.00
Tietolaki Oy, Kuopio	No operations	100.00	100.00
Tietoraha Oy, Kuopio	No operations	100.00	100.00
Veraventure Ltd, Kuopio	Development and investment company	100.00	100.00
Shares and holdings in associates			
Iin Micropolis Oy, Ii	Development company	23.08	23.08
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73	27.73
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43	36.43
Kiinteistö Oyj Lappeenrannan Snellmaninkatu 10	Real estate company	37.00	37.00
Kiinteistö Oy Oulun Asematu 37	Real estate company	41.93	41.93
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71 %	31.71 %

Note no. 28 continue

Subsidiaries' shares and holdings in 2008

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
Spikera Oy					
Alfalink Oy, Oulu	No operations	100.00	100.00	3	0
Kiinteistö Oy Kotkan Kisällinkatu 6, Kotka	Real estate company	100.00	100.00	-312	1
Polator Oy, Kuopio	Real estate company	100.00	100.00	318	9
Postum Oy, Kuopio	Real estate company	100.00	100.00	-39	-6
Renatur Oy, Kuopio	No operations	100.00	100.00	8	0
Soljet Oy, Kuopio	No operations	100.00	100.00	8	0
Juolukkakiinteistöt Oy, Kemijärvi	Real estate company	50.00	50.00	-63	-14
Myllymäen Teollisuuskiinteistö Oy, Jämsänkoski	Real estate company	50.00	50.00	45	-1
Seed Fund Vera Ltd					
Finnester Coatings Oy	Manufacturing of other rubber products	20.00	20.00	63	-3
Global Business Call Oy	Wireless network management and service	31.48	31.48	62	-188
Global Response Oy	Data processing	23.10	23.10	-389	-39
Enercomp Oy	Design and manufacture of software	20.00	20.00	74	-114
Fortecta Finland Oy	Wholesale trade of machinery and equipment not classified elsewhere	20.00	20.00	The first financial period	
Mikcell Oy	Electronics	20.00	20.00	-17	-89
Myontec Oy	Manufacture of measurement, testing and navigation instruments and equipment	20.00	20.00	116	-81
Xemet Oy	Design and manufacture of software	20.00	20.00	80	-100
Veraventure Ltd					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61.67	43.89	3,073	-174
Indekon Oy, Lappeenranta	Venture capital investments	46.50	46.50	3,248	-46
Jyvässeed Fund Oy, Jyväskylä	Venture capital investments	40.00	40.00	1,784	-703
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49.64	49.64	936	-328
Karinvest Oy, Joensuu	Venture capital investments	28.08	28.08	3,194	215
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69.99	50.00	3,957	66
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	40.12	40.12	1,501	-248
Midinvest Oy, Jyväskylä	Venture capital investments	29.85	29.85	5,471	-519
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49.05	49.05	7,120	-846
Savon Teknia Oy, Kuopio	Venture capital investments	33.45	33.45	5,797	-653
Spinno-seed Oy, Espoo	Venture capital investments	28.30	28.30	4,089	-344
Teknoventure Oy, Oulu	Venture capital investments	48.30	48.30	14,669	3,925
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39.03	39.03	12,148	619
Virtaa Hämeeseen Oy	Venture capital investments	21.71	21.71	3,196	20
Oy Wedeco Ab, Vaasa	Venture capital investments	39.80	39.80	13,169	4,340
Matkailunkehitys Nordia Oy					
Ftm Incoming Oy, Helsinki	Travel agency	44.61	44.61	-480	-136
Hotelli Luostotunturi Oy, Sodankylä	Hotel and restaurant business	49.95	49.95	483	218
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00	25.00	199	46
Hotelli Pyhätunturi Oy, Pelkosenniemi	Hotel and restaurant business	30.12	30.12	The first financial period	
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00	45.00	141	0
Kristina Cruises Oy, Kotka	Cruises	20.00	20.00	2,849	1,520
Levi Magic Oy, Kittilä	Project / No operations	22.56	22.56	696	377
Lks - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47.41	47.41	657	499
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49.00	49.00	2,335	325
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50.00	50.00	854	374

Note no. 28 continue

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %
Seed Fund Vera Ltd, Kuopio	Development and investment company	93.07	93.07
Kera Ltd, Kuopio	No operations	100.00	100.00
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74	69.74
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52	63.52
Spikera Oy, Kuopio	Development and investment company	100.00	100.00
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00	100.00
Tietolaki Oy, Kuopio	No operations	100.00	100.00
Tietoraha Oy, Kuopio	No operations	100.00	100.00
Veraventure Ltd, Kuopio	Development and investment company	100.00	100.00
Shares and holdings in associates			
Iin Micropolis Oy, Ii	Development company	23.08	23.08
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73	27.73
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43	36.43
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00	37.00
Kiinteistö Oy Oulun Asematu 37	Real estate company	41.82	41.82
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71	31.71
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20.00	20.00

Subsidiaries' shares and holdings in 2007

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes, %	Equity	Profit for the year
Spikera Oy					
Alfalink Oy, Oulu	No operations	100.00	100.00	3	0
Kiinteistö Oy Kotkan Kisällinkatu 6, Kotka	Real estate company	100.00	100.00	-313	-3
Polator Oy, Kuopio	Real estate company	100.00	100.00	309	10
Postum Oy, Kuopio	Real estate company	100.00	100.00	-33	-1
Renatur Oy, Kuopio	No operations	100.00	100.00	8	0
Soljet Oy, Kuopio	No operations	100.00	100.00	8	0
Juolukkakiinteistöt Oy, Kemijärvi	Real estate company	50.00	50.00	-49	-10
Myllymäen Teollisuuskiinteistö Oy, Jämsänkoski	Real estate company	50.00	50.00	46	1
Aloitusrahasto Vera Oy					
Finnester Coatings Oy	Manufacturing of other rubber products	20.00	20.00	63	-3
Global Response Oy	Data processing	23.05	23.05	-43	-142
Histola Research Oy	Other natural scientific research and development	20.00	20.00	-145	-123
Medeia Therapeutics Oy	Medical research and development	21.65	21.65	-6	-23
Mikcell Oy	Electronics	20.00	20.00	-186	-188
Veraventure Oy					
Etelä-Savon Pääomarahasto Oy, Mikkeli	Venture capital investments	61.67	49.38	3,410	8
Indekon Oy, Lappeenranta	Venture capital investments	46.53	46.53	2,733	-701
Jyvässeed Fund Oy, Jyväskylä	Venture capital investments	40.00	40.00	2,873	-130
Kainuun Pääomarahasto Oy, Kajaani	Venture capital investments	49.64	49.64	1,329	-69
Karinvest Oy, Joensuu	Venture capital investments	28.08	28.08	2,955	-20
Luoteis-Venäjä Rahasto Oy, Imatra	Venture capital investments	69.99	49.99	3,890	-72
Länsi-Suomen Pääomarahasto Oy, Turku	Venture capital investments	38.97	38.97	The first financial period	
Midinvest Oy, Jyväskylä	Venture capital investments	29.23	29.23	4,280	1,362
Pikespo Invest Oy Ltd, Tampere	Venture capital investments	49.00	49.00	7,943	166
Savon Teknia Oy, Kuopio	Venture capital investments	33.45	33.45	4,875	-42
Spinno-seed Oy, Espoo	Venture capital investments	28.30	28.30	4,433	-2
Teknoventure Oy, Oulu	Venture capital investments	48.30	48.30	14,669	536
Uudenmaan Pääomarahasto Oy, Helsinki	Venture capital investments	39.03	39.03	6,783	-162
Virtaa Hämeeseen Oy	Venture capital investments	21.71	21.71	3,196	20
Oy Wedeco Ab, Vaasa	Venture capital investments	39.80	39.80	13,169	4,340

Note no. 28 continue

Matkailunkehitys Nordia Oy					
Ftm Incoming Oy, Helsinki	Travel agency	44.61	44.61	-344	-122
Hotelli Luostotuntuti Oy, Sodankylä	Hotel and restaurant business	49.95	49.95	264	-24
Hotelli Mesikämmen Oy, Ähtäri	Hotel and restaurant business	25.00	25.00	196	-4
Kalajoen Kylpylähotelli Sani Oy, Kalajoki	Hotel and restaurant business	45.00	45.00	146	-54
Kristina Cruises Oy, Kotka	Cruises	20.00	20.00	1,329	687
Kiinteistö Oy Luoston Tuotto 1, Sodankylä	Hotel and restaurant business	17,83	17.83	The first financial period	
Levi Magic Oy, Kittilä	Project / No operations	22.56	22.56	696	377
Lks - Saimaa Oy, Taipalsaari	Hotel and restaurant business	47.41	47.41	356	524
Lomakouhero Oy, Karstula	Hotel and restaurant business	51.72	51.72	-223	-124
Opteam Henkilöstöpalvelut Oy, Helsinki	Staffing services	38.03	38.03	536	393
Savonlinnan Seurahuone Oy, Savonlinna	Hotel and restaurant business	49.00	49.00	2,267	2,283
Yyterin Kylpylähotelli Oy, Pori	Hotel and restaurant business	50.00	50.00	540	213

Note no. 29	2008	2007
Related parties		
The relationships within the Group are presented in note no. 28.		
The related party transactions		
Operations with the state-owned companies, in which the state has a minimum ownership of 20 %		
Finance income	414	187
Services purchased	453	250
Loans	10,537	3,010
Guarantees	707	797
Management employee benefit expenses		
Salaries and other short-term employee benefits	633	604
Termination benefits		
A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company		
The total salary, remuneration and social security costs of the parent company's Managing Director and his deputy		
Managing Director	348	331
Deputy Managing Director	285	273
Total	**633**	**604**
The total salaries, remuneration and social security costs of the members and deputy members of the parent company's Board of Directors	**216**	**177**
The remuneration paid to the parent company's Board of Directors		
Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman EUR 850, member EUR 700 and deputy member EUR 400		
Attendance allowance for all members EUR 500 / meeting		
The total salaries, remuneration and social security costs of the members and the deputy members of the Supervisory Board	**128**	**132**
The remuneration paid to the Supervisory Board		
Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600 and member EUR 500		
Attendance allowance for all members EUR 200/meeting		
Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy		
Loans at 1 January	3	9
Decreases during the financial period	-3	-6
Loans at 31 December	**0**	**3**

Finnvera plc

Income statement

(EUR 1,000)	Note			1 Jan–31 Dec 2008			1 Jan–31 Dec 2007
Interest income	1						
Loans		83,771			77,878		
Subsidies passed on to customers		17,173			17,054		
Export credit guarantee and special guarantee receivables		165			176		
Guarantee receivables		2,601			2,881		
Other		5,369	+	109,080	6,229	+	104,218
Interest expenses	1		-	49,604		-	45,056
Other interest subsidies	1		+	519		+	716
Net interest income	1		+	**59,995**		+	**59,878**
Net fee and commission income	2		+	57,922		+	65,955
Gains and losses from financial instruments							
carried at fair value through profit or loss	3		-	2,338		-	1,757
Net income from investments	4						
Debt securities							
Shares and participations		5			411		
Investment property		-141		-136	-163	+	247
Other operating income	5		+	3,164		+	4,430
Administrative expenses							
Employee benefit expenses	6						
Wages and salaries		20,193			21,004		
Social security costs		5,881			5,212		
Other administrative expenses	7	12,498	-	38,572	13,549	-	39,765
Other operating expenses	8		-	9,131		-	9,094
Net impairment loss on financial assets	9						
Loans and guarantees		77,775			45,918		
Credit loss compensation from the state		-28,353			-12,497		
Export credit guarantees and special guarantees		6,253	-	55,675	-1,517	-	31,904
Operating profit			+	**15,230**		+	**47,991**
Income tax expense	10						
Current and previous periods' tax expense							
Deferred tax expense		0	-	0		-	2,027
Profit for the period			+	**15,230**		+	**45,964**

Balance sheet

ASSETS

(EUR 1,000)	Note		31 Dec 2008		31 Dec 2007
Loans and receivables from credit institutions	11		45,208		15,238
Loans and receivables from customers	12				
Loans		1,382,296		1,368,894	
Guarantee receivables		15,845		17,200	
Receivables from export credit guarantee and special guarantee operations		2,089	1,400,230	7,580	1,393,674
Investments	13				
Debt securities		88,696		93,735	
Investments in Group companies		135,334		123,834	
Associates	28	4,726		18,386	
Other shares and participations	28	16,443		4,886	
Investment property		1,175	246,374	1,988	242,828
Derivatives					
Intangible assets	14		8,452		10,517
Property, plant and equipment	15				
Properties		6,851		7,314	
Other tangible assets		2,286	9,137	2,543	9,857
Other assets	16				
Credit loss receivables from the state		12,692		4,842	
Other		6,746	19,438	7,443	12,285
Prepayments and accrued income	17		14,775		14,791
Tax assets	18		0,00		11,768
			1,743,614		**1,710,960**

LIABILITIES

(EUR 1,000)	Note			31 Dec 2008			31 Dec 2007
Liabilities to credit institutions	19		416,307			532,911	
Liabilities to other institutions	19						
At fair value through profit or loss			39,862			30,354	
Debt securities in issue	20						
At fair value through profit or loss			488,758			468,988	
Derivatives	21		74,408			14,313	
Provisions	22		18,469			15,208	
Other liabilities	18		45,533			29,633	
Accruals and deferred income	23		109,751			82,359	
Tax liability	24						
Subordinated liabilities	24		15,136	1,208,225		15,963	1,189,729
Equity	25						
Share capital			196,605			196,605	
Share premium			51,036			51,036	
Fair value reserve			-313			606	
Unrestricted funds							
Fund for domestic operations		141,348			130,711		
Fund for export credit guarantee and special guarantee operations		130,642			95,467		
Retained earnings		16,071	288,061	535,389	46,805	272,984	521,231
				1,743,614			**1,710,960**

Finnvera plc's Statement of Changes in Equity

(EUR 1,000)		Share capital	Share premium	Fair value reserve	Fund for domestic operations	Fund for export credit guarantee and special guarantee operations	Retained earnings	Total
Balance at 1 January 2007		**196,605**	**51,036**	**276**	**129,852**	**80,223**	**16,945**	**474,937**
Available-for-sale financial assets:								
Change in fair value				330				330
Other items recognized in retained earnings								
IAS 12	Income Taxes						887	887
IAS 19	Employee Benefits						84	84
IAS 20	Government Grants						0	0
IAS 38	Intangible Assets						-279	-279
IAS 39	Financial Instruments						-692	-692
Profit for the period							45,964	45,964
Total recognized income and expenses for the period		**196,605**	**51,036**	**606**	**129,852**	**80,223**	**62,909**	**521,231**
Transfer into funds					859	15,245	-16,104	0
Balance at 31 December 2007		**196,605**	**51,036**	**606**	**130,711**	**95,468**	**46,805**	**521,231**
Balance at 1 January 2008		**196,605**	**51,036**	**606**	**130,711**	**95,468**	**46,805**	**521,231**
Available-for-sale financial assets:								
Change in fair value				-919				-919
Other items recognized in retained earnings								
IAS 38	Intangible Assets				-99	-54		-153
Profit for the period							15,230	15,230
Total recognized income and expenses for the period		**196,605**	**51,036**	**-313**	**130,612**	**95,414**	**62,035**	**535,389**
Transfer into funds					10,736	35,228	-45,964	0
Balance at 31 December 2008		**196,605**	**51,036**	**-313**	**141,348**	**130,642**	**16,071**	**535,389**

Finnvera plc's Statement of Cash Flows

(EUR 1,000)	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flows from operating activities		
Withdrawal of loans granted	-382,544	-378,978
Repayments of loans granted	318,256	361,682
Purchase of investments	-11,510	-24,498
Proceeds from investments	290	314
Interest received	86,686	82,607
Interest paid	-48,753	-42,799
Interest subsidy received	18,102	18,160
Payments received from commission income	85,514	51,432
Payments received from other operating income	35,825	19,328
Payments for operating expenses	-28,479	-44,328
Claims paid	-29,325	-18,912
Taxes paid	11,768	-8,344
Net cash used in operating activities (A)	**55,830**	**15,664**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	-2,665	-5,446
Purchase of other investments	0	0
Proceeds from other investment	0	0
Dividends received from investments	209	150
Net cash used in investing activities (B)	**-2,456**	**-5,296**
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Proceeds from loans	138,161	272,663
Repayment of loans	-166,604	-327,121
Net cash used in financing activities (C)	**-28,443**	**-54,458**
Net change in cash and cash equivalents		
(A+B+C) increase (+) / decrease (-)	**24,931**	**-44,090**
Cash and cash equivalents at the beginning of the period	**108,973**	**153,063**
Cash and cash equivalents at the end of the period	**133,904**	**108,973**
Cash and cash equivalents at the end of period		
Receivables from credit institutions	45,208	15,238
Debt securities	88,696	93,735
	133,904	**108,973**

Finnvera plc

Segment information

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

Consolidated income statement and balance sheet by segments for the period 1 Jan 2008–31 Dec 2008

(EUR 1,000)	Micro financing	Regional financing	Financing for growth and internatio-nalisation	Export financing	Capital investments	Total
Net interest income	16,151	28,645	8,322	6,877	0	59,995
Net fee and commission income	5,309	13,488	7,612	31,513	0	57,922
Net impairment loss on financial assets,						
guarantee and security losses	-4,108	-31,637	-18,395	-1,535	0	-55,675
Operating expenses *	-11,727	-13,693	-7,815	-9,171	0	-42,406
Depreciation and amortization	-1,021	-1,630	-1,072	-1,574	0	-5,297
Other income/expenses**	396	-1,494	-60	893	956	691
Operating profit	**5,000**	**-6,321**	**-11,408**	**27,003**	**956**	**15,230**
Total assets	**326,271**	**759,853**	**258,247**	**284,775**	**114,468**	**1,743,614**
Receivables from customers	300,805	809,400	289,695	330	0	1,400,230
Total liabilities	**226,540**	**602,244**	**221,919**	**98,683**	**58,839**	**1,208,225**

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

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

*) Operating expenses = Administrative expenses + Other operating expenses - Depreciation and amortization
**) Gains/losses from financial instruments carried at fair value + Net income from investments + Other operating income

Inter-segment revenue is not significant.

Financial assets and liabilities 31 Dec 2008

(EUR 1,000) Financial assets	Loans and receivables	Financial instruments carried at fair value	Available-for-sale financial assets	Total	Fair value
Loans and receivables from credit institutions	45,208			45,208	45,208
Loand and receivables from customers	1,400,230			1,400,230	1,396,625
Debt securities			88,696	88,696	88,696
Derivatives		0		0	0
Investments in Group companies			135,334	135,334	135,334
Investments in associates			4,725	4,725	4,725
Shares and participations			16,443 *	16,443	16,443
Other financial assets	24,046			24,046	24,046
	1,469,484	**0**	**245,198**	**1,714,682**	**1,711,077**

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

(EUR 1,000) Financial liabilities	Financial instruments carried at fair value	Other financial liabilities	Total	Fair value
Liabilities to credit institutions		416,307	416,307	416,307
Liabilities to other institutions	39,862	0	39,862	39,862
Debt securities in issue	488,758	0	488,758	488,758
Derivatives	74,408		74,408	74,408
Other financial liabilities		106,000	106,000	106,000
Subordinated liabilities		15,136	15,136	15,136
	603,028	**537,443**	**1,140,471**	**1,140,471**

The Company does not have financial liabilities held for trading.

Financial assets and liabilities 31 Dec 2007

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

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

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

The Company does not have financial liabilities held for trading.

* Because the fair value of the Finnish Fund for Industrial Cooperation Ltd, included in the figure, cannot be determined reliably, the shares have been valued at original acquisition cost.

Notes to Finnvera plc's Financial Statements

Notes to the income statement (EUR 1,000)

Notes no. 1		2008		2007
Net interest income				
Interest income				
Loans to customers		83,771		77,878
Subsidies passed on to customers				
Regional interest subsidy	1,399		1,166	
Interest subsidy to special loans	7,415		8,656	
Interest subsidy from the ERDF	3,922		3,354	
National interest subsidy (ERDF)	4,437	17,173	3,878	17,054
Interest on export credit guarantee and special guarantee receivables		165		176
Interest on guarantee receivables		2,602		2,881
Other interest income				
On receivables from credit institutions	743		1,922	
On debt securities, available-for-sale	4,318		4,027	
On other	308	5,369	280	6,229
Total interest income		**109,080**		**104,218**
Interest expenses				
On liabilities to credit institutions		22,347		24,762
On liabilities to other institutions		1,827		1,570
On debt securities in issue		25,201		18,424
Other interest expenses		229		300
Total interest expenses		**49,604**		**45,056**
Other interest subsidy				
Basic subsidy to loans granted before 1999		519		716
Net interest income		**59,995**		**59,878**
Interest income on financial assets which are not carried at fair value totalled		109,599		104,934
Interest expenses on financial liabilities which are not carried at fair value totalled		22,347		25,062
Interest income include interest accrued on impaired loans		5,412		2,951

Interest subsidy from the state and the European Regional Development Fund

The basis for the interest subsidy for the loans granted before 1999 is the loan portfolio per 31 December and for the loans granted between 1999–2008 the interest subsidy is calculated based on the passage of time similar to interest. In 2001 the Group began to grant such investment and working capital loans to which interest subsidy from the funds of the European Regional Development Fund (ERDF), besides the state's national interest subsidy, is received.

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

	2008	2007
Interest-subsidized loans and guarantees in total at 31 December	**770,933**	**872,156**

Notes no. 2

Notes no. 2	2008	2007
Net fee and commission income		
Fee and commission income		
From export credit guarantees and special guarantees	35,991	43,534
From other guarantees	16,625	16,433
From credit operations	6,195	6,795
From other	84	94
Total fee and commission income	**58,895**	**66,856**
All fee and commission income is from financial assets which are not carried at fair value totalled.		
Fee and commission expenses		
From reinsurance	836	788
From borrowing	88	67
From payment transactions	49	46
From other	0	0
Total fee and commission expenses	**973**	**901**
Fee and commission expenses from financial assets which are not carried at fair value totalled	885	67
Net fee and commission income	**57,922**	**65,955**

Note no. 3

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

	2008 Gains and losses from sale	2008 Changes in fair value	2008 Total	2007 Gains and losses from sale	2007 Changes in fair value	2007 Total
Derivatives	0	-60,096	-60,096	0	-6,180	-6,180
Liabilities carried at fair value	0	58,884	58,884	0	5,936	5,936
Shares and participations	0	-1,500	-1,500	0	0	0
Translation differences	374	0	374	-1,513	0	-1,513
	374	**-2,712**	**-2,338**	**-1,513**	**-244**	**-1,757**

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

	2008 Gains and losses from sale	2008 Changes in fair value	2008 Total	2007 Gains and losses from sale	2007 Changes in fair value	2007 Total
Liabilities carried at fair value	0	-1,212	-1,212	0	-244	-244
Loans and other receivables	374	0	374	-1,513	0	-1,513
Available-for-sale financial assets	0	-1,500	-1,500	0	0	0
	374	**-2,712**	**-2,338**	**-1,513**	**-244**	**-1,757**

Note no. 4		2008		2007
Net income from investments				
Available-for-sale financial assets				
Debt securities		0		0
Shares and participations				
Gains/losses	-204		261	
Items transferred from fair value reserve during the period	0		0	
Impairment losses	0	-204	0	261
Dividends		209		149
Total available-for-sale financial assets		**5**		**410**
Investment property				
Rental income	147		149	
Rental expenses and maintenance charges	-38		-38	
Depreciation	-13		-19	
Gains/losses from sale	-195		-217	
Other income and expenses	-42	-141	-38	-163
Total net income from investments		**-136**		**247**

Note no. 5	2008	2007
Other operating income		
Fee for the management of the old liability	391	433
Management fee for the handling of ERDF loans	848	846
Capital loan written off	828	536
Rental income	785	754
Ohter	312	1,861
	3,164	**4,430**

Note no. 6		2008		2007
Employee benefit expenses				
Wages and salaries		20,193		21,004
Social security costs				
Pension costs				
Defined contribution plans	2,872		2,752	
Defined benefit plans	1,516		875	
Other social security costs	1,493	5,881	1,585	5,212
Total		**26,074**		**26,216**
Personnel in average				
Permanent full-time		343		359
Permanent part-time		25		22
Temporary		17		20
Total		**385**		**401**

Note no. 7		2008		2007
Auditors' fees				
Fees for auditing	43		71	
Fees for expert services provided by auditors	186	229	147	218

Note no. 8	2008	2007
Other operating expenses		
Rental expenses	2,556	2,499
Expenses from property in own use	1,277	1,176
Other expenses	1	3
Total	**3,834**	**3,678**
Depreciation and amortization		
Intangible assets	4,507	4,538
Property, plant and equipment		
Properties	148	155
Machinery and equipment	642	723
Total depreciation and amortization	**5,297**	**5,416**
Impairment losses		
Intangible assets	0	0
Property, plant and equipment		
Properties	0	0
Other	0	0
Total impairment losses	**0**	**0**
Total other operating expenses	**9,131**	**9,094**

Note no. 9	2008	2007
Net impairment loss on financial assets		
Receivables written down as credit and guarantee losses		
Credit losses	45,381	19,489
Guarantee losses	18,705	8,759
Reversal of losses recognized		
Credit losses	-3,698	-2,895
Guarantee losses	-633	-862
Change in impairment of individually assessed loans during the period	18,673	17,693
Change in impairment of collectively assessed loans during the period	-653	3,734
Total impairment losses on loans and guarantees	**77,775**	**45,918**
The state's and the ERDF's share of the parent company's final credit and guarantee losses	-28,353	-12,497
Finnvera plc's share	49,422	33,421

The state and the ERDF compensate Finnvera plc for the final losses on loans and guarantees granted without a securing collateral. On 31 December 2008 these loans and guarantees totalled EUR 2,282 (2,207) million. The compensation was 47.4 % (51.0 %) of the credit and guarantee losses recognized during the period.

Export credit guarantees and special guarantees		
Claims paid	6,059	6,991
Change in the claims provision during the period	469	-30
Accumulated recoveries	-7,289	-8,892
Change in recovery receivables	7,014	414
Impairment losses on export credit guarantee and special guarantee operations recognized in the financial statements	**6,253**	**-1,517**
Impairment losses on loans, domestic guarantees and export credit guarantee and special guarantee operations recognized in the income statement	**55,675**	**31,904**

Note no. 10	2008	2007
Income tax expense		
Current period		
Adjustment for priod periods		
Deferred taxes		-2,027
Income tax expense in the income statement		**-2,027**

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

Notes to the balance sheet (EUR 1,000)

Note no. 11	2008	2007
Loans and receivables from credit institutions		
Payable on demand	27,556	15,239
Other	17,652	0
Total	45,208	15,239

Note no. 12	2008	2007
Loans and receivables from customers		
Loans		
Subordinated loans	90,769	73,862
Other loans	1,291,526	1,295,032
Total loans	**1,382,295**	**1,368,894**
Guarantee receivables	**15,845**	**17,200**
Receivables from export credit guarantee and special guarantee operations		
Fee and commission receivables	338	90
Recovery receivables	1,752	7,490
Total receivables from export credit guarantee and special guarantee operations	**2,090**	**7,580**
Total receivables from customers	**1,400,230**	**1,393,674**
Impairment losses on individually assessed loans		
Impairment losses at the beginning of the period	23,462	9,263
- Credit losses realized during the period on which an impairment loss has been earlier recognized	-5,364	-840
+ Impairment losses recognized during the period	19,026	14,144
- Reversal of impairment losses	-742	-500
Effect of discounting	3,022	1,395
Impairment losses at the end of the period	**39,404**	**23,462**
Impairment losses on collectively assessed loans at the beginning of the period	22,469	23,415
Impairment losses on collectively assessed loans recognized during the period	-223	-946
Impairment losses on collectively assessed loans at the end of the period	22,246	22,469
Total impairment losses	**61,650**	**45,931**

Note no. 12 continue	2008	2007
Impairment losses on individually assessed guarantees		
Impairment losses at the beginning of the period	6,179	2,073
- Guarantee losses realized during the period on which an impairment loss has been earlier recognized	-1,891	0
+ Impairment losses recognized during the period	6,730	5,464
- Reversal of impairment losses	-2,383	-1,500
Effect of discounting	275	142
Impairment losses at the end of the period	**8,910**	**6,179**
Impairment losses on collectively assessed guarantees at the beginning of the period	6,234	0
Impairment losses on collectively assessed guarantees recognized during the period	-189	6,234
Impairment losses on collectively assessed guarantees at the end of the period	**6,045**	**6,234**
Total impairment losses	**14,955**	**12,413**

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

Note no. 13	2008	2007
Investments		
Debt securities	88,696	93,735
Investments in Group companies	135,334	123,834
Associates	4,726	18,386
Other shares and participations	16,443	4,886
Investment property	1,175	1,988
	246,374	**242,829**
Debt securities		
Available-for-sale		
Certificates of deposits	0	0
Commercial papers	88,696	93,735
Other	0	0
Total debt securities	**88,696**	**93,735**

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

	2008	2007
Investments in Group companies		
At the beginning of the period	123,834	99,016
Additions	11,500	24,818
Disposals	0	0
At the end of the period	**135,334**	**123,834**
Associates		
At the beginning of the period	18,386	18,373
Additions	10	13
Disposals	-13,670	0
At the end of the period	**4,726**	**18,386**

Note no. 13 continue	2008	2007

Associates accounted for using the equity method in 2008

Name	Carrying amount	Ownership %	Assets	Liabilities	Carrying Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	362	394	0	49
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,748	16	155	0
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,583	14	91	6
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37.00 %	1,452	589	120	145
Kiinteistö Oy Oulun Asemakatu 37	1,089	41.93 %	1,858	132	92	-7
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31.71 %	2,936	12	104	7

Associates accounted for using the equity method in 2007

Name	Carrying amount	Ownership %	Assets	Liabilities	Carrying Net sales	Profit/Loss
Iin Micropolis Oy	76	23.08 %	332	413	38	1
Teollisen yhteistyön rahasto Oy	13,670	20.00 %	174,218	64,500	33,788	17,432
Kiinteistö Oy Joensuun Torikatu 9	637	27.73 %	5,742	9	137	6
Kiinteistö Oy Kajaanin Kauppakatu	526	36.43 %	1,585	23	95	22
Kiinteistö Oy Lappeenrannan Snellmanink.10	1,570	37.00 %	1,475	757	78	68
Kiinteistö Oy Oulun Asemakatu 37	1,079	41.82 %	1,667	4	93	0
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	829	31.71 %	2,932	14	97	1

	2008	2007
Other shares and participations		
At fair value through profit or loss	0	0
Available-for-sale	16,443	4,886
	16,443	**4,886**
Other shares that are publicly quoted	**495**	**2,559**
Investment property		
Acquisition cost		
Acquisition cost at 1 Jan	3,248	3,712
Additions	0	0
Disposals	-445	-464
Acquisition cost at 31 Dec	**2,803**	**3,248**
Accumulated depreciation and impairment losses		
Accumulated depreciation and impairment losses at 1 Jan	1,260	1,012
Depreciation for the period	13	19
Impairment losses	355	229
Accumulated depreciation and impairment losses at 31 Dec	**1,628**	**1,260**
Carrying amount at 1 Jan	1,988	2,700
Carrying amount at 31 Dec	1,175	1,988
Total investments	**246,374**	**242,829**
Fair value of investment property	**1,175**	**1,988**
Investment property companies' shares that are publicly quoted	**348**	**703**

Note no. 14	2008	2007
Intangible assets		
Acquisition cost		
Acquisition cost at 1 Jan	30,363	25,954
Additions	2,280	5,158
Transfers between items	0	-749
Acquisition cost at 31 Dec	32,643	30,363
Accumulated amortization and impairment losses		
Accumulated amortization and impairment losses at 1 Jan	19,846	15,623
Amortization for the period	4,345	4,223
Impairment losses	0	0
Accumulated amortization and impairment losses at 31 Dec	24,191	19,846
Carrying amount at 1 Jan	10,517	10,331
Carrying amount at 31 Dec	**8,452**	**10,517**

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

Note no. 15			2008			2007
Property, plant and equipment	**Properties**	**Machinery and equipment**	**Total**	**Properties**	**Machinery and equipment**	**Total**
Acquisition cost						
Acquisition cost at 1 Jan	12,750	9,088	21,838	13,214	8,419	21,633
Additions	0	395	395	29	706	735
Disposals	0	-10	-10	0	-37	-37
Transfers between items	0	0	0	-493	0	-493
Acquisition cost at 31 Dec	**12,750**	**9,473**	**22,223**	**12,750**	**9,088**	**21,838**
Accumulated depreciation and impairment losses						
Accumulated depreciation and impairment losses at 1 Jan	5,436	6,546	11,982	4,967	5,822	10,789
Depreciation for the period	463	641	1,104	469	724	1,193
Impairment losses	0	0	0	0	0	0
Acc. depreciation and impairment losses at 31 Dec	**5,899**	**7,187**	**13,086**	**5,436**	**6,546**	**11,982**
Carrying amount at 1 Jan	7,314	2,542	9,856	8,247	2,597	10,844
Carrying amount at 31 Dec	**6,851**	**2,286**	**9,137**	**7,314**	**2,542**	**9,856**

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

Note no. 16	2008	2007
Other assets		
Credit loss receivables from the state and the ERDF	12,692	4,842
Other	6,746	7,443
	19,438	**12,285**

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

Note no. 17	2008	2007
Prepayments and accrued income		
Interest	8,779	9,826
Fee and commission receivables	2,542	1,659
Accrued personnel expenses	364	322
Prepayments and other accrued income	3,090	2,984
Total prepayments and accrued income	**14,775**	**14,791**

Note no. 18	2008	2007
Tax assets and liabilities		
Tax assets		
Current income tax receivables	0	11,768
Deferred tax assets		
On timing differences		
On fair value changes		
	0	11,768
Deferred tax assets at 1 Jan	0	2,027
Increase/decrease to income statement during the period	0	-2,027
Increase/decrease to equity during the period	0	0
Deferred tax assets at 31 Dec	0	0
Tax liabilities		
Current income tax liabilities		
Deferred tax liabilities		
On fair value changes recognized in fair value reserve		
Deferred tax liabilities at 1 Jan	0	97
Increase/decrease to income statement during the period	0	0
Increase/decrease to equity during the period	0	-97
Deferred tax liabilities at 31 Dec	**0**	**0**

Note no. 19		2008			2007	
Liabilities to credit and other institutions	**Nominal value**	**Change in fair value**	**Carrying amount**	**Nominal value**	**Change in fair value**	**Carrying amount**
Credit institutions	416,307	0	416,307	532,911	0	532,911
Other institutions						
At fair value through profit or loss	39,639	223	39,862	30,316	38	30,354
At amortized cost	0	0	0	0	0	0
	455,946	**223**	**456,169**	**563,227**	**38**	**563,265**

Note no. 20			2008			2007
Debt securities in issue	**Nominal value**	**Change in fair value**	**Carrying amount**	**Nominal value**	**Change in fair value**	**Carrying amount**
Bonds						
At fair value through profit or loss	470,513	18,245	488,758	477,243	-8,255	468,988
At amortized cost	0	0	0	0	0	0
Commercial papers	0	0	0	0	0	0
	470,513	**18,245**	**488,758**	**477,243**	**-8,255**	**468,988**
Average interest rate, %		4.61			4.90	

Liabilities have been measured at fair value when they have been hedged with derivatives (fair value option).
An amount equaling the nominal value of a liability is repaid at the maturity date.
The change in fair value does not include the change in credit risk because the liabilities have been guaranteed by the state of Finland, whose credit risk has not changed.

Note no. 21			2008			2007
Derivatives	**Fair value Positive**	**Fair value Negative**	**Total nominal value**	**Fair value Positive**	**Fair value Negative**	**Total nominal value**
Contracts entered in hedging purposes						
Currency derivatives						
Interest rate swaps and foreign exchange derivatives		73,280	551,522		13,299	463,360
Interest rate derivatives						
Interest rate swaps		1,128	50,000		1,013	50,000
Total derivatives		**74,408**	**601,522**		**14,312**	**513,360**

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

Note no. 22	2008	2007
Provisions		
Provision for export credit guarantee losses at 1 Jan	2,000	2,000
Provisions made during the period	3,800	0
Provisions used during the period	-2,000	0
Provisions reversed during the period	-1,300	0
Provision for export credit guarantee losses at 31 Dec	**2,500**	**2,000**

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

Provision for domestic guarantee losses at 1 Jan	12,412	2,073
Provisions made during the period	5,387	12,409
Provisions reversed during the period	-2,383	-1,500
Effect of discounting	-461	-570
Provision for domestic guarantee losses at 31 Dec	**14,955**	**12,412**

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

Note no. 22 continue	2008	2007
Other provisions at 1 Jan	0	250
Provisions made during the period	0	0
Provisions used during the period	0	-250
Provisions reversed during the period	0	0
Other provisions at 31 Dec	**0**	**0**

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

Defined benefit pension plans at 1 Jan	795	1 131
Change during the period	219	-336
Defined benefit pension plans at 31 Dec	**1,014**	**795**
Total provisions	**18,469**	**15,207**

Employee benefits

Defined benefit pensions plans

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

Balance sheet items arising from the defined benefit obligation		
Present value of funded obligations	6,288	6,032
Fair value of plan assets	-4,906	-4,421
	1,382	**1,611**
Unrecognized actuarial gains (+) or losses (-)	-367	-816
Net liability recognized in the balance sheet	**1,015**	**795**
Expenses recognized in the income statement		
Current service costs	1,039	651
Interest on obligation	271	205
Expected return on plan assets	-313	-202
Losses (+) and profits (-) from the reduction of the arrangement and from meeting the obligation	21	0
Total expenses recognized in the income statement	**1,018**	**654**
Actual return on plan assets	**-315**	**179**
Change in the fair value of plan assets		
Fair value at 1 Jan	4,421	3,253
Expected return on plan assets	313	202
Contributions paid into the plan	800	990
Actuarial gains (+) or losses (-)	-628	-24
Fair value of plan assets at 31 Dec	**4,906**	**4,421**
Change in the present value of the obligation		
Present value at 1 Jan	6,033	4,551
Current service costs	1,039	652
Interest on obligation	271	205
Actuarial gains (-) or losses (+)	-1,055	625
Present value of the obligation at 31 Dec	**6,288**	**6,033**
Amounts for the current and previous periods		
Defined benefit obligation	6,288	6,032
Plan assets	-4,906	-4,421
Surplus/deficit	**1,382**	**1,611**
Experience adjustments arising on plan assets	-393	824
Experience adjustments arising on plan liabilities	-628	-24

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

Note no. 22 continue	2008	2007
Actuarial assumptions		
Discount rate	5.25 %	4.50 %
Expected return on plan assets	6.50 %	6.50 %
Future salary increases	3.00 %	3.00 %
Inflation	2.00 %	2.00 %
Future pension increases	2.10 %	2,10
Turnover of personnel	3.20 %	3.20 %
Expected average remaining working life (years)	10	10

Finnvera expects to pay EUR 700,000 in contributions to defined benefit plans in 2008.

Note no. 23	2008	2007
Accruals and deferred income		
Interest	8,755	8,067
Advance interest payments received	670	832
Guarantee premiums paid in advance	94,960	67,458
Other accruals and deferred income	5,366	6,002
Total accruals and deferred income	**109,751**	**82,359**

Note no. 24		2008		2007
Subordinated liabilities				
Finnvera plc				
Subordinated loans to the state, 2006 and 2007	EUR	15,136	EUR	15,963
	Interest rate, %	0	Interest rate, %	0
	Loan period	20 years	Loan period	20 years

The loans are to be used as investment raising the share capital of Aloitusrahasto Vera Oy. The loans will be paid back in one instalment at the end of the loan period, provided that the restricted equity and other non-distributable items, as shown in the balance sheet, remain fully covered after the repayment. In the event that the venture capital company's financing operations show a loss, the corresponding amount will be deducted from the loan principals to be recovered. The loss shown by Seed Fund Vera Ltd in 2007, or EUR 827,000, was deducted from the equity in 2008.

Note no. 25		2008		2007
Equity				
Share capital		196,605		196,605
Reserves				
Restricted reserves				
Share premium	51,036		51,036	
Fair value reserve	-313	50,723	606	51,642
Unrestricted reserves				
Fund for domestic operations	141,348		144,906	
Fund for export credit guarantee and special guarantee operations	130,642		95,379	
Other unrestricted reserves	0	271,990	0	240,285
Retained earnings				
Profit/loss for previous periods	841		-13,265	
Profit/loss for the period	15,230	16,071	45,964	32,699
Total equity		**535,389**		**521,231**
Share capital	Number of shares	Ownership %	Number of shares	Ownership %
The state	11,565	100.00 %	11,565	100.00 %

Note no. 25 continue

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

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

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

Other notes (EUR 1,000)

Note no. 26	2008	2007
Contingencies at 31 Dec		
Outstanding total commitments for export credit guarantees and special guarantees at 31 Dec		
Export credit guarantees		
Buyer credit guarantees	6,355,289	4,170,807
Credit risk guarantees	325,235	140,924
Export receivables guarantees	1,170	
Letter of credit guarantees	260,163	128,100
Bank risk guarantees	24,653	
Investment guarantees	286,451	78,125
Bond guarantees	315,596	119,857
Finance guarantees	683,826	280,134
	8,252,383	**4,917,947**
Special guarantees		
Environmental guarantees	42,585	64,144
Ship guarantees	0	0
Raw material guarantees	0	0
Venture capital guarantees	75	75
	42,660	**64,219**
Total export credit guarantees and special guarantees	8,295,043	4,982,166
Provision for export credit guarantees	-2,500	-2,000
Total	**8,292,543**	**4,980,166**

At the balance sheet date, the Company has outstanding claims for indemnification EUR 8.7 (4.2) million in total. These commitments have not been recognized as expense in the financial statements because the claims are still being processed.

	2008	2007
Binding financing offers	**242,728**	**188,104**

	2008 Total	2008 Group and associated companies	2007 Total	2007 Group and associated companies
Domestic guarantees	882,770		827,404	
Carrying amount of the liability according to the Act	6,372,015		3,878,343	
on the State's Export Credit Guarantees Liability for special guarantees	42,660		64,219	
	7,297,445	**0**	**4,769,966**	**0**

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

Note no. 27	2008	2007
Operating leases		
Non-cancellable minimum lease payments payable for premises leased under operating lease contracts		
Within one year	22	24
Between one and five years	7,333	7,673
Later than five years	0	1,689
Total	**7,355**	**9,386**
Non-cancellable minimum lease payments receivable from premises leased under operating lease contracts		
Within one year	418	507
Between one and five years	91	192
Later than five years	0	0
Total	**509**	**699**

Group companies (EUR 1,000)

Note no. 28

Finnvera plc's shares and holdings in 2008

Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes %
Seed Fund Vera Ltd, Kuopio	Development and investment company	90.36	90.36
Kera Ltd, Kuopio	No operations	100.00	100.00
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74	69.74
Matkailunkehitys Nordia Oy, kuopio	Development and investment company	63.52	63.52
Spikera Oy, Kuopio	Development and investment company	100.00	100.00
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00	100.00
Tietolaki Oy, Kuopio	No operations	100.00	100.00
Tietoraha Oy, Kuopio	No operations	100.00	100.00
Veraventure Ltd, Kuopio	Development and investment company	100.00	100.00

Shares and holdings in associates

Iin Micropolis Oy, Ii	Development company	23.08	23.08
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73	27.73
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43	36.43
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00	37.00
Kiinteistö Oy Oulun Asemakatu 37	Real estate company	41.93	41.93
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71	31.71

Finnvera plc's shares and holdings in 2007

Shares and holdings in Group companies

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes %
Seed Fund Vera Ltd, Kuopio	Development and investment company	93.07	93.07
Kera Ltd, Kuopio	No operations	100.00	100.00
Kiinteistö Oy Puffetti Fastighets Ab, Vaasa	Real estate company	69.74	69.74
Matkailunkehitys Nordia Oy, Kuopio	Development and investment company	63.52	63.52
Spikera Oy, Kuopio	Development and investment company	100.00	100.00
Finnish Export Credit Ltd, Helsinki	Export financing and interest equalization	100.00	100.00
Tietolaki Oy, Kuopio	No operations	100.00	100.00
Tietoraha Oy, Kuopio	No operations	100.00	100.00
Veraventure Ltd, Kuopio	Development and investment company	100.00	100.00

Note no. 28 continue

Shares and holdings in associates

Name and domicile of the company	Sector	Holding of all shares, %	Share of votes %
Iin Micropolis Oy, Ii	Development company	23.08	23.08
Kiinteistö Oy Joensuun Torikatu 9	Real estate company	27.73	27.73
Kiinteistö Oy Kajaanin Kauppakatu 1	Real estate company	36.43	36.43
Kiinteistö Oy Lappeenrannan Snellmaninkatu 10	Real estate company	37.00	37.00
Kiinteistö Oy Oulun Asemakatu 37	Real estate company	41.82	41.82
Kiinteistö Oy Porrassalmenkatu 8, Mikkeli	Real estate company	31.71	31.71
Teollisen yhteistyön rahasto Oy, Helsinki	Development and investment company	20.00	20.00

Note no. 29	2008	2007
Related parties		
The relationships within the Group are presented in note no. 28.		
The related party transactions		
Operations with the state-owned companies, in which the state has a minimum ownership of 20%		
Finance income	152	187
Services purchased	446	250
Loans	1,760	3,010
Guarantees	707	797
Management employee benefit expenses		
Salaries and other short-term employee benefits	633	604
Termination benefits		
A termination compensation corresponding an 18-month-salary, if the employment is terminated by the Company.		
Post-employment benefits	0	0
The total salary, remuneration and social security costs of the Managing Director and his deputy		
Managing Director	348	331
Deputy Managing Director	285	273
Total	**633**	**604**
The total salaries, remuneration and social security costs of the members and deputy members of the Board of Directors	**216**	**177**
The remuneration paid to the Board of Directors		
Monthly remuneration: chairman of the Board EUR 1,500, deputy chairman EUR 850, member EUR 700 and deputy member EUR 400		
Attendance allowance for all members EUR 500 / meeting		
The total salaries, remuneration and social security costs of the members of the Supervisory Board	**123**	**132**
The remuneration paid to the Supervisory Board		
Monthly remuneration: chairman of the Board EUR 1,000, deputy chairman EUR 600, member EUR 500		
Attendance allowance for all members EUR 200 / meeting		
Loans granted to the members or deputy members of the Supervisory Board or Board of Directors or the Managing Director or his deputy		
Loans at 1 January	3	9
Decreases during the financial period	-3	-6
Loans at 31 December	**0**	**3**

Note no 30

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

Income statement	Share of activities defined in the act 1 Jan–31 Dec 2008		Share of other activities 1 Jan–31 Dec 2008		Finnvera total 1 Jan–31 Dec 2008	
Interest income						
Interest from the public and public corporations	0		83,771		83,771	
Subsidies passed on to customers	0		17,173		17,173	
Interest from guarantee receivables	165		2,602		2,767	
Other interest income	6,839	+ 7,004	-1,470	+ 102,076	5,369	+ 109,080
Interest expenses		- 0		- 49,604		- 49,604
Other Interest subsidies		+ 0		+ 519		+ 519
Net interest income		**+ 7,004**		**+ 52,991**		**+ 59,995**
Net fee and commission income		+ 35,150		+ 22,772		+ 57,922
Gains and losses from financial instruments carried at fair value through profit or loss		+ 374		- 2,712		- 2,338
Net income from investments		+ 0		- 136		- 136
Other operating income		+ 551		+ 2,613		+ 3,164
Administrative expenses						
Wages and salaries	5,141		15,052		20,193	
Social security costs	1,464		4,417		5,881	
Other administrative expenses	4,478	- 11,083	8,019	- 27,488	12,497	- 38,571
Other operating expenses		- 3,096		- 6,035		- 9,131
Net impairment loss on financial assets						
Loans and guarantees	0		77,775		77,775	
Credit loss compensation from the state	0		-28,353		-28,353	
Export credit guarantees and special guarantees	6,253	- 6,253	0	- 49,422	6,253	- 55,675
Operating profit		**+ 22,667**		**- 7,417**		**+ 15,230**

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

Events After the Period under Review

On 26 February 2009, the Government approved the legislative proposals on measures to increase Finnvera plc's credit and guarantee options and export credit guarantees, and made a decision on the adoption of counter-cyclical products. The legislative proposals were submitted to Parliament on 27 February 2009.

The first supplementary budget for 2009 includes a proposal on raising the authorisation pertaining to the export refinancing model taken into use at the start of the year. According to the proposal, the authorisation would be raised from EUR 1.2 billion to EUR 3.7 billion. Because the refinancing model always includes an export credit guarantee granted by Finnvera, it has also been proposed that the maximum liability for export credit guarantees be raised from EUR 10.0 billion to EUR 12.5 billion.

The ceiling on the outstanding commitments for domestic financing would rise from EUR 3.2 billion to EUR 4.2 billion. At the same time it was decided to take counter-cyclical loans and guarantees into use. The intention is that the terms of the counter-cyclical products would pay more attention to the increased difficulties that enterprises employing at most 1,000 people have in obtaining financing. The total sum that would be reserved for counter-cyclical loans between 2009 and 2011 is EUR 900 million.

On 22 January 2009, Finnvera's Board of Directors approved the company's updated credit policy for domestic financing. The credit policy defines the principles for Finnvera's domestic financing and the risk-taking goals derived from the strategic outlines. The updated policy includes certain adjustments and takes note of the impacts of the current economic situation on the operating environment.

The Commission of the European Union approved the notification concerning the operations of Finnvera's subsidiary, Seed Fund Vera Ltd, on 28 January 2009. Financing granted by Seed Fund Vera is no longer considered to constitute State aid within the de minimis rules. The ceiling on the investments made by the Fund will rise to EUR 500,000 for first investments and to EUR 1.5 million for continued investments during a period of 12 months. By virtue of temporary reliefs published by the Commission, Seed Fund Vera can also make investments of EUR 2.5 million during a period of 12 months until the end of 2010.

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

In Helsinki on 19 March 2009

Kalle J. Korhonen

Pekka Laajanen

Pekka Huhtaniemi

Pirkko-Liisa Hyttinen

Timo Kekkonen

Marja Merimaa

Janne Metsämäki

Risto Suominen

Pauli Heikkilä
Managing Director

Auditors' Report

To the Annual General Meeting of Finnvera plc

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

The responsibility of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

Opinion on the consolidated and the parent company's financial statements and the report of the Board of Directors

In our opinion, the consolidated and parent company's financial statements give a true and fair view of the financial position, financial performance and cash flows of the group and the parent company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The report of the Board of Directors give a true and fair view of the financial performance and financial position of the group and the parent company in accordance with the laws and regulations governing the preparation of the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on the discharge from liability and disposal of distributable funds

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

Helsinki, 24 March 2009

KPMG OY AB

Raija-Leena Hankonen
Authorised Public Accountant

Statement by the Supervisory Board

We have reviewed the financial statements of Finnvera plc, including the consolidated financial statements, for the period 1 January–31 December 2008, as well as the auditors' report issued 24 March 2009.

We propose to the Annual General Meeting that the financial statements, in which the consolidated profit and loss account shows a profit of EUR 8,135,052.56 and the parent company's profit and loss account shows a profit of EUR 15,229,662.59, be adopted and that the parent company's profits be used in accordance with the proposal made by the Board of Directors.

Helsinki, 24 March 2009

Johannes Koskinen

Ulla Achrén

Kaija Erjanti

Susanna Haapoja

Sinikka Hurskainen

Matti Kauppila

Kyösti Karjula

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Finnvera's Annual Review and Financial Review for 2008 are published in Finnish, Swedish and English. The Interim Report covering the period from 1 January 2009 to 30 June 2009 will be published on 27 August 2009, also in three languages. The Annual Review and Financial Review for 2008 are available in Finnish, Swedish and English on Finnvera's website at www.finnvera.fi. The Finnish and English versions of the Annual Review can also be ordered from Finnvera's Corporate Communications, e-mail finnvera@finnvera.fi.

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