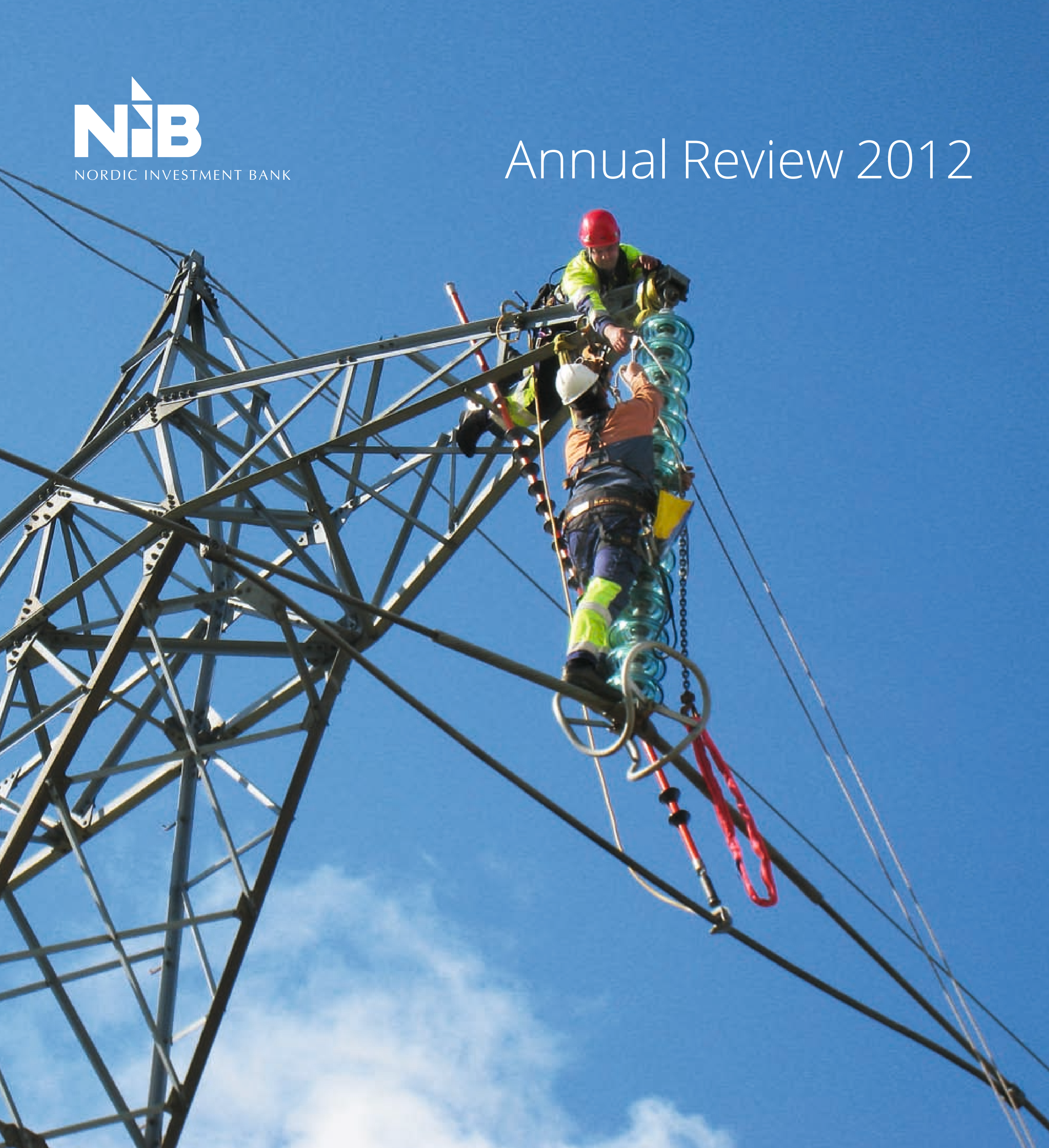
NORDIC INVESTMENT BANK

Annual Review 2012



Contents

This brochure is a summary of NIB's Annual Report 2012.
The complete report, including financial statements, is available at annual.nib.int/2012

Cover image: Lyse Energi AS upgrades its electricity grid in Norway with a 10-year maturity loan from NIB.
Portraits: Marjo Koivumäki

This is NIB

Outlook 2013

- Demand for financing assumed to be led by refinancing needs
- New investments to remain weak due to uncertain economic outlook
- NIB's long-term financing expected to take on increased relevance as a complement to other funding sources

Photo: Pamela Schönberg.

Nordic Investment Bank complements commercial lending to help ensure sustainable growth in the Nordic-Baltic region. The Bank's mandate is to offer long-term financing to projects that strengthen competitiveness of the Nordic-Baltic region and enhance the environment.

Projects considered for financing are viewed from a sustainable growth perspective. NIB analyses both direct and indirect impact on competitiveness and the environment.

NIB is an international financial institution owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Nordic countries established NIB in 1975, and the Baltic countries joined in 2005.

NIB acquires the funds for its lending by borrowing on international capital markets. NIB's bonds enjoy the highest possible issuer credit rating AAA/Aaa with leading rating agencies Standard & Poor's and Moody's. The Bank has lending operations both in and outside its member countries. The Bank employs about 180 people and is headquartered in Helsinki, Finland.

Capital structure

NIB's authorised capital was EUR 6,141.9 million as of 31 December 2012. The paid-in capital at the end of the year amounted to EUR 418.6 million. The remainder of NIB's authorised capital is subject to call if the Bank's Board of Directors deems it necessary for the fulfilment of the Bank's debt obligations.

NIB's member countries have subscribed to its authorised capital and guaranteed the special loan facilities in proportion to their gross national incomes. The countries' share of the authorised capital is shown on the map of member countries.

The Bank's ordinary lending ceiling corresponds to 250% of the authorised capital and accumulated general reserves. After the appropriation of profits from the financial year 2012, in accordance with the proposal made by the Board of Directors, the ordinary lending ceiling amounts to EUR 19,853 million.

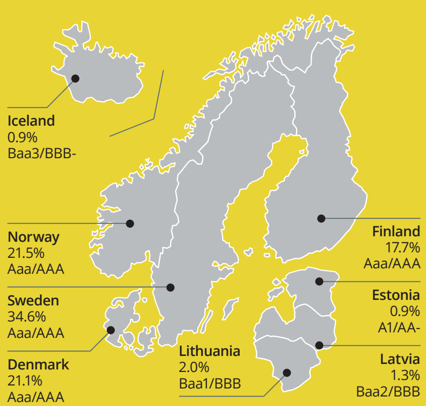
In addition to ordinary lending, NIB has two active special lending facilities. The Project Investment Loan facility (PIL) amounts to EUR 4,000 million. The member countries guarantee PIL loans up to a total amount of EUR 1,800 million. The Bank, however, will assume 100% of any losses incurred under an individual PIL loan, up to the amount available at any given time in the Special Credit Risk Fund for PIL. Only thereafter would the Bank be able to call the member countries' guarantees.

The second special facility, the Environmental Investment Loan facility (MIL), amounts to EUR 300 million. The Bank's member countries guarantee up to 100% of loans outstanding under MIL.

See Note 8 in the Financial Report for a more detailed presentation of the loan facilities, the guarantee structure and distribution.

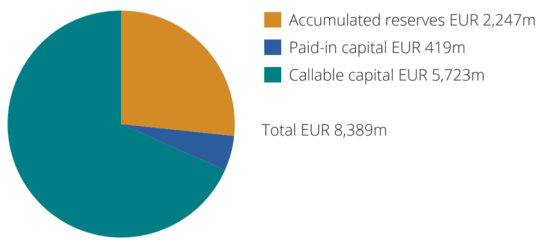
In view of the Bank's strong capital base, the quality of its assets and its status as an international financial institution, the leading international rating agencies, Standard & Poor's and Moody's, have accorded NIB the highest possible issuer credit rating, AAA/Aaa, for long-term obligations and A-1+/P-1, respectively, for short-term obligations. NIB obtained the highest possible credit rating in 1982. Since then, the Bank has maintained this credit rating without interruption.

Member countries
Share of authorised capital and ratings by credit agencies Moody's and Standard & Poor's as of 15 March 2013.



Capital base

As of 31 Dec 2012



The sum of the percentage shares may not total 100% due to rounding

President's review

"In 2012, NIB signed 42 loan agreements totalling EUR 2.4 billion. The share of our loans that reached good or excellent mandate fulfilment was close to 100%. This shows the significance of NIB as a financier of major projects in the Nordic-Baltic region."

The Nordic Investment Bank is different from most other banks. Our owners are the governments of the Nordic and Baltic countries. We do not provide commercial banking services such as credit cards, ATMs, working capital, etc. NIB has only one product, long-term financing.

Some may ask why the Nordic-Baltic countries own a bank when they have a well-functioning financial sector. The answer is simple: NIB's mandate is to help ensure competitiveness and sustainable growth in the region. We do that by offering long-term financing for large-scale projects.

In order to fulfil the mandate, NIB places strict demands on either environmental impact or competitiveness aspects before a loan is granted.

NIB provides long-term financing to major projects ranging from R&D in Denmark and Sweden, to hydro-power in Norway, Finland and Iceland, and railroad systems in the Baltic countries.

In 2012, NIB signed 42 loan agreements totalling EUR 2.4 billion.

The share of our loans that reached good or excellent mandate fulfilment was close to 100%. This shows the significance of NIB as a financier of major projects in the Nordic-Baltic region. You can find the projects we have lent money to on our website at www.nib.int.

The amount of loans disbursed grew by 21% to EUR 2.4 billion. One third of all paid loans went to projects in the Bank's Infrastructure, transportation and telecom business area. The second largest area was Environment and energy with one fifth of all disbursed loans.

As NIB's main mission is to contribute to sustainable growth, the Bank needs to be financially strong over the long term. NIB maintained its AAA/Aaa credit rating in 2012, and had a good year financially. Profit was up almost 8% at EUR 209 million. The result provides a good platform to continue to fulfil NIB's mandate.

The Board of Directors proposes to pay a dividend of EUR 52 million to the Bank's shareholders.

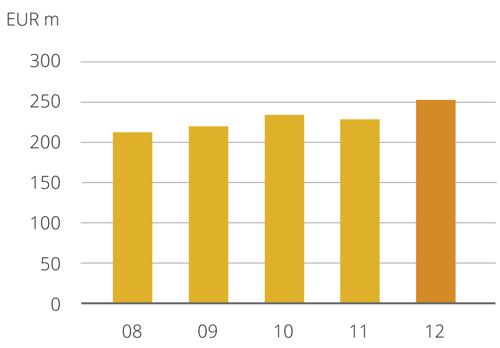
Finally, I wish to thank our customers and other stakeholders for their support in 2012.

President & CEO
Henrik Normann

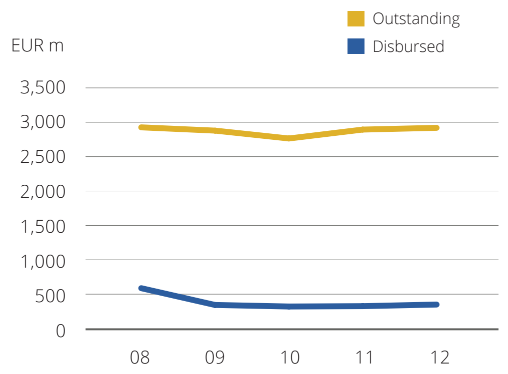
Five-year comparison

AMOUNTS IN EUR MILLION	2012	2011	2010	2009	2008
STATEMENT OF COMPREHENSIVE INCOME					
Net interest income	252	228	234	219	212
Commission income and expense etc.	17	19	20	9	11
General administrative expenses, depreciation and write-downs	-38	-37	-36	-36	-35
Realised and unrealised gains/losses of financial assets held at fair value	36	9	27	137	-352
Impairment of loans and bonds held at amortised cost	-56	-24	-38	-43	-79
Adjustment to hedge accounting	-1	-2	5	38	-39
Profit/loss for the year	**209**	**194**	**211**	**324**	**-281**
STATEMENT OF FINANCIAL POSITION					
Assets					
Cash and cash equivalents, placements and debt securities	8,092	6,788	7,957	6,738	7,375
Loans outstanding	15,131	14,153	13,771	13,763	13,063
Intangible and tangible assets	34	35	37	40	42
Accrued interest and other assets	2,726	2,826	3,133	1,883	2,141
Total assets	**25,983**	**23,802**	**24,898**	**22,423**	**22,620**
Liabilities and equity					
Amounts owed to credit institutions and repurchase agreements	1,609	1,597	1,275	653	1,218
Debts evidenced by certificates	20,332	18,433	19,944	17,998	17,549
Accrued interest and other liabilities	1,377	1,315	1,417	1,722	2,123
Paid-in capital	419	419	419	419	419
Statutory Reserve	686	684	683	671	657
Credit risk funds	1,352	1,158	947	623	904
Payments to the Bank's Statutory Reserve and credit risk funds, receivable	-	3	5	18	32
Other value adjustments	-	-	-3	-3	-
Profit/loss for the year	209	194	211	324	-281
Total liabilities and equity	**25,983**	**23,802**	**24,898**	**22,423**	**22,620**
ACTIVITIES					
Disbursements of loans	2,355	1,946	1,274	1,954	2,486
Guarantees issued	-	-	-	-	-
Loans outstanding at year-end	15,131	14,153	13,771	13,763	13,063
Guarantee commitments at year-end	-	4	8	12	17
New debt issues (including capitalisations)	4,355	2,887	4,120	4,137	4,681
Number of employees (average during year)	180	175	173	173	165

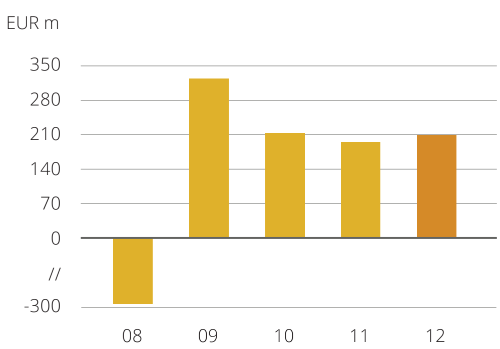
Net interest income



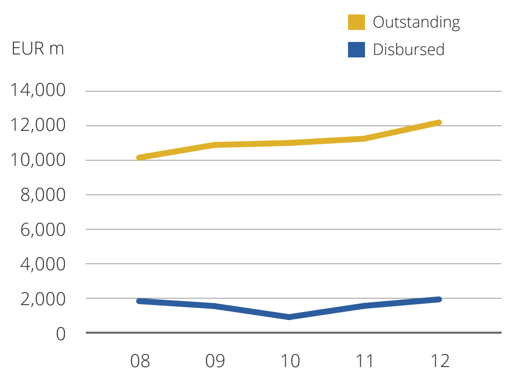
Loans in non-member countries



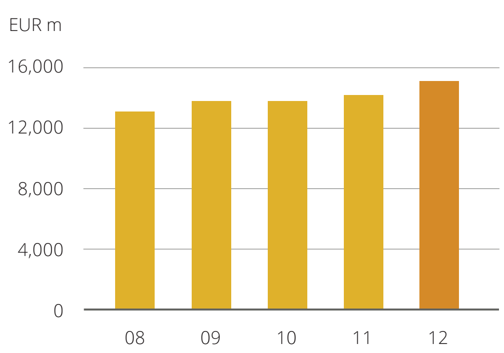
Profit/loss



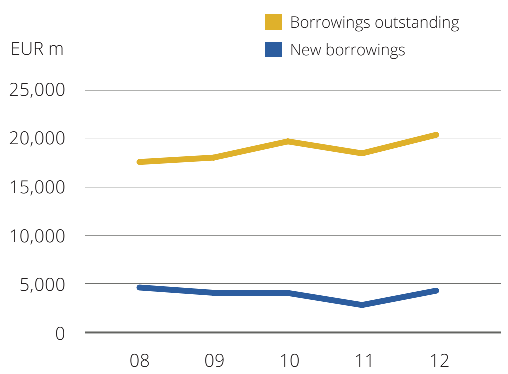
Loans in member countries



Loans outstanding



Borrowings



Lending

"Disbursements of new loans increased substantially in 2012, further strengthening NIB's role as a provider of long-term funds."

KERSTI TALVING,
Senior Manager, Origination

- In 2012, new loans approved by NIB's Board of Directors increased to EUR 2.7 billion, whereas agreed loans amounted to EUR 2.4 billion.
- Disbursed loans increased substantially and reached EUR 2.4 billion.

The purpose of NIB's lending activities is to fulfil the Bank's mandate of improving competitiveness and the environment of the Nordic-Baltic member countries.

NIB rates potential loans internally according to their mandate contribution. Only those projects that contribute sufficiently to NIB's mandate fulfilment qualify for loan approval. The share of lending with a good or excellent mandate in these areas accounted for an all-time high of 96% of both loans agreed and loans disbursed in 2012.

In 2012, NIB reorganised its lending activities on the basis of business areas instead of countries. Lending activities are carried out in five business areas: energy and environment; infrastructure, transportation and telecom; heavy industry and mechanical engineering; consumer goods and services; and financial institutions and SMEs.

Heavy industry and engineering

Haldor Topsøe A/S, Denmark

NIB signed a 10-year maturity loan to co-finance a catalyst and technology R&D programme to improve production of energy and biomass into chemicals and fuels. Catalysts are used to reduce dioxide, nitrogen oxide, sulphur and other harmful substances in engines and in a variety of industries. Innovation in markets with high growth potential is crucial in strengthening competitiveness.

The number of work-out cases in the Bank's portfolio decreased further in 2012, although some new cases arose during the year. While loan losses were moderate, the impaired amount increased as NIB adopted a new policy of collective impairments.

The amount of loans outstanding increased to EUR 15.1 billion by 31 December 2012. No guarantees were outstanding.

CLEERE and BASE

NIB increased the Climate Change, Energy Efficiency and Renewable Energy facility (CLEERE) by an additional


Photo: Haldor Topsøe A/S

Share of lending with good or excellent mandate rating accounted for an all-time high of

96%

EUR 1 billion to EUR 4 billion in 2012. This was due to a rapid allocation of the facility's first three tranches. New loans were primarily agreed in the business areas of energy, industry and transport. The climate change mitigation facility was fully allocated by the end of 2012.

Allocations also continued under the Baltic Sea Environment Financing facility (BASE). The purpose of the EUR 500 million facility is to support the implementation of the Helsinki Commission's (HELCOM) Baltic Sea Action Plan.

The facility finances projects that help restore the ecological health of the Baltic Sea. At the end of 2012, EUR 322 million was allocated under the facility.

Loans under both the BASE and CLEERE facilities are agreed in the ordinary course of business and in accordance with the Bank's lending policies.

REEP

Through the new Russia Energy Efficiency Programme (REEP), NIB provides long-term loans via Russian banks to improve energy efficiency in district heating and industry projects in Russia. The projects contribute towards mitigating climate change impacts while reducing cross-border pollution from Russia to the Nordic-Baltic countries.

Other partnerships

The Bank continued during 2012 to take part in various important regional programmes.

Within the Northern Dimension Environmental Partnership (NDEP), NIB held the rotating chairmanship of the Steering Group during the first half of the year. NDEP aims to coordinate the financing of environmental projects with cross-border effects in the Baltic Sea region, the Barents region and Northwest Russia. Projects prioritised by NDEP may receive grants from the NDEP support fund. NIB agreed new loans for investments in wastewater treatment in Russia and in Belarus.

The Northern Dimension Partnership on Transport and Logistics (NDPTL) continued to build up its activities. The NDPTL secretariat is hosted by NIB. The purpose of the partnership is to facilitate cooperation on and implementation of regional transport infrastructure and logistics projects. A NDPTL support fund was established in late 2012 to issue grants for project preparation, development and implementation.

The EU Strategy for the Baltic Sea Region provides a framework for cooperation in issues related to the environment, energy and transport. NIB supports the realisation of the strategy by making available long-term loan financing for investment projects that meet the Bank's lending criteria.

Business areas

In the Bank's reporting, the distribution of loans is presented according to the business areas.

Energy and environment

The energy sector faces continuous high investment needs in order to secure supply and environmental sustainability. These challenges exist in all of the Bank's member countries and other countries of operation.

New lending in the Energy and environment business area totalled EUR 525 million, or 22% of all loans agreed in 2012.

The projects financed by the Bank in this field relate primarily to investments in renewable energy, mostly hydropower generation. In addition, new wind and bio-power plant investments were supported. Furthermore, loans were provided for investments in upgrading electricity transmission and distribution systems.

In the pollution abatement field, loans were agreed for rehabilitation and renovation of water and waste facilities.

Photo: Aurika Usoniene, AB Lietuvos gelezinkeliai

Infrastructure, transportation and telecom loans as a share of all new agreed loans

31%

Infrastructure, transportation and telecom

NIB supports projects that improve the efficiency of transport, logistics and communications.

In 2012, 31% of all loans agreed related to projects in the infrastructure, transportation and communications sector,

Infrastructure, transportation and telecom

AB Lietuvos gelezinkeliai, Lithuania

NIB signed a 10-year maturity loan to co-finance the modernisation of Lithuania’s railway infrastructure. The main commodities transported on rail through Lithuania are oil products and mineral fertilisers. Improved cargo capacity, higher speed and volumes of transit will contribute to strengthening Lithuania’s competitiveness and help move more cargo from roads to rails.

totalling EUR 744 million. Most of these loans were directed to transport infrastructure and equipment.

Projects in this business area include investments in railway systems, road construction and ports as well as municipal infrastructure. Loans were also provided for the extension of new generation broadband and mobile phone systems.

Heavy industry and mechanical engineering

Lending in this area was mainly directed at financing innovation processes, namely R&D projects related to technology development. Such investments are essential to safeguard and enhance the competitiveness of enterprises in NIB’s member countries.

Total lending agreed was EUR 473 million for projects within this business area, equalling 20% of all loans agreed during 2012.

Financial institutions and SMEs

In order to reach clients that the Bank cannot approach directly, primarily smaller enterprises and projects, loans are made in the form of loan programmes mediated by local financial institutions. In 2012, three such programmes were agreed for on-lending to the renewable energy sector.

The total amount agreed for this category is EUR 198 million, which is equivalent to 8% of all loans agreed.

Consumer goods and services

Loans in this business area were mainly provided for investments in green buildings and for continuation of a lending programme in China, which supports smaller projects involving technology cooperation with the Bank’s member region. In addition, loans were made for projects in the service, retail and food sectors.

Total lending agreed to this area amounted to EUR 426 million, corresponding to 18% of all loans agreed during 2012.

Countries of operation

In line with the Bank’s operational framework and plan, the major part of new lending in 2012 was carried out in the member countries, with 79% of all new lending. During the year, the Bank signed 33 new loan agreements in the member countries with a total value of EUR 1,880 million.

Disbursements of loans amounted to EUR 1,979 million, and that expanded NIB’s outstanding loans in the member countries to EUR 12,241 million at year-end. Loans agreed but not yet disbursed in the member countries amounted to EUR 757 million at the end of the year.

Sweden accounted for 56% of all new lending to member countries in 2012, followed by Norway with 19% and Denmark with 15%.

Energy and environment

Petrozavodsk Communal Utilities Systems, Russia

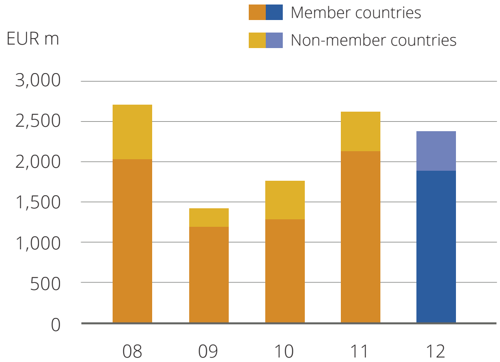
NIB signed a 10-year maturity loan to co-finance the expansion of a sludge recycling plant to remove phosphorus from the wastewater let out by the city of Petrozavodsk in northwestern Russia. The investment makes it possible to reduce emissions of phosphorus and nitrogen to meet the requirements set by the Baltic Marine Environmental Protection Commission HELCOM for a cleaner Baltic Sea.

Photo: Patrik Rastenberger

Outside the member region, NIB finances projects of mutual interest to the Bank's member countries and the countries of operation. Loans are granted under the Project Investment Loan Facility (PIL) and the Environmental Loan Facility (MIL) and to some extent also within the Bank's ordinary lending. The Bank focuses its operations on a limited group of countries where it sees good opportunities to achieve strong mandate fulfilment and maintain a long-term presence.

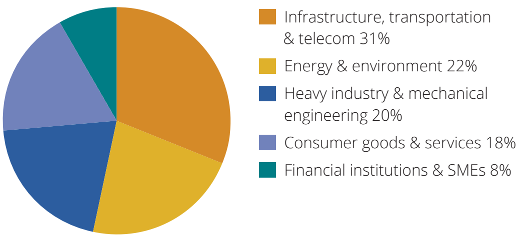
In 2012, the Bank signed nine new loan agreements in six non-member countries in Central and Eastern Europe, Asia and Latin America. The total value of these loans amounted to EUR 487 million. The largest recipients were China and Russia. Disbursements of loans amounted to EUR 376 million. NIB's outstanding loans in non-member countries stood at EUR 2,930 million at year-end. Loans agreed but not yet disbursed amounted to EUR 857 million at the end of the year.

Loans agreed



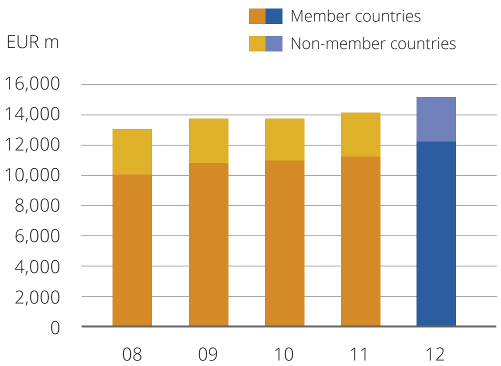
Loans agreed 2012

By business areas



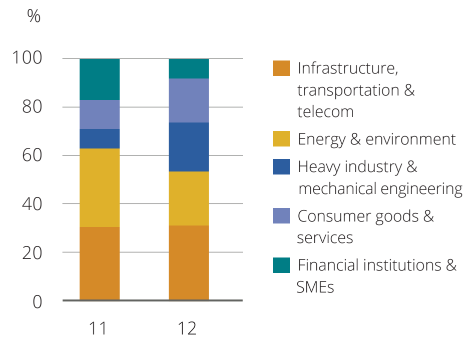
The sum of the percentage shares may not total 100% due to rounding

Loans outstanding



Business area distribution

Loans agreed as a share of total loans



Treasury

"NIB took advantage of improved money market conditions, resulting in the good performance of the Bank's liquidity management."

KRISTIAN KULLBERG,
Senior Money Market Dealer, Asset and Liability Management

Capital markets

Borrowing

- In 2012, NIB borrowed EUR 4.4 billion through 28 capital market bond transactions in eight different currencies.
- At year-end, outstanding debt totalled EUR 20,332 million in 18 currencies.

NIB's funding strategy is to be regarded as a leading USD benchmark issuer in order to attract large global bond investors, while also diversifying its borrowing in different currencies and markets.

The Bank issued two global USD benchmarks in 2012. In January, NIB issued a USD 1,250 million five-year bond due in January 2017. In November, the Bank issued a USD 1 billion bond due in January 2018. Both issues were priced at attractive spreads. The latter issue was priced at the tightest spread ever achieved by NIB compared to the yield of the US Government Treasury bond with the same maturity.

In Nordic currencies, the Bank issued bonds in both Norwegian kroner and Swedish kronor. In Norwegian kroner, a total of NOK 2,850 million was issued with maturities of four, five and seven years. In Swedish kronor, the Bank placed a floating rate note of SEK 650 million with a five-year maturity. In addition, NIB issued its second environmental bond under the NIB Environmental Bond programme with a SEK 500 million 20-year note due in 2032.

The Australian dollar market offered attractive opportunities in long maturities. The Bank took advantage of its status as a frequent issuer in this market and placed AUD 675 million with a maturity of 10 years and AUD 450 million with a five-year maturity. In the New Zealand dollar market, the Bank issued one transaction of NZD 350 million due in 2017. Finally, the Bank issued GBP 250 million with a three-year maturity.

Overall, the Bank's funding cost remained very stable throughout the year. Also in 2012, the Bank managed to achieve very favourable costs after the proceeds were swapped into mainly euros. New regulations for commercial banks to hold more capital and liquidity for entering into swap transactions did not affect NIB's overall funding costs during 2012.

Asia and Europe remain the two most important investor regions for the Bank's new funding. Asian investors made up 39% of all investors in 2012, with Japan accounting for 17% of all investors. Investors based in Europe have a share of 38% in 2012. The Australia and New Zealand region is the third most important region with 11% of the investor base. The remainder of investors are located in the Americas, the Middle East and Africa.

Central banks and other official institutions continued to be the largest investor group with a share of 33%. Banks accounted for 32%, followed by asset managers (17%), retail (10%) and pension and insurance companies (8%).

Central Banks and other official institutions constituted the largest investor group with a share of

33%

The Bank's funding remains diversified with respect to currencies. With a share of 46%, the US dollar was once again the most important funding currency, followed by the Australian dollar (21%) and the Norwegian kroner (9%). Other currencies were the British pound, Turkish lira, Swedish kronor, Mexican peso and New Zealand dollar.

Also in 2012, NIB allocated resources towards investor relation activities and met with investors, banks and other stakeholders to update them on the developments in the Bank. A substantial number of bilateral meetings, seminars, conferences and other web-based communication events were held.

Asset liability management

Asset and liability management covers, liquidity, hedging of market risks on the balance sheet and cash collateral received from swap counterparties.

The Bank targets a level of liquidity that allows it to disburse new loans and fulfil all payment obligations for at least one year ahead, without additional funding. The Bank managed to maintain sufficient liquidity throughout 2012. Gross liquidity excluding NIB's own capital portfolio totalled EUR 5,381 million at end of 2012, which is EUR 1,213 million higher compared to the previous year.

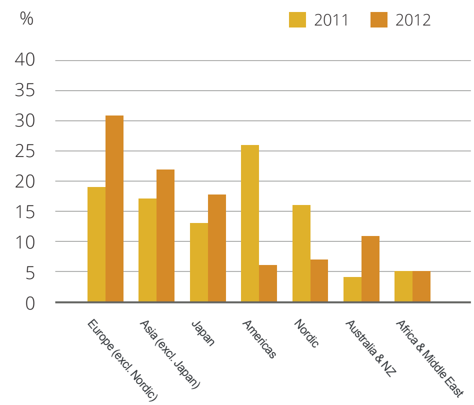
Gross liquidity is invested in different highly liquid financial instruments primarily held in the euro and US dollar. A minor portion was held in Nordic and other currencies. Liquidity distribution by instruments is shown in the graphs below. Net liquidity totalled EUR 3,788 million at end of 2012, which is EUR 1,115 million higher compared to end of 2011.

Cash collateral, which the Bank receives from swap counterparties to mitigate swap exposure, grew during the year from EUR 1,223 million to EUR 1,464 million.

Improved money market conditions, especially for the euro and US dollar money market yields, benefited the Bank's liquidity management and resulted in higher net interest income than planned. Also, general credit spread

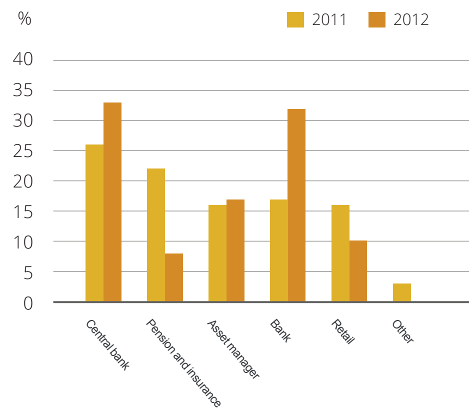
New borrowings

Geographical distribution



New borrowings

Investor distribution



tightening, as a result of better refinancing conditions for banks, benefited the Bank as securities in the Liquidity portfolio contributed with positive valuation effects in 2012.

Own Capital Portfolio management

The size of the Bank's equity is mirrored in the size of the Own Capital Portfolio and invested in highly rated fixed-income securities denominated in euro. The objective of the portfolio is to contribute to a stable income by producing interest income from medium- to long-term fixed income investments. In 2012, the portfolio generated net interest income of EUR 74 million and thus accounted for almost one third of the Bank's total net interest income.

By the end of 2012, the portfolio's nominal value amounted to EUR 2,514 million. The duration of the portfolio has been kept lower than the benchmark duration of 4.5 years during the year and was at year end 3.5 years. The return of the Own Capital Portfolio was 6.6% in 2012.

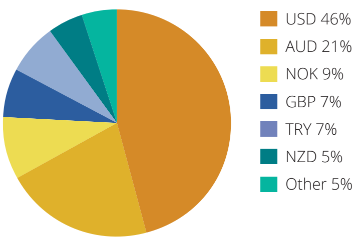
NIB's Own Capital Portfolio has been compared to the duration-adjusted J.P.Morgan's EMU Government Investment Grade Bond Index for a number of years. An alternative to this index was evaluated in 2011, and a customised benchmark produced by Barclays Capital was implemented in February 2012. The latter index includes new asset classes and requires higher minimum credit ratings than the J.P. Morgan index. The new asset classes are inflation linked government bonds, covered bonds and agency bonds.

From the inception of the Barclays Capital benchmark, the return on an annualised basis was 5.80% and thus underperformed the benchmark's return of 6.39%. The European crisis has affected yields downwards, and the primary factor behind the underperformance versus the benchmark is the lower duration of the portfolio. While the performance was positive for inflation-linked bonds and covered bonds, performance on government bonds and agencies was below the benchmark.

NIB's externally managed fixed income trading portfolios, which have the objective of increasing returns and diversifying risks, had positive returns for two out of three managers in 2012. The overall performance was positive for the seventh consecutive year. The internal interest rate portfolio, with similar guidelines as those used for the external managers, also had a positive return in 2012.

New borrowings

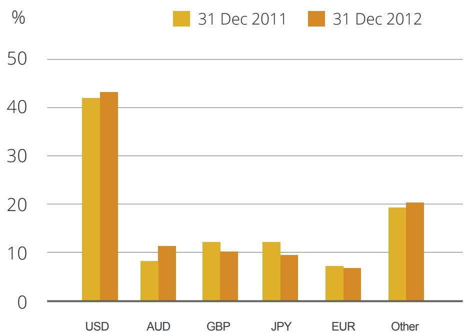
Currency distribution 2012



The sum of the percentage shares may not total 100% due to rounding

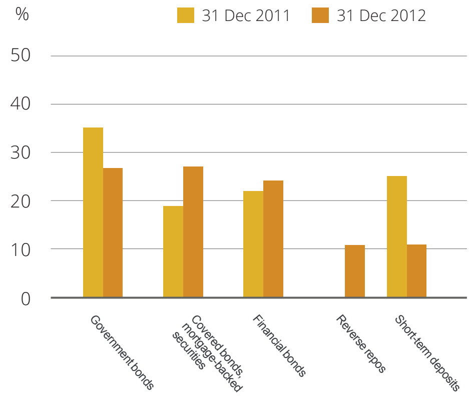
Borrowings outstanding

Currency distribution



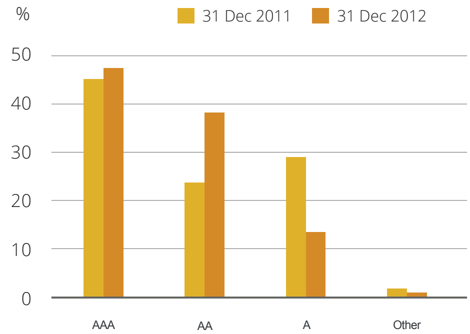
Liquidity

Distribution by instrument



Liquidity

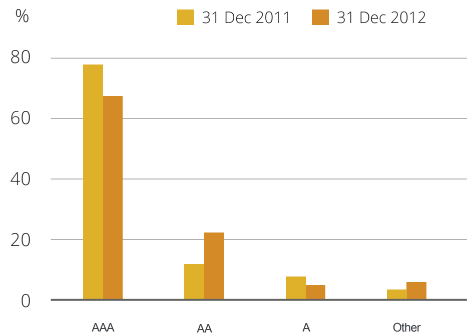
Rating* distribution by instrument



* NIB's internal rating.

Own Capital Portfolio

Distribution of securities by external rating



Mandate, mission and impact

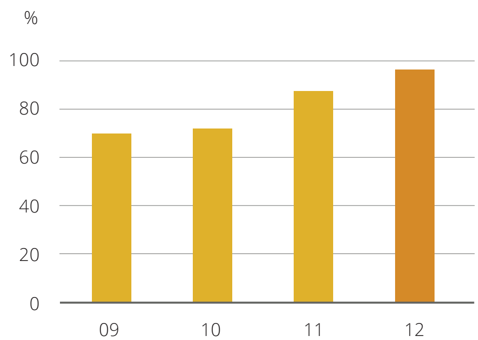
Mandate fulfilment

To receive financing from NIB, a project must fulfil the Bank's mandate of strengthening the competitiveness of the Nordic-Baltic countries and enhancing the environment.

In 2012, NIB's mandate fulfilment for agreed lending improved from the previous year. The share of new loans with a mandate rating of good or excellent was at an all-time high of 96%.

Mandate fulfilment

Share of agreed loans rated good or excellent



Notably, 30% of NIB's overall lending was rated as 'excellent' in 2012. Moreover, the Bank expects a large portion of still unallocated loans via financial intermediaries to also reach a high mandate rating. This means that nearly all lending in 2012 was at the high end of NIB's quality and impact scale.

About 80% of NIB's agreed lending scored 'good' or 'excellent' on the competitiveness mandate. Most of it was based on infrastructure investments, productivity-enhancing corporate capital investments, new entries into—or improved access to—emerging markets, and support for R&D. These are all important channels through which NIB's lending helps to strengthen member country competitiveness.

Projects that received a high environmental mandate fulfilment were mainly in the energy sector (e.g. renewable energy projects), the public transport sector (e.g. rail and public transport infrastructure projects), as well as projects focused on sustainable buildings and energy efficiency.

Environment and competitiveness

Strengthening competitiveness

Financing projects that boost company efficiency is the most direct way for NIB to strengthen the economic competitiveness of its Nordic-Baltic member area. Naturally, the first question NIB asks its customers concerns the extent to which their planned projects will contribute to improving efficiency and productivity.

The framework used for assessing the competitiveness impact considers effects both at the company level and on a broader scale. The greatest emphasis is placed on factors that determine the economic competitiveness of the member countries. Here, NIB distinguishes between internal factors that businesses can influence directly, and external factors of the business environment.

The Nordic and Baltic countries typically rank well on international competitiveness indices. These indices rank countries on the basis of existing institutions, policies and factors that determine the level of productivity. To improve well-being in societies of aging populations amid slow growth in the global economy, countries must continuously seek new ways to improve and strengthen productivity.

In 2012, NIB contributed more than ever to advancing the competitive edge of the Nordic-Baltic area.

The Bank financed a considerable number of infrastructure projects in energy, transportation, logistics and telecommunications. NIB also financed significant projects related to innovation, R&D, and productivity-enhancing purchases of machinery, equipment and IT-solutions for manufacturers and service providers.

Enhancing the environment

The other key eligibility criterion for lending is related to enhancing the environment. NIB does this by providing loans and guarantees facilitating the transition to a more environmentally sustainable society.

Defining and limiting the scope for the analysis is the first step in assessing mandate fulfilment. For every project NIB assesses:

- peer group performance
- best available improvement
- absolute positive environmental impact.

Environmental impact is measured using a six-degree scale, including a negative rating which is not applicable for competitiveness. Similar to the assessment of competitiveness impact, the environmental assessment covers the potential impact as well as the risk that the estimated benefits of the project will not be realised.

Environmental financing

Environmental issues are inherent in NIB's daily activities and integrated into the Bank's overall management systems. The Bank's environmental analysts and loan officers work in close cooperation to identify and manage environmental loans.

Environmental opportunities in projects include resource efficiency, waste minimisation, recycling and cleaner production. In particular, the Bank finances projects that reduce greenhouse gases, decrease nutrient run-off into the Baltic Sea, improve energy efficiency and add renewable energy capacity. Furthermore, research and development as well as adaptation to climate change are covered by the Bank's environmental financing.

NIB calculates the impact that financed projects has on greenhouse gas emissions. Both direct and indirect impacts are taken into consideration. Considering that NIB finances a share of the total project cost, the reported impact on greenhouse gas emissions and nutrient discharges is an equal share of each project's total greenhouse gas or nutrient impact.

The estimated emissions reductions of long-term loan programmes with an exclusive purpose are concluded similarly as for the projects that the Bank finances directly. Where it is not possible to estimate the greenhouse gas impact of a long-term loan programme upon approval, the estimate is made retrospectively.

In addition to reducing the emissions of greenhouse gases, many projects lead to a direct and indirect decrease in other atmospheric pollutants, such as nitrogen oxides and sulphur oxides that affect air quality. With regard to nutrient discharges, NIB does not take into account the indirect nitrogen uptake of the Baltic Sea via the deposition of airborne nitrogen oxides.

In early 2013, NIB agreed to harmonise the method of reporting greenhouse gas emissions with a group of other international financial institutions. Reported CO_2 emissions are therefore not comparable to what has been reported in previous annual reports.

NIB estimates it has contributed to a reduction of 300,000 tonnes of carbon dioxide emissions through the projects it financed in 2012. NIB's financing of renewable energy projects, such as wind power, bioenergy and existing hydropower, contributed the most to decreasing greenhouse gas emissions in 2012.

NIB estimates it helped reduce discharges of 130 tonnes of phosphorous into the Baltic Sea in 2012.

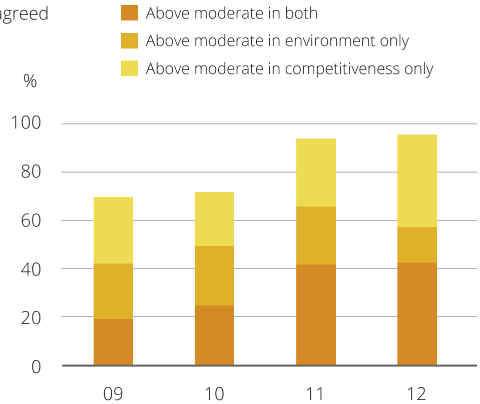
The Bank also contributed to reducing the release of 590 tonnes of nitrogen during the same year. The charts below summarise the nutrient-reducing and climatological impacts of the Bank's financing.

Agreed loans 2012

By mandate rating

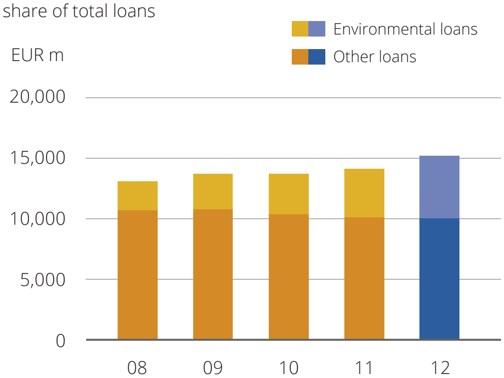
Mandate rating

Loans agreed

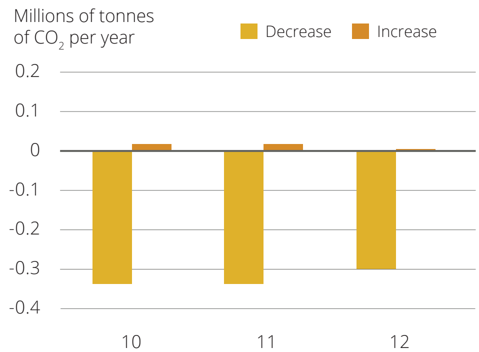


Environmental loans outstanding

As a share of total loans

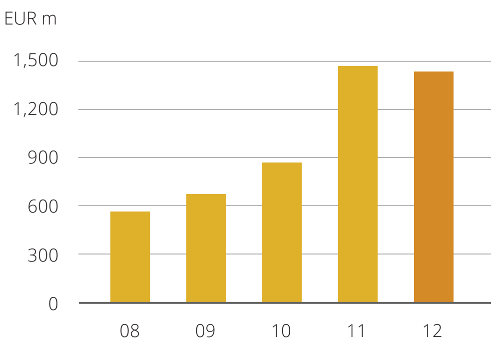


CO_{2*} impact of NIB's financing



* CO_2 is CO_2 equivalents.

Environmental loans agreed



Discharges into the Baltic Sea

Substance	Estimated reductions, 2010	Estimated reductions, 2011	Estimated reductions, 2012
Phosphorous	No agreed projects	Two loan programmes with financial intermediaries Absolute reductions not estimated	130 tonnes annually[1]
Nitrogen	No agreed projects	Two loan programmes with financial intermediaries Absolute reductions not estimated	590 tonnes annually[2]

[1] 130 tonnes of phosphorous is equivalent to the annual discharges from a wastewater treatment plant with approximately 7.4 million inhabitants connected.

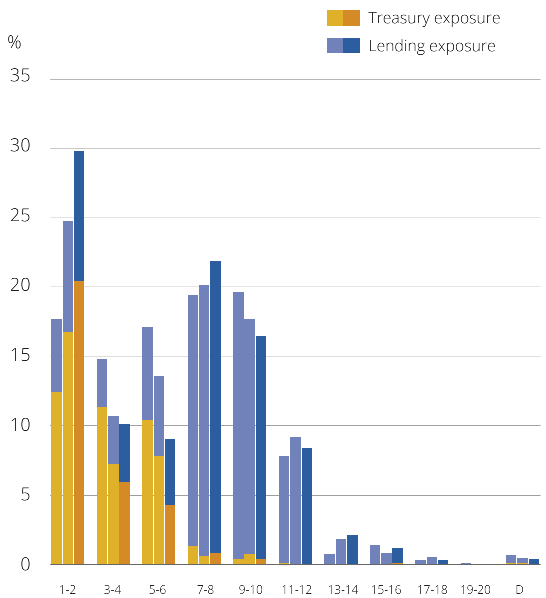
[2] 590 tonnes of nitrogen is equivalent to the annual discharges from a wastewater treatment plant with about 1.9 million inhabitants connected.

In 2012, approximately 80% of phosphorus reduction and about 90% of nitrogen reduction came from financing upgrades to wastewater treatment plants in Brest and Grodno, Belarus.

Risk management

Nordic Investment Bank assumes a conservative approach to risk-taking. Its Statutes require that loans be made in accordance with sound banking principles, that adequate security be obtained for the loans and that the Bank protects itself against the risk of exchange rate losses. The Bank's risk tolerance is defined by a set of policies, guidelines and limits aimed at maintaining strong credit quality, stable earnings and a level of capital required to maintain its AAA/Aaa rating. Management of NIB's main risks—credit risk, market risk, liquidity risk and operational risk—is closely integrated into the Bank's business processes.

Total exposure by NIB rating



The risk classes range from 1 (highest credit quality) to 20 (lowest credit quality). D indicates default.
Left bar: 31 Dec 2010, Middle bar: 31 Dec 2011, Right bar: 31 Dec 2012

Credit risk

Credit risk is the risk that NIB's counterparties fail to fulfil their obligations and that any collateral held does not cover claims. As a general principle, the Bank limits the maximum amount granted as a loan or guarantee for a single project to 50% of the total project cost.

NIB's credit enhancement policy requires that the Bank should rank at least equal to that of other senior lenders. NIB also includes clauses in the loan documentation designed to provide early warning if the credit quality of a borrower were to deteriorate. Compliance with existing credit limits is monitored regularly, and for treasury counterparties, limit compliance is monitored on a daily basis.

The credit quality of the Bank's lending and treasury exposure remained sound in 2012, despite continued weakness in the economic environment and some counterparties facing difficulties. The credit exposure in the best risk classes (1–2) increased, mainly driven by the treasury portfolio. The exposure in the weakest risk classes (14–20) was almost unchanged compared to the previous year and remained on a low level in relation to the total portfolio.

There was no material deviation in the geographical and sectoral distribution compared to the previous year. At year-end 2012, the member countries accounted for 77% of the total lending exposure and 39% of the treasury exposure. The quality of loans in the member countries remained sound and stable with 85% in the investment grade category (risk classes 1–10). Of the lending in non-member countries, 70% was in the investment grade category.

In the treasury portfolio there was a shift into the top two risk classes, which accounted for 64% of the total exposure compared to 50% at year-end 2011. The duration in the portfolio was lowered. The Bank's exposure to Southern Europe was reduced and mainly comprises debt secured by mortgages. As in recent years, a major part of the Bank's total credit exposure was to the financial sector, the public sector and to utilities. The concentration in terms of exposure to individual counterparties was fairly unchanged with the twenty largest exposures accounting for 31% of the total credit exposure.

Market risk

Market risk includes, i.a. the risk that losses are incurred as a result of movements in exchange rates and interest rates. NIB funds its operations by borrowing on international capital markets and often provides loans in currencies other than those borrowed. Furthermore, the funds borrowed often have interest rate structures differing from those applied in the loans provided to the Bank's customers. NIB's Treasury uses derivatives to hedge the exposure to interest rate risk and exchange rate risk arising from mismatches in lending and underlying borrowing. Any residual risk is kept to a minimum under limits set by the Board of Directors. The limits are low compared with the Bank's capital and they are reviewed annually.

Liquidity risk

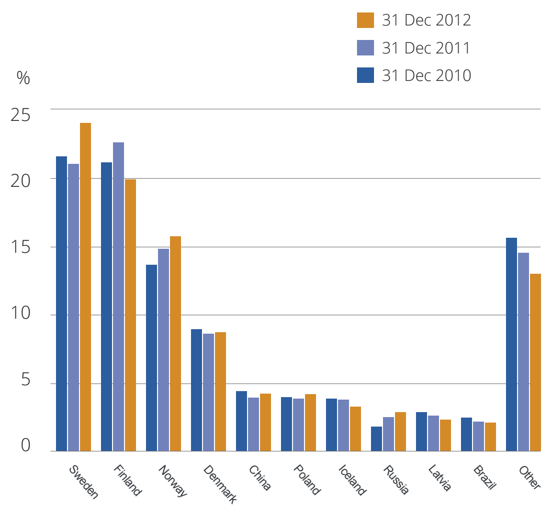
The Bank manages liquidity risk to ensure that all payment obligations can be met punctually and that core activities are carried out at a reasonable cost. A cornerstone is the Bank's established funding programmes supported by the highest possible credit rating assigned to the Bank by the major international rating agencies. The Bank's AAA/Aaa issuer credit rating was affirmed by S&P and Moody's in 2012 with a stable outlook.

At year-end 2012, the Bank's liquidity portfolio and short-term cash instruments covered its estimated liquidity requirement for 344 days. When including the own capital portfolio, the available liquid assets were sufficient to cover the need for 644 days.

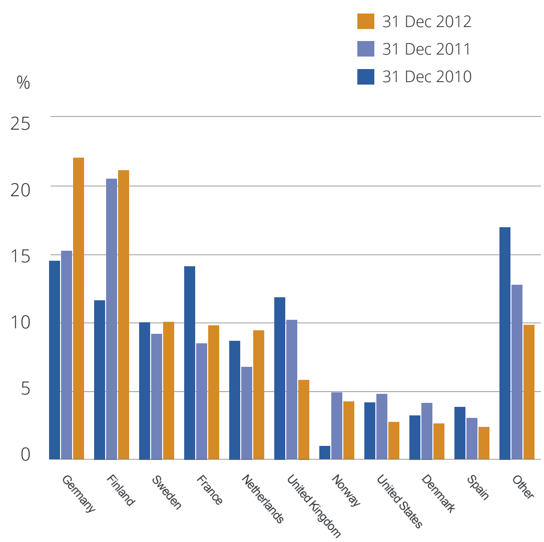
Operational risk

The Bank defines operational risk as the risk of direct or indirect losses or damaged reputation due to failure attributable to technology, employees, processes, procedures or physical arrangements, including external events and legal risks. NIB manages operational risk proactively to ensure business continuity, information accuracy and the expertise and integrity of the Bank's personnel and its adherence to established rules and procedures. The Bank is continuously developing its information and communication systems. A main principle for mitigating operational risk is the separation of business-generating functions from recording and monitoring functions.

Lending exposure by 10 largest countries



Treasury exposure by 10 largest countries



Risk organisation of NIB

Control Committee

The Control Committee is the Bank's supervisory body and ensures that operations are conducted in accordance with its Statutes.

Board of Directors

The Board of Directors approves new loans, sets the limits for maximum risk exposure and authorises the Bank to borrow in the capital markets.

Executive Committee

The Executive Committee, a forum addressing policy and management issues, meets about twice a month. Together with the Asset and Liability Committee it has the overall responsibility for the Bank's risk management.

President and CEO

The President is responsible for managing the Bank's risk profile.

Credit Committee

The Credit Committee reviews and prepares decision-making on new loans for the Board of Directors and meets weekly.

Finance Committee

The Finance Committee handles market-, counterparty- and liquidity risk and monitors the Bank's borrowing activities. The committee meets monthly.

Asset and Liability Committee

The Asset and Liability Committee, is a forum for strategic balance sheet planning and it meets at least quarterly. Together with the Executive Committee it has the overall responsibility for the Bank's risk management.

The Bank's business units, Lending and Treasury, are responsible for the day-to-day management of all risks assumed through their operations and for ensuring that an adequate return for the risks taken is achieved.

The Risk and Finance unit has the overall responsibility for measuring, monitoring and reporting on risks across risk types and organisational units.

The Credit and Analysis unit is responsible for assessing and monitoring NIB's credit risk and for overseeing that credit proposals are in compliance with established limits and policies.

The Legal department carries the responsibility for minimising and mitigating the Bank's legal risks.

The Compliance function monitors and reports on compliance risk relating to the Bank, its operations and the personal conduct of staff members.

Internal Audit provides independent evaluation of all controls, risk management and governance processes.

Human resources

Staff

NIB had 182 employees in permanent positions, of which 82 were women and 100 men at the end of 2012. In addition, five employees worked in temporary positions on project basis. Together they represented 13 nationalities. During 2012, the average number of employees in permanent positions was 180.

Exit turnover for permanent staff was 6.7% as 12 employees left the Bank in 2012.

The average age of NIB's permanent employees was 45.5 years, and the average length of service was 11.2 years.

NIB's employees are staff members of an international financial institution. Based on the Bank's legal status, the labour laws or other legislation of the host country, Finland, or any other member country, do not automatically apply to its employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions.

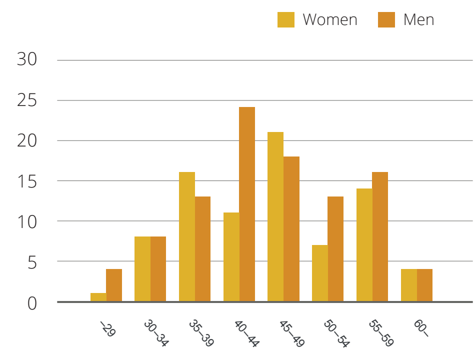
For more information about NIB's employees, please see Note 5 in the Financial Report at annual.nib.int/2012.

In order to gather information on how staff perceives the realisation of equality at NIB, the Bank conducted in 2012 a Survey on Gender Equality and Diversity. The results show that the Bank is formally at a good level concerning equality and the legal framework.

The findings of the survey will be taken into account in NIB's revised equality plan. The aim is to better anchor equality throughout the organisation and to raise awareness of its importance. NIB is constantly developing and improving rules and regulations to achieve this goal.

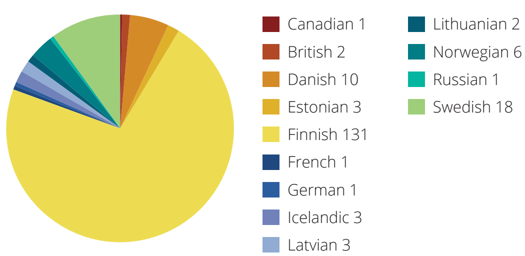
Staff structure by age group and gender

As of 31 Dec 2012



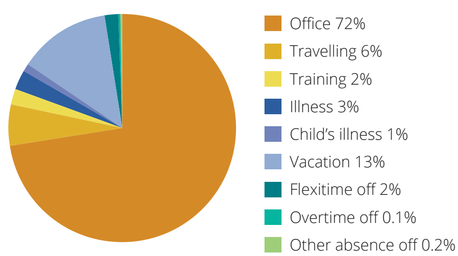
Nationality of employees

As of 31 Dec 2012



The sum of the percentage shares may not total 100% due to rounding

Working days 2012



The sum of the percentage shares may not total 100% due to rounding

Executive Committee

From the left: Mr Juha Kotajoki, Mr Henrik Normann, Mr Gunnar Okk, Ms Hilde Kjelsberg, Mr Lars Eibeholm, Mr Thomas Wrangdahl, Mr Heikki Cantell

Mr Henrik Normann
(1953)
President and CEO, joined NIB in 2012
Master of Arts, History and Political Science, Copenhagen University
Harvard Business School AMP

Mr Thomas Wrangdahl
(1957)
First Vice-President, Head of Lending, joined NIB in 2012
Master of Law, University of Lund
Master of Science, Stockholm School of Economics

Mr Heikki Cantell
(1959)
General Counsel, Head of Legal Department, joined NIB in 2007
Master of Law, University of Helsinki
Postgraduate degree in Commercial Law, University of Paris II

Mr Lars Eibeholm
(1964)
Vice-President, Head of Treasury, joined NIB in 2007
HD-Master's Degree in Finance and Credit, Copenhagen Business School

Ms Hilde Kjelsberg
(1963)
Vice-President, Head of Credit & Analysis, joined NIB in 2006
M.Sc., Norwegian School of Economics and Business Administration
AFF Management programme for young leaders

Mr Juha Kotajoki
(1959)
Vice-President, Head of Risk & Finance, CFO, joined NIB in 1986
B.A., University of Turku

Mr Gunnar Okk
(1960)
Vice-President, Head of Business Intelligence & Administration, joined NIB in 2006
M.Sc., Tallinn University of Technology

Report of the Board of Directors

The euro area sovereign debt and banking crisis influenced the economic landscape of 2012. Significant progress was nevertheless made amid the uncertainty, most notably as a result of actions taken by the ECB, IMF, EU and euro zone member countries. In 2013, output from the EU is expected to stagnate due to the weight of continued financial sector and household deleveraging and public sector austerity measures. However, the Nordic-Baltic region should continue to grow slowly and to outperform relative to European markets.

Under these circumstances, demand continued for NIB's long-term loans. Lending activities developed broadly in line with the Bank's targets, with signings of loan agreements of EUR 2,366 million. Disbursements reached EUR 2,355 million, signalling a clear increase from the previous year (EUR 1,946 million). Of all loan agreements, 96% were projects with high mandate fulfilment in terms of competitiveness and the environment.

NIB's funding activities continued to benefit from the highest possible credit rating and the relatively stable financial environment in the Nordic countries, which have been seen as a safe haven for investors during the financial crisis. NIB raised EUR 4.4 billion in new funding during 2012.

The Bank's profit for the period amounted to EUR 209 million (2011: EUR 194 million).

Mandate fulfilment

In 2012, NIB continued to finance projects that improve the competitiveness and environment of the Nordic-Baltic region. This is measured by so called mandate fulfilment, which was emphasised in the Board of Governors' decision to increase the Bank's capital. The decision entered into force in February 2011.

In 2012, mandate fulfilment for agreed lending improved from the previous year. The share of loans reaching a good or excellent mandate was at an all-time high of 96%. Similarly, nearly 90% of loans were allocated to the focus sectors[1] identified as a priority in connection with the capital replenishment. It is further expected that a large portion of the still unallocated loans to financial intermediaries will reach a high mandate. This means that nearly all lending in 2012 was at the high end of NIB's quality and impact scale.

Most projects with high competitiveness impact were infrastructure investments, productivity-enhancing corporate capital investments, new entries into—or improved access to—emerging markets and support for R&D. These are all important channels through which NIB's lending helps strengthen member country competitiveness.

Environmental projects were mainly in the energy sector (e.g. renewable energy projects), the public transport sector (e.g. rail and public transport infrastructure projects) as well as projects focusing on sustainable buildings and energy efficiency. In addition, projects reducing nutrient discharges into the Baltic Sea continued in 2012.

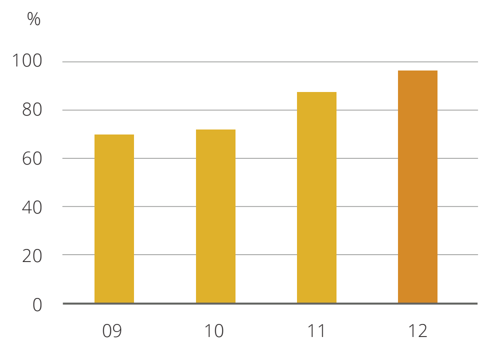
The Board of Directors decided to allocate another EUR 1 billion under its Climate Change, Energy Efficiency and Renewable Energy (CLEERE) lending facility. Since the facility was launched in 2008, NIB has committed EUR 4 billion to projects aimed at promoting renewable energy, energy efficiency and other measures for abating and adapting to climate change. NIB estimates that the share of its projects agreed in 2012 could reduce CO_2 emissions by 300,000 tonnes annually.

In March 2012, the Bank's revised Sustainability policy and guidelines entered into force. The policy covers the environmental and social aspects of the sustainability concept. It replaced the Environmental policy and guidelines adopted in 2008. The policy and guidelines provide criteria for assessing the environmental and social impacts of every loan application. A proposed project can be rejected due to non-compliance with the policy. The policy also specifies activities not eligible for NIB financing.

In response to the effects of the financial crisis in its member countries, the Board of Directors decided in 2011 to set up a new lending facility, the NIB Refinancing Facility (NRF), of EUR 500 million. Although there was ample demand for NIB's long-term lending, member country companies did not see a need to draw on this temporary short-term refinancing facility.

Mandate fulfilment

Share of agreed loans rated good or excellent



Lending activities

In 2012, NIB's lending activities developed well. The Bank signed 42 loan agreements for a total of EUR 2,366 million. The disbursement of loans rose to EUR 2,355 million, an increase compared to EUR 1,946 million during 2011.

The Infrastructure, transportation and telecom was the largest business area with one third of all newly agreed loans, directed towards road construction, railways, ports and broadband and mobile phone networks. This was followed by the Energy and environment sector accounting for slightly above one fifth of new lending. Projects in this sector are related to energy transmission and distribution, renewable energy, combined heat and power plants, waste to energy and wastewater treatment.

The Heavy industry and mechanical engineering sector as well as the Consumer goods and services sector each accounted for slightly less than one fifth of new lending. In the former, key focus was on research and development and energy efficiency, while in the latter food production and eco-efficient buildings were the main focus.

In addition, NIB makes loans available to financial intermediaries, which in turn finance smaller projects in the SME sector. This sector accounted for close to one tenth of new loans.

NIB defines loans to projects with significant direct or indirect positive environmental impacts as environmental loans, regardless of the industrial sector in which they occur. Environment-related lending accounted for 60 % of agreed loans in 2012.

In total, 79 % of lending was for investments within the membership area.

NIB continued to closely monitor the Bank's loan portfolio in order to identify and mitigate possible problems among existing borrowers. The loan book continued to show good credit quality with only a few new problem loans being encountered. The uncertainty of the economic outlook requires continued vigilance in the Bank's credit process.

Treasury activities

NIB's funding costs were stable during 2012 and again very favourable, especially after financial swaps where costs were some of the lowest in the Bank's history. A new regulation for commercial banks to hold more capital and liquidity for entering into swap transactions did not affect NIB's overall funding costs during 2012.

NIB borrowed a total of EUR 4.4 billion in eight different currencies through 28 transactions. In line with previous years, NIB issued USD benchmarks, totalling EUR 1.7 billion. The average maturity of the new funding was 5.5 years.

[1] Focus sectors: Environment; energy; transport, logistics and communications; and innovation.

Lending

(In EUR million unless otherwise specified)	2012	2011
Energy and environment	525	868
Infrastructure, transportation and telecom	744	780
Heavy industry and mechanical engineering	473	199
Consumer goods and services	426	312
Financial institutions and SME's	198	450
Loans agreed, total	2,366	2,608
Member countries	1,880	2,130
Non-member countries	487	478
Loans disbursed, total	2,355	1,946
Member countries	1,979	1,593
Non-member countries	376	353
Number of loan agreements, total	42	47
Member countries	33	37
Non-member countries	9	10
Loans outstanding and guarantees	15,131	14,157
Member countries	12,241	11,268
Non-member countries	2,930	2,889
Collective impairment	-40	-
Repayments and prepayments	1,530	1,835

During the year Standard & Poor's rating services revised their methodology for multilateral lending institutions. NIB's long- and short-term issuer credit ratings were confirmed at 'AAA/A-1+' with a stable outlook.

Despite the very low yield environment in the Nordic area the Bank managed to increase its net interest income compared to the same period last year. Management of liquidity benefitted from the improved money market conditions and the general credit spread tightening.

Risk management

Overall, the credit quality of the Bank's lending and treasury exposure remained sound in 2012, despite continued weakness in the economic environment and some counterparties facing difficulties. The credit exposure in the best risk classes (1-2) increased, mainly driven by the treasury portfolio. The exposure in the weakest risk classes (14-20) was almost unchanged compared to the previous year and remained on a low level in relation to the total portfolio.

There was no material deviation in the geographical and sectoral distribution compared to the previous year. At year-end 2012, the member countries accounted for 77% of the total lending exposure and 39% of the treasury exposure. The quality of loans in the member countries remained sound and stable with 85% in the investment grade category (risk classes 1-10). Of the lending in non-member countries, 70% was in the investment grade category.

In the treasury portfolio there was a shift into the top two risk classes, which accounted for 64% of the total exposure compared to 50% at year-end 2011. The duration in the portfolio was lowered. The Bank's exposure to Southern Europe was reduced and mainly comprises debt secured by mortgages. As in recent years, a major part of the Bank's total credit exposure was to the financial sector, the public sector and to utilities. The concentration in terms of exposure to individual counterparties was fairly unchanged with the twenty largest exposures accounting for 31% of the total credit exposure.

In 2012, the Bank continued to put emphasis on the follow-up of its customers and counterparties.

Financial activities

(In EUR million)	2012	2011	2010
New debt issues	4,355	2,887	4,120
Debts evidenced by certificates at year-end	20,332	18,433	19,944
Number of borrowing transactions	28	43	65
Number of borrowing currencies	8	11	11

Financial results

NIB recorded a profit of EUR 209 million, compared with a profit of EUR 194 million in 2011. The change in profit mainly reflects higher net interest income and positive valuations on financial instruments in the Treasury portfolios. Net interest income improved by 10.2% to EUR 252 million. Operating income was up 24.5%.

The Bank increased the loan impairment charge due to its revised method for collective impairments. The new method is based on historical loss experience and is commonly used in the banking sector for estimating collective impairment. The new collective impairments were EUR 40 million. Individually assessed loan loss provisions were EUR 16 million.

Costs are in line with 2011, and total expenses amounted to EUR 38 million (2011: EUR 37 million. The average number of employees was 180 (2011: 175).

The Bank's total assets reached EUR 26 billion at 31 December 2012 (2011: EUR 24 billion). Lending volumes increased. The total amount of loans outstanding increased to EUR 15.1 billion (2011: EUR 14.2 billion). The amount of loans disbursed increased to EUR 2.4 billion (2011: EUR 1.9 billion). Loans were provided for projects within the sectors of power generation and supply, renewable energy, sustainable transport infrastructure, research and development and in other sectors.

Return on equity 2012 was 8.1%.

Key figures

(in EUR million)	2012	2011	2010
Net interest income	252	228	234
Profit/loss on financial operations	43	8	39
Loan impairments	56	12	38
Profit/loss	209	194	211
Equity	2,666	2,456	2,262
Total assets	25,983	23,802	24,989
Solvency ratio (equity/total assets %)	10.3%	10.3%	9.1%
Cost/income ratio	13.1%	13.6%	12.2%

Dividend

The Board of Directors proposes to the Board of Governors to resume dividend payments and that EUR 52 million be paid as dividends to the Bank's member countries for the year 2012.

Governance and organisation

The year 2012 marked a change in the presidency of the Nordic Investment Bank. The Board of Directors appointed Henrik Normann as President and Chief Executive Officer of the Bank. Mr Normann took up his position on 1 April 2012 when Johnny Åkerholm retired.

In 2012, NIB made some organisational adjustments. NIB's office premises in Copenhagen, Stockholm and Oslo were closed. NIB will continue with its local representatives in China and Russia. The re-organised lending function is managed by First Vice-President and Head of Lending Thomas Wrangdahl, who took up his position on 1 September 2012. The origination of loans and client relationships are now managed on a sectoral basis in a single Origination unit.

In 2012, NIB also established a new Asset and Liability Committee with the objective of assessing all risks and overall capital adequacy.

The Board of Directors approved amendments to the Code of Conduct for the staff. The main changes related to additional restrictions in trading with financial instruments.

Rolandas Kriščiūnas was the Chairman of the Board.

Outlook

NIB assumes that demand for financing will be led by refinancing needs. New investment demand will likely remain weak due to lingering uncertainties regarding the economic outlook. On the supply side, long-term financing is expected to remain limited. As such, NIB's long-term lending should take on increased relevance as a complement to other funding sources, while helping to improve the sustainability and competitiveness of its customers and member countries.

Proposal by the Board of Directors to the Board of Governors

The Board of Directors' proposal with regard to the financial results for the year 2012 takes into account the need to keep the Bank's ratio of equity to risk weighted assets at a secure level, which is a prerequisite for maintaining the Bank's high creditworthiness.

In accordance with section 11 of the Statutes of the Bank, the profit for 2012 of EUR 209,205,181.00 is to be allocated as follows:

- EUR 157,205,181.00 is transferred to the General Credit Risk Fund as a part of equity;
- no transfer is made to the Special Credit Risk Fund for Project Investment Loans;
- no transfer is made to the Statutory Reserve - the Statutory Reserve amounts to EUR 686,325,305.70 or 11.2% of the Bank's authorised capital stock as of 31 December 2012; and
- EUR 52,000,000.00 is made available for distribution as dividends to the Bank's member countries.

More information can be found in the statement of comprehensive income, statement of financial position, changes in equity and cash flow statement, as well as in the notes to the financial statements.

Helsinki, 7 March 2013

Rolandas Kriščiūnas

Pentti Pikkarainen

Kaspars Āboliņš

Gisle Glück Evensen
on behalf of
Silje Gamstøbakk

Sven Hegelund

Jesper Olesen

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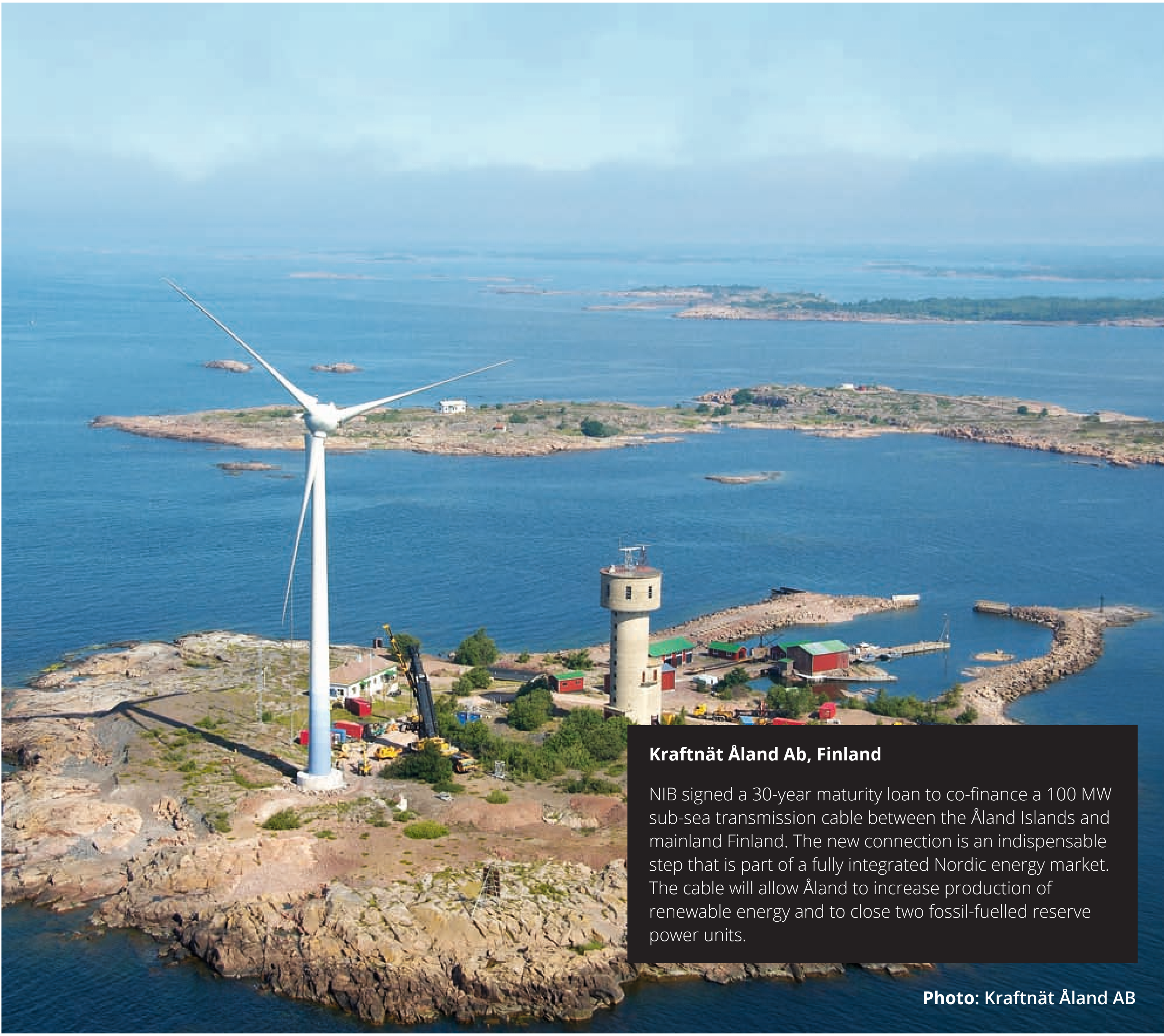
Madis Üürike

Henrik Normann
President and CEO



Kraftnät Åland Ab, Finland

NIB signed a 30-year maturity loan to co-finance a 100 MW sub-sea transmission cable between the Åland Islands and mainland Finland. The new connection is an indispensable step that is part of a fully integrated Nordic energy market. The cable will allow Åland to increase production of renewable energy and to close two fossil-fuelled reserve power units.

Photo: Kraftnät Åland AB

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