

# BULLETIN

NORDIC INVESTMENT BANK • JULY 2002

ENVIRONMENTAL PROJECTS

Nordic industry  
invests in recycling



# Environmental issues are key issues

Martina Uusikylä



» Pollution doesn't respect borders. «

**SINCE THE BEGINNING** of the 1990s, environmental investments have been a priority in NIB's loan operations for two reasons. First, the Nordic countries, the Bank's owners, accord a high priority to environmental protection and sustainable development. Second, pollution doesn't respect borders, which gives environmental work a cross-border character, one of the basic pillars of the Bank's activities.

Sustainable development encompasses environmental as well as economic and social aspects. According to the Brundtland Commission's original definition in the 1987 report *Our Common Future*, sustainable development means providing for today's needs without compromising the prospect of future generations meeting theirs. Certainly a broad consensus prevails on this general definition, but during recent years sustainable development has become much more than just a politically correct phrase. The concept has taken on a more concrete meaning in planning and decision-making both in society and in the economy.

The discussion of sustainable development and environmental issues is a commonplace aspect of NIB activities. All loan applications made to the Bank are subject to an environmental assessment and are classified according to the environmental impact of the proposed project. The social consequences of the proposed project are also taken into consideration. Every year NIB declines a number of loan applications for projects due to their potential detrimental environmental impacts.

**ENVIRONMENTAL INVESTMENTS** partly financed by NIB include projects with both direct and indirect positive environmental impacts. Direct environmental investments include, for example, projects in wastewater treatment, recycling, and flue gas cleaning for industry and power production. Indirect environmental investments include biofuelled power plants and wind power, as well

as investments in new, environmentally sound production technology in industry, such as chlorine-free bleaching in the pulp and paper industry.

At the end of 2001 NIB had a total of over 1.4 billion euro in outstanding loans to environment-related projects. A large number of these loans have gone to specialised environmental investments in the Nordic countries and in their neighbouring areas; many of them have contributed to the reduction of harmful cross-border emissions.

For several years NIB has followed best international practice in dealing with environmental issues. These principles are now specified in the Bank's environmental policy, which was renewed and codified during 2001. An important part of the Bank's environmental work is to increase the environmental knowledge of its staff and the environmental awareness of its loan clients. We have done this through, among other things, gathering cooperation partners for seminars in which we discuss environmental questions. The first environment seminar for financial intermediaries was arranged in Iceland in 1997, with the most recent one this spring in Copenhagen for the Bank's Danish and Swedish financial intermediaries.

**IN RECENT YEARS** NIB has actively supported measures to improve the environment in the Nordic countries' neighbouring areas. This has proceeded parallel with extensive environmental financing in the Nordic countries. The growing Nordic industry and Nordic agriculture are developing in an increasingly environmentally friendly direction. In this issue of the Bulletin we provide a few examples of how Nordic industry contributes to the protection of the environment and to a sustainable development.

Environmental issues are key issues not only at NIB, but also for NIB's clients, some of which are presented on the following pages.

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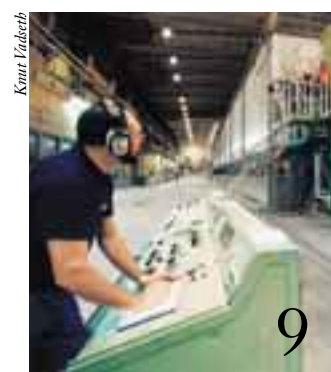
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*Orkester Norden—the Nordic Youth Orchestra—is a joint project to which all the Nordic countries contribute. One of its basic ideas is to make Nordic music more widely known. This year the orchestra will go on tour in China.*

# Say it with music

## JOINT NORDIC PROJECT

The Nordic Youth Orchestra—Orkester Norden—is a joint project involving several Nordic music circles. It is backed by the Council for Music Organisations in Norway, the Confederation of Norden Associations (FNF), Jeunesses Musicales and the Nordic Council of Conservatories, with the Swedish Concert Institute (Rikskonserter) as producer. The orchestra receives funding support from NIB, its main sponsor, the Nordic Council and Nomus (the Nordic Music Committee).

Orkester Norden has the triple purpose of bringing young musicians to the attention of the public, furthering their development and making Nordic music more widely known.

**“IT’S EXCITING, IT’S FUN.** These young musicians are keen, skilful and constructive. ‘Tell me what to do, and I’ll do it’ is their attitude.”

Orkester Norden Manager Chatarina Martinsson strikes an upbeat note. She is the orchestra, the mastermind who makes things happen. The whole operation is rather like a jigsaw, with any number of musical institutions round the table. “The orchestra,” she says, “is a joint Nordic venture from beginning to end”.

Every year, after auditions, about a hundred students from the various colleges of music are selected to play in the symphony orchestra. All of the Nordic countries are represented in the orchestra tours and some youths from the Baltic countries have also participated.

The colleges of music provide players and the symphony orchestras provide eminent coaches. The orchestra has also managed to associate itself with big-name artistic directors such as Esa-Pekka Salonen and Paavo Järvi. Each year a new work is

commissioned from a Nordic composer.

The network surrounding the orchestra is also quite important. It includes, for example, the Lions Club, which provides scholarships.

“Playing in the orchestra has grown more and more attractive since we started ten years ago,” Martinsson continues. “Applicants’ performing standards are also rising.”

**“WE HOPE WE ARE GIVING** the players a good orchestral training. They have the chance of playing with eminent soloists and conductors, and of being taught by the cream of the big Nordic symphony orchestras.”

The repertoire has to be able to attract the best musicians. It is international and varied, and usually includes a big Romantic work by way of extra challenge. This year’s programme includes Stenhammar, Sibelius and Shostakovich, plus the premiere performance of a new work by Norwegian composer John Persen.



*24-year-old Nikolaj Vilttoft is studying at the Royal Danish Academy of Music for a diploma in orchestral performance.*



*Cecilia Johansson, 23, a student at the Norwegian State Academy of Music in Oslo, is playing in Orkester Norden for the second year running.*

Last year's tour went to England and Scotland, where the orchestra received media coverage and good reviews. This year's destination is China, with four performances in two weeks during July.

There will also be concerts nearer home, including Malmö and Copenhagen. The Nordic Council's 50th anniversary celebrations in Helsinki this October will include a concert by the orchestra, to be telecast live in all the Nordic countries.

Trumpeter Nikolaj Vilttoft from Denmark and violinist Cecilia Johansson from Sweden both played in the orchestra last year and will take part in this year's tour of China.

**"ORKESTER NORDEN HAS** meant a lot for my development," says 24-year-old Vilttoft, who is taking the orchestral performance diploma programme at the Royal Danish Academy of Music. "To be a good orchestral player you need a lot of practice. In addition, I get hints on technique and I keep improving my interpretation of the different works."

Cecilia Johansson, 23, who is studying at the Norwegian State Academy of Music in Oslo, has also found the youth orchestra a supremely rewarding experience. "It's a gruelling time," she says, "with so many rehearsals and concerts in such a short space of time, but as an orchestral player I wouldn't miss this for anything. I'm looking forward to China, and I appreciate the contacts the orchestra gives me with other musicians."

**MARTINSSON**, who heads the work of the orchestra, has worked with the big Swedish orchestras and knows what it takes to make things click and people tick. There is no mistaking about her dedication. Talking about the orchestra, the qualities of its musicians and the professional training they receive, she waxes almost lyrical.

She has no doubt about Orkester Norden strengthening the bonds between the Nordic countries. "The players meet young people from other Nordic countries and discover similarities and differences while

making music together. They learn a lot about their Nordic neighbours."

**INVOLVEMENT IN** the orchestra helps to foster international understanding, as well as putting the Nordic area on the map of the musical world.

As Martinsson says: "Who knows, perhaps the audience would like to hear more Sibelius. It's fun, representing the Nordic area with an orchestra of this calibre." ■

# SSAB investment prioritises the environment

“A major success for the environment.” These were the words of Dan Geidemark, manager of Swedish Steel’s (SSAB) coke plant in Luleå, when describing the major environmental investment made last year. The new treatment system is estimated to have reduced dust emissions from the production of coke by four-fifths.

## THIS IS SSAB TUNNPLÅT

SSAB Tunnplåt AB, part of SSAB Swedish Steel, has a turnover of more than 8 billion Swedish kronor and 4,400 employees in Sweden in Borlänge, Luleå, Finspång and Ronneby. It has subsidiaries in Finland, Denmark and several other European countries. SSAB Tunnplåt is the Nordic region’s biggest manufacturer of steel sheet and a European market leader in the development and manufacture of high-strength steels. The company’s coke plant, blast furnace and steelworks are in Luleå. Steel from the steelworks is delivered by rail to Borlänge, the location of the company’s facilities for rolling and coating steel sheet.

The SSAB group is a major and continuous supplier of steel to Denmark, Finland and Norway.

**SSAB’S SUBSIDIARY** in Luleå, Sweden, SSAB Tunnplåt AB, has been confronted with major environmental challenges since the company was formed in 1988. The blast furnace that produces pig iron from iron ore, the steelworks that process pig iron into finished steel and the coke plant that produces coke for the blast furnace are all examples of production and processes with environmental impacts.

The company has been working intensively on continual environmental improvements, primarily focusing on reducing emissions during processing, but also on increased recycling. During the past year, its environmental work has above all concerned reducing dust emissions from the company’s coke plant.

One million tonnes of coal is shipped annually to SSAB in Luleå. In the coke plant battery containing 54 enormous ovens, coal is transformed into coke by exposure to high temperatures. Finished coke is then pushed out of the ovens for further transport to the blast furnace.

**IN 2000**, the company decided on an environmental investment to reduce substantially the emissions that arise when coke is pushed out of the ovens. SSAB invested in a new machine for collecting coke from these ovens: a hood that sucks up dust particles, and a dust filter system.

The investment also makes it possible to reuse most of the emissions recovered during coking. Financing was set up through a long-term loan from the Nordic Investment Bank.

The new facility has been in operation since January this year. According to the continuous measurements that are taken, it is apparent that the company is now fulfilling the emissions requirements of the company’s environmental permit by a good margin. “We have achieved a major improvement, primarily in the working environment,” says Geidemark. “Most of the particles from previous emissions settled on the plant.”

**HANS OLSSON**, environmental manager of the facilities in Luleå, says: “The applicable limit for the new suction system is ten milligrams of dust per cubic metre, but the emissions are now less than five milligrams per cubic metre. This means that the company has reduced its dust emissions from the coke plant by more than 80 per cent compared with last year.

“The coke plant’s ovens are old and will be renovated in the next 12 months. We believe that these measures will lead to a reduction of 90 per cent of the dust”.

SSAB’s environmental work is regulated by an environmental policy with tangible guidelines and measurable goals. The envi-





*Top: The suction hood is formed like a big box. Above: Before the treatment system had been installed, large quantities of dust were spread when finished coke was pushed out.*

## SEK 150 MILLION FOR ENVIRONMENTAL INVESTMENTS

The Nordic Investment Bank has issued a loan of 150 million Swedish kronor for environmental investments at SSAB's coke plant in Luleå. The loan has a term of seven years, a fact that is appreciated by Göran Fritzell, General Manager of SSAB Finance. "Since this is a matter involving major, very long-term investments, it is vital that we secure financing for as long as possible," he says. "It is difficult to obtain long-term loans with good terms on the traditional market. That's the Nordic Investment Bank's strength, to be able to provide such loans. Otherwise our alternative would have been a short-term loan with less favourable terms."

In the past five years, SSAB has invested in major environmental and processing improvements to its blast furnace and steelworks in Luleå. The coke plant investment has led to reduced emissions while the investment in a new blast furnace has indirectly resulted in environmental benefits due to the more efficient use of resources.

Environmental policy dictates that all operations are to be run in a manner that conserves resources and through the efficient use of raw materials, energy and other natural resources. The consumption of resources and energy, in addition to local environmental impact, is decreasing. Seen from an international perspective, these are at low levels.

**THE COMPANY HAS** also drawn up environmental declarations that provide infor-

mation on the environmental impact of the manufacture of steel products. In addition, SSAB is now working on the introduction of the international environmental management system, ISO 14001. The Luleå facilities should be certified by this autumn.

According to environmental manager Hans Olsson, the company has done most of what can be done in order to reduce emissions from its processes. Doing something about the noise levels that affected

residential areas nearby has also been a prioritised issue. In future, measures will focus primarily on reducing emissions from dumps and depots. ■





Hakan Sandberg/Pressen Bild



# Global environmental work for Norske Skog

Norske Skog's environmental strategy emphasises factors relating to forestry and effects on climate. A key concept in this context is sustainable development.

**NORSKE SKOG WAS ESTABLISHED** in 1989 through the merger of several Norwegian paper mills. At that time, environmental issues centred mainly on water discharges and air emissions. The concessions that the Norwegian state granted were conditioned on such strict discharge and emission standards that Norske Skog had to rebuild all its mills. "It was a big leap forward and a good example of how one can solve local problems," says Norske Skog's environmental coordinator, Rune Andersen.

During the 1990s, in step with the expansion of Norske Skog, work on the environment started to take on an increasingly global character. Discharges to water continued to decrease. The focus has shifted more and more to problems concerning forestry and climatic effects.

In 2000 Norske Skog acquired the New Zealand company Fletcher Challenge Paper, which had mills in New Zealand, Australia, Malaysia, Brazil, Chile and Canada. As a result, the group reformulated its environmental policy. "Against this background of expansion, it was obvious to try to think along new lines," Andersen comments.

He explains the fact that forestry began to be seen as an important issue by pointing to the increased interest in sustainable development. A forest is not just trees that grow and are harvested, but is also a place for hiking and hunting.

Sustainability is safeguarded through a certification system. "On the global level there is the FSC (Forest Stewardship Council) certification system. But in Norway we ►

» Whereas the emphasis in environmental work today lies in forestry and climatic effects, the use of chemicals can be expected to be an important issue in the future. «

Knut Væderb



*The wood-processing group Norske Skog is the world's second-largest producer of publication paper, with production in fifteen countries.*

## FACTS ABOUT NORSKE SKOG

The wood-processing group Norske Skog is the world's second-largest producer of publication paper. In 1990 the group's mills were located exclusively within Norway's borders. Today Norske Skog produces paper in fifteen countries on five continents. "We see ourselves as the most global company in the branch," states Jarle Langfjaeran, who is responsible for Norske Skog's investor relations.

Growth has occurred through acquisitions. The latest, and largest, was the acquisition of the New Zealand company Fletcher Challenge Paper in 2000. It was the largest acquisition yet made by a Norwegian company.

NIB has had longstanding, good cooperation with Norske Skog and its Norwegian merger partners. Since the end of the 1970s the Bank has paid out twelve loans, the latest of which provides financing for a recycled fibre plant at the paper mill in Skogn, Norway. The plant has the capacity to process 170 000 tonnes of waste paper annually, which is 70 per cent of the volume of recyclable paper in Norway.



Norske Skog



*Norske Skog's international expansion has occurred rapidly. The mills shown here are located in Norway, top, Tasmania, above left, and Italy, above right.*

- have many small forest owners and it is thereby such a specific situation that the FSC system isn't appropriate," he explains.

The Norwegian certification system is called "Living Forest". It was developed at the end of the 1990s in cooperation among the paper industry, forest owners, state authorities and certain environmental organisations.

The work to reconcile these two systems continues today.

**IN NORSKE SKOG'S** environmental policy it is stated that firms shall prioritise forests that are certified.

*Does this apply also if it is more expensive?*

"Yes, we have paid a bit more for certified

timber," Rune Andersen answers. "But today it is no longer a relevant issue in Norway, since all the timber we buy comes from certified forests."

The criteria for certification are described in greater detail in Norske Skog's environmental report for 2001. The criteria include, among other things, measures to conserve and restore a forest's biological diversity; safeguard the health and vitality of its ecosystem; develop its economic resources; and promote the forest's social functions.

In order to ensure that the forestry is managed in a serious way, inspectors from Norske Skog travel around and check the forests that supply timber to all of the





*Norske Skog's recycled fibre plant in Skogn is partially financed by a loan from NIB.*

group's mills on five continents. "Our policy is to have the same standard everywhere. Implementing it, however, will take time, above all for the mills outside Europe," Andersen adds.

Environmental work involves taking responsibility for what is produced. In Norske Skog's case it is mainly a question of paper for weekly and daily newspapers.

**IN THE BEGINNING OF** the 1990s the Norwegian Ministry of the Environment and Norske Skog introduced a unique form of cooperation to start up the collection of waste paper. A working group with representatives from state authorities, Norske Skog, Norske Avisers Landsforbund, Uke-

pressen's information office, and Kommunenenes Sentralforbund decided to build a new plant for this purpose.

One such plant was built in connection with Norske Skog's mill in Skogn and started operating in September 2000. It is the only recycled fibre plant in Norway and is partially financed with loans from the Nordic Investment Bank.

Andersen notes that: "In Norway one plant is sufficient. If there were more, we would be forced to import waste paper."

He points out that environmental work is an important part of sustainable development, including economic, environmental and social dimensions. "Whereas the emphasis in environmental work today lies in

forestry and climatic effects, the use of chemicals can be expected to be an important issue in the future. Social aspects can also be expected to get increasing attention. Already now we see that companies have begun to replace the environmental report with a sustainable development report." ■

TO ASIA VIA SWEDEN

# Complete recycling of aluminium

Recycling of aluminium is so efficient in Finland that aluminium from an old NMT base station can be used when building a new 3G network.

**THE ALTEAMS OY COMPANY** was founded when three foundries within the Kuusakoski Group merged at the beginning of the year. The structural changes within the company continued in the spring, when Alteams acquired its Swedish competitor, Stilexo Industri AB. The Nordic Investment Bank participated in the financing of the acquisition.

Alteams is an example of a Finnish SME that has become an industry leader through specialisation. "Recycling raw materials and reusing them proves Kuusakoski's expertise. This is a business model that we hope will become more common," says Asko Heilala, NIB's Deputy Regional Manager.

Alteams is now one of the Nordic region's largest manufacturers of cast aluminium components.

"A lot has happened in the past six months," says Panu Routila, Alteams' Managing Director.

The objective of the acquisition was to strengthen Alteams' position in Scandinavia and also in Asia, since Stilexo owns a factory in China. "In order to compete in Asia, products must be manufactured there," he adds.

"Stilexo's factory in Jönköping is a day closer to mainland European markets than Finland is," continues Routila.

It is in the best interests of Panu Routila and the owners to make Alteams a more international company. Alteams has 600

employees and is aiming for a turnover of some 100 million euros.

Routila is realistic about mergers and acquisitions: "They're easy to make, but a real challenge to implement." He says a merger is successful only if it is based on common sense and the will to realise a good industrial strategy.

**THROUGH ACTION**, one can succeed in adapting various corporate cultures to each other. "During a takeover, it is important to avoid speaking abstractly about uniting corporate cultures and instead start solving tangible issues immediately. If you succeed with this, integration will also succeed," Routila says.

Alteams' industrial strategy is to produce processed, cast-aluminium components and pursue customer-oriented partnerships. "In future, customer service will take place at one location. Before, customers were sometimes forced to be in contact with several levels and two or three different people," says Routila.

Alteams obtains its raw material, recycled aluminium, from the Kuusakoski-owned Heinola smelting plant in seven-kilogram cast aluminium blocks. Aluminium has always been particularly important to Kuusakoski, because the Group has been able to process the metal in its own foundries.

Alteams manufactures many types of aluminium components and cast-aluminium



Matti Tirkkonen

*Alteams' Managing Director, Panu Routila (right), says that 2002 has been an eventful year. To the left, Financial Director Matti Tirkkonen.*





*Alteams is one of the Nordic region's largest manufacturers of cast-aluminium components. Recycled aluminium is used in production.*

products for telecommunications companies, the automotive and electrical industries, and to medical equipment companies. Production must be as flexible as possible and it must be easy to switch from one product to the next.

**ALTEAMS' ALUMINIUM COMPONENTS** can be found in mobile telephones and base stations. Recycled aluminium can come from old NMT base stations and then be used in new 3G networks and, in future, in 4G networks, making recycling complete.

"The volumes in the telecommunications industry have fallen slightly. On the other hand, a lot of things are happening there and change happens quickly," says Routila.

The automatic production processes at a modern aluminium foundry are reminiscent of a high-tech company.

**ALUMINIUM IS A UNIQUE MATERIAL** in that it is difficult to replace with another type of metal or plastic. "The most important property of aluminium is its mouldability. By using construction joints, many work phases can be skipped during assembly," says Routila.

Other good properties of aluminium are its strength and its conductivity for heat and electricity. Nowadays, it is also important that aluminium is recycled as much as possible. "Customers value recycled aluminium. This is something that they can use when marketing, just like we do," he says. ■

## KUUSAKOSKI GROWING FOR GLOBAL MARKETS

Alteams Oy's parent company, Kuusakoski Group, is a metal recycling company with operations around the world. The company offers recycling services and processes scrap metal into raw materials for industry. Each year, the company reduces global waste by 120,000 tonnes. Last year, the Kuusakoski Group had a turnover of 443.4 million euros and had 1,700 employees.

Kuusakoski's Vice President of Corporate Planning, Esko Mustonen, is pleased with the new Alteams company. "We succeeded in structuring the old foundry group's operations," he says. "Alteams now has new potential for fulfilling customer needs even better."

Kuusakoski also carried out other acquisitions within recycling in the beginning of the year. A recycling company these days must be of a certain size in order to function globally.

"This has long been a family-business type of operation. Industrialisation, consolidation and increased volumes arose late in the industry," says Mustonen, describing developments in the recycling sector.

On the other hand, a small, local recycling facility can also be profitable.

EU directives now place greater demands on international electronics companies, which must increasingly set up recycling systems. Kuusakoski must also observe these regulations as a supplier of recycling products and services.





## UNIQUE ENVIRONMENT

The archipelago is a unique environment that, apart from the regions of the Nordic countries, exists in only a few places in the world. These pictures are taken in Stockholm's archipelago by photographer Claes Grundsten. Over the years, he has published some fifteen nature books.



BO GÖRAN ERIKSSON, NIB'S DEPARTING CHAIRMAN OF THE BOARD:

# Time to take a stand on the Baltic

Last year's anniversary marked an important juncture for the Nordic Investment Bank. The shortage of capital that was prevalent when the Bank was established 25 years ago no longer exists. National borders no longer constitute a major barrier to capital mobility.

**"THE ROLE OF PUBLIC INSTITUTIONS** has changed in a crucial way—and therefore so have the conditions for NIB's activities," says Bo Göran Eriksson, outgoing Chairman of the Bank.

The chairmanship of NIB is held on a rotating basis among the Bank's five owner countries. As a Finnish representative on the NIB Board, Bo Göran Eriksson filled the position from 2000 to 2002 and is now turning it over to his fellow board member, Sven Hegelund, from Sweden.

During Eriksson's chairmanship an extensive evaluation of the aims and the direction of the Bank was carried out.

As a result, the focus of the Bank has increasingly shifted to the areas neigh-

these countries into the spiral of prosperity, as well as from a political and democratic point of view."

The change in course is important—Eriksson compares making such a change in a bank governed by five countries to steering an ocean liner.

He goes on to say: "Finland's chairmanship in Nordic cooperation during the process of change was positive. The NIB efforts are close to what is expressed in the action plan for the Northern Dimension. Prime Minister Paavo Lipponen has been personally deeply committed to the work."

One project is the southwest wastewater treatment plant in St. Petersburg. It can be expected to have a significant positive effect on the discharge of nitrogen in the Baltic Sea and has met with great interest also from the Swedish Prime Minister, Göran Persson.

» The way of thinking has changed. The barriers between countries are no longer seen as so large. There is considerably greater understanding and confidence in each other. «

bouring the Nordic countries. It is no longer so much a question of whether to promote prosperity in the Nordic countries; instead interest is directed to a much greater extent towards northwest Russia, the Baltic states and Poland, and perhaps in the longer term also Belarus and Ukraine.

Eriksson comments on the shift: "From a Nordic perspective it is important to draw

**THE PECHENGA NICKEL SMELTING** works in the Murmansk region has also been a focus for NIB activities.

Eriksson says: "It's important that in both these projects NIB has also involved other international financial institutions, including the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD)."



# countries

“NIB is, relatively speaking, not a major player. But our activities have a catalytic effect, and we have good conditions in which to create cooperation. If we can introduce creative ideas and serve as an example, then the benefit can be considerably larger than that which is measured in strictly economic investments.”

NIB continues to be a cornerstone of Nordic cooperation and the ideological ties to the Nordic countries are still strong. “The Bank often sees evidence of the fact that this is the way the politicians want it,” Eriksson explains.

**NONETHELESS THE CONDITIONS FOR** Nordic cooperation have changed radically during the past ten years. Eriksson says: “A tremendously powerful integration of the economy has occurred. There is a certain paradox in the fact that this is to such a great extent the effect of events occurring outside the Nordic countries. When EFTA was formed, Nordic trade took off. And with the EU, integration took a substantial step forward.”

“Along with these developments, the way of thinking has changed. The barriers between countries are no longer seen as so large. There is considerably greater understanding and confidence in each other.”

*What significance do cultural differences have?*



Kimmo Räsänen

*During Bo Göran Eriksson's chairmanship the emphasis in NIB's activities has shifted to an increasing extent to the countries east of the Baltic Sea. "To improve their conditions for creating a welfare state—that is a priority task for the Bank today," he says.*

“Having 30 years experience in international cooperation, I think of course that attitudes and opinions are often culturally based. Cultural differences can in certain situations create difficult barriers.”

In the ten-member NIB Board, however, cultural identity is not a big problem. “In such a small circle one begins to see each other as individuals. On the other hand, one should have a clear understanding that the representatives in an international organisation to a certain extent represent their governments. This is understood implicitly.”

“Questions about the overall direction of the Bank cannot be decided by individual countries. There must be a fundamental consensus about them and in order to succeed in creating a consensus, the tactic must be to engage the politicians as much as possible,” Eriksson explains.

A key explanation for NIB's success is its AAA rating, which allows the Bank to borrow money on terms that far surpass those possible for the Bank's own borrowers, both individual developing and transitional countries as well as companies.

Nowadays NIB also grants loans for ►



Alongside his responsibilities in trade and finance, Bo Göran Eriksson is also interested in culture.

*"I am always reading four or five books in parallel," he explains. The books he was reading at the time of this interview included Norman Mailer's book on Lee Harvey Oswald and a book about Suursaari, an island in the Gulf of Finland.*

## BO GÖRAN ERIKSSON TRADE POLICY PRO

Bo Göran Eriksson is a lawyer and a deputy circuit judge, but during more than 30 years of professional experience he has been involved foremost in trade policy assignments.

He studied the subject of European integration as early as 1966–67 at the European Institute in Amsterdam. The theme has subsequently followed him throughout his career, for example in the trade departments of the Finnish Ministry for Foreign Affairs and at EFTA.

As Director General of the trade department of the Finnish Ministry of Trade and Industry, Eriksson's areas of responsibility include: European integration, competition policy and consumer affairs, as well as tourism and export promotion.

Among Eriksson's many international positions, it is worth noting his membership from 1992 to 1994 in the Finnish delegation in the negotiations leading up to the country's accession to the EU. Eriksson is also involved in a variety of ways on the national level, including as chairman of the Finnish tourist board.

A task he has prioritised during the past year concerns a new strategy for the tourist board.

"New technology is changing the industry rapidly. The era of travel brochures will soon be over—their role will instead be taken over by call centres and the Internet.

"Search engines on the Internet don't function well today for the average consumer who is searching for information on travel destinations and routes. There is a large need for a uniform European system for the whole travel sector," Eriksson says.

The issue is now being considered at the highest European level, by Erkki Liikanen, EU Commissioner for Enterprise and Information Society—at Eriksson's initiative.

» Perhaps the demand for solvency has even been too high. «

- municipal investments, such as for electrical production networks. Intermediary is a key word—lending goes via banks to small enterprises.

Another essential point of departure is NIB's healthy capital adequacy. Eriksson points out that: "Perhaps the demand for solvency has even been too high. Our efforts have therefore been to increase the volume of loans, taking a somewhat greater risk. We cannot simply let money pile up."

In relation to NIB's large volumes and complex projects, its staff of approximately 140 people is modest. Eriksson comments on staff size: "If we enter into more complicated relationships, for example in Russia, we need to be open to a certain expansion of the Bank's personnel."

*What have you been most satisfied with in your period as chairman?*

"That the Bank has actively sought new paths and that the change in direction has won a response in the Board and among the owners."

A question to be decided as soon as possible is NIB's relationship to the Baltic countries. The conservative group in the Nordic Council, among others, has proposed that the Baltic countries be granted membership in the council.

"An even more natural question, in fact, concerns Baltic membership in NIB. We

are going to come up against this issue soon, at the latest when the Baltic countries become members of the EU and the EIB, which could occur as early as 2004," Eriksson points out.

"This brings to the fore in a dramatic way the question: What is the Nordic region? Should our starting point be the traditional notion of what is Nordic, or is it geographic? Do we view the Balts as relatives or not?"

This also raises the question of language. Which language should be used in the Bank if more countries are involved?

Eriksson replies: "It is also a question that will surely arise. The question is such that it should attract interest at the highest political levels in the Nordic countries. On a purely technical level, such a broadening of the Bank's basis shouldn't present a big problem. The Baltic states are so small and shouldn't change the financial structure of the Bank appreciably. So this is essentially a political question.

"My 'legacy' as board chairman could be to present a challenge: to deal with these issues in a serious way. Unless the initiative is taken relatively soon, while the process towards Baltic membership in the EU is still ongoing, then perhaps a window for the Nordic countries will be closed," Eriksson concludes. ■



# Increased transparency in financial reporting



Henrik Schütt

*The transition to the new accounting standard has been a major project since spring 2000, involving the entire Bank. Pictured seated from the left are Stina Kontro, Marja Tikka, Joneta Danielsson and Bo Heide-Ottosen. Standing are Torben Nielsen (left) and Kaare Andersen.*

**THE REQUIREMENTS** concerning financial reporting by companies have been tightened, which has meant that many companies are considering adopting new accounting standards. However, the adoption of new accounting standards is an extensive process that requires much preparation by each company. It is therefore important to start early.

NIB has complied with International Accounting Standards (IAS) since 1994. NIB is also the first bank in the Nordic region to apply IAS 39 to the financial year 2001. IAS 39 entails new principles for the treatment of financial instruments including more extensive use of fair values.

**THE IAS PROJECT** at NIB has been a pioneering venture, involving not only the Bank's accounting department, but also the finance department, the risk management and IT departments and the Bank's management committee. The project has been a joint project for the entire Bank and has

posed many challenges. Marja Tikka, an Authorised Public Accountant from Ernst & Young, has participated as an external expert in the work of the Bank's IAS project team.

Stina Kontro, head of the accounting department at NIB, feels that the project has been interesting and rewarding, but also demanding. "The new standard has required new accounting practice for NIB. The problem lies in the fact that there is no established practice in this area," she says. "Being one of the first companies to present financial statements in accordance with IAS, including IAS 39, has presented a unique challenge and our solutions will be interesting to others preparing to make the transition."

In accordance with an EU decision, all listed companies in Europe are to apply IAS by 2005, in some cases by 2007. The aim is to increase the transparency of the companies' financial information and to simplify comparability. IAS financial statements

will provide readers with a clearer picture of a company's profitability and risks. All financial reports, including interim reports, are to be prepared in accordance with IAS.

**THE APPLICATION** of IAS 39 primarily entails a different treatment of derivative contracts, which are measured at fair value. IAS 39 permits hedge accounting. For NIB, this means that the effects on the profit and loss account are minimised. According to Kontro, the application of IAS 39 has had only minor effects on the figures reported by NIB. However, the built-in volatility of financial instruments is now shown more clearly than previously.

Joneta Danielsson, of the Bank's accounting department, says: "IAS also enhances the value of the notes to the financial statements. We have chosen to report value adjustments due to IAS 39 as separate items even in the financial statements. The new financial statements reflect more than before the current situation, whereas the figures in the previous accounts stated historical values."

**ONE OF THE KEY PEOPLE** in the project team is Marja Tikka, one of the foremost Nordic experts on IAS. "The IAS project at NIB has been a success, largely thanks to the careful preparations begun in time," she says. "Companies need to understand that the transition to a new accounting standard involves a lot of work. At the same time, a major project like this benefits the entire organisation since it leads to increased understanding of the other functions."

Torben Nielsen and Kaare Andersen at the Bank's finance department agree with Tikka. "The finance department sees how the transactions made are reflected in the financial statements. And the accounting department adopts a completely new approach involving accounting and reporting at fair value." ■

# Environmental issues in focus

Thorough environmental assessment of investment projects is in the best interests of borrowers and lenders. Careful screening of environmental consequences saves money and reduces the risk of loan losses, according to an environmental seminar arranged by NIB in Copenhagen last spring.



## 10 PER CENT TO INTERMEDIARIES

Of NIB's lending in Denmark in 2001, around ten per cent was directed to financial intermediaries, compared with seven per cent for the Bank as a whole. Lending to financial intermediaries in Denmark has increased steadily since the mid-90s, and at the close of 2001, outstanding loans totalled some 120 million euros.

**A PROJECT THAT HAS NOT** been subject to an evaluation of environmental hazards can be costly to both borrower and lender. During the seminar, Max L. Jepsen, from a Danish law firm, and NIB's senior environmental analyst, Roland Randefelt, presented examples of environmental hazards in lending operations.

For example, when a firm purchases a site, it is important that it investigates what was done on the site earlier. If a leaky oil tank had contaminated the soil, the purchaser may be forced to take on the responsibility of decontamination. The bill can amount to several hundred thousand Danish kroner and the bank runs the risk of a loan loss.

Because of this liability, it is in the best interests of the bank and the borrower to investigate the history of the site before the loan is approved and agreements entered into.

**NIB ARRANGED** the environmental seminar in Copenhagen for its Danish and Swedish intermediaries in order to present its environmental policy and discuss environmental issues related to lending operations. Financial intermediaries are local banks and regional institutions that onlend funds from NIB. The Bank has been working with environmental issues within the framework of certain given principles for several years now. They are now compiled in an environmental policy, an official document that regulates NIB's lending operations in terms of the environment.

"This is the first time that NIB has arranged this kind of seminar for its Danish and Swedish partners in the banking sector," says Per Klaumann, NIB's Regional Manager for Denmark. "To us, it is important to tell the financial institutions we work with that we recognise the importance





Pamela Schönberg

*Roskilde Bank is one of the intermediaries that NIB collaborates with in Denmark. From left: Henrik Michaelsen, Deputy Regional Manager at NIB, Knud Nielsen, Credit Manager at Roskilde Bank, and Per Klaumann, Regional Manager for Denmark at NIB.*

of environmental issues. In addition, we had an opportunity to present our environmental policy. Few regional banks have an environmental policy that is as detailed as NIB's, so we would be happy to see them use our policy ideas."

**ROSKILDE BANK IS ONE** of the biggest financial intermediaries that NIB collaborates with in Denmark. Until now, NIB's loans to Roskilde Bank have primarily been used for environmental projects.

"For example, within the framework of NIB's loans, we have financed projects within waste collection and management in the municipality of Roskilde and surrounding areas, and some projects have involved wind power," explains credit manager Knud Nielsen. "The environment is becoming an increasingly important aspect of the projects we finance."

**NIB ENCOURAGES** its intermediaries to take environmental aspects into consideration in all projects, and especially in those projects financed with NIB funds. This is also one of the items in NIB's environmental policy. ■

*In addition to contributions by Max L. Jepsen and Roland Randefelt, a speech was given by Nils Thorsen from Ernst & Young on how companies' environmental tasks can be substantiated by environmental due diligence. Charlotte Thy from the Danish EPA spoke about environmental accounting and Else Nyvang Andersen from LD (Lønmodtagernes Dyrtdidsfond) spoke about environmental aspects as a factor when making investment decisions.*

## CORNERSTONES OF NIB'S ENVIRONMENTAL POLICY

### Environmental aspects are assessed in every loan application

All investment projects involve environmental risks and responsibilities, and the evaluation of these environmental aspects is a vital part of the processing of every single project that NIB examines for possible financing. According to the Bank's environmental procedures, environmental aspects shall be evaluated prior to each individual credit decision.

### Environmental investments prioritised

NIB actively promotes investments that directly or indirectly reduce harmful emissions or other environmental hazards. For project evaluation purposes, special importance is given to positive environmental impact. NIB gives priority to environmental investments reducing cross-border pollution in the Nordic area and its neighbouring regions.

### Environmental legislation and international agreements are applied

All projects financed by NIB must comply with the project country's environmental legislation and relevant applicable international conventions and standards relating to the environment, and must have obtained all necessary environmental permits. NIB does not participate in the financing of projects that are likely to be in conflict with such rules and standards or which otherwise fail to satisfy NIB's criteria of environmental acceptability. If necessary, NIB may demand an environmental impact assessment of a project in cases where national regulatory provisions may be inadequate.

### Financial intermediaries are encouraged to pay attention to environmental aspects

When lending to financial intermediaries, NIB encourages them to assess the environmental impact and risks of the projects they finance in general and under NIB's credit lines in particular.

*The environmental policy comprises nine items and can be seen in its entirety on NIB's website:*

[http://www.nib.int/en/1\\_envir3.html](http://www.nib.int/en/1_envir3.html)



*The Mekong Enterprise Fund shall provide financing for enterprises in the Mekong region. The Mekong River is an important traffic route for producers in the region.*

## NDF in South East Asian investment fund

Financial support to small and medium-sized enterprises from the Mekong Enterprise Fund will generate employment for the poor. Investments will be made in labour-intensive enterprises, and promote new technology and skills.



**The Nordic Development Fund (NDF)** can provide financial support for private-sector activities in developing countries without government guarantee. NDF's financing is oriented towards direct investments with special focus on infrastructure, credit lines and participation in venture capital funds. [www.ndf.fi](http://www.ndf.fi)

**NDF HAS DECIDED TO** participate in the Mekong Enterprise Fund (MEF) with headquarters in Ho Chi Minh City in Vietnam. MEF is an investment fund which will operate in three Southeast Asian countries: Laos, Cambodia and Vietnam. These countries attach great importance to the private sector for economic and social development. A weak financial sector constrains positive development, mainly affecting small and medium-sized enterprises. MEF will therefore focus on financial support to this part of the economy.

The Asian Development Bank (ADB) initiated the Mekong Enterprise Fund. NDF's participation amounts to 4 million US dollars. Since the Finnish development finance institution Finnfund also contributes to the financing of MEF, there will be a significant Nordic presence in the Fund.

The main instrument of MEF is equity investment in small and medium-sized

enterprises in the Mekong region. Investment will be directed towards enterprises operating in labour-intensive sectors. The Fund will also focus on enterprises introducing new technology and skills for a more efficient use of raw materials.

MEF will generate employment for unskilled people who often belong to the poorest strata of the population. The objective is to create an economic and social safety net for employees and their families. In poor countries like Laos, Cambodia and Vietnam, small and medium-sized enterprises close to markets and raw material sources are often the only employment opportunities for economically and socially less favoured men and women.

MEF will also contribute to regional development in the three countries and promote enterprises in areas where poverty is most frequent. The Fund is expected to be in operation for 10 years. ■



# Training and loans combined for cleaner production

NEFCO wants to interest Baltic and Russian businesses in cleaner production by making them better informed. A training programme has been initiated to evolve business plans for environment-friendly projects.

**NEFCO'S REVOLVING** credit frame for cleaner production, called "Cleaner Production", offers advantageous finance terms for projects in the Baltic region and north-west Russia. The credit frame totals 50 million Danish kroner and individual credits range between 50,000 and 200,000 euros.

Credits are granted for investments that lead to economic and environmental savings, so that savings equal the cost of the investment within three years. The loans are repayable within, at most, four years. So far NEFCO has approved about thirty industrial projects devised in partnership with business undertakings and local Cleaner Production centres, most of them in Lithuania.

NEFCO has initiated a training programme for consultants and project developers to boost interest in cleaner production in Estonia and Latvia too. The aim is to devise and develop projects for Cleaner Production. The programme was carried out in the spring of 2002 together with Norwegian and Finnish environmental authorities, and comprises three sections, one for each of the Baltic countries. Each section takes three days.

Interest in the programme has been high, and thirty or more consultants are taking part. The Norwegian consulting firm that heads the training programme has developed a model for devising project business plans. The idea is for the participants to develop a concrete project proposal in the form of a detailed business plan. Vital com-



Valerius Kildisov

*Baltic businesses have an opportunity to invest in cleaner production through NEFCO's new credit frame. By renewing its ventilation system, the Kauno Baldai furniture factory in Kaunas, Lithuania, has reduced both its energy consumption and its atmospheric emissions of dust and carbon dioxide.*

ponents of the business plan include information about the positive environmental effects of the investment, information concerning other economies entailed by the project and a simple profit calculation.

The intention is for this information to be used in decision-making by the project enterprise management and by NEFCO. As a direct result of the training programme, NEFCO expects to receive ten or so credit applications for financing investments that will contribute towards cleaner production and thus help to reduce emissions in the Baltic Sea region. ■



**The Nordic Environment Finance Corporation (NEFCO)** finances environmental projects in Central and Eastern Europe. Both private-sector and municipal projects qualify. NEFCO works with equity investments and loans. [www.nefco.org](http://www.nefco.org)

## Major step forward for St. Petersburg wastewater treatment project

A contract for the completion of the southwestern wastewater treatment plant in St. Petersburg was signed in May by SWTP Construction Oy, owned by the construction companies NCC, Skanska and YIT, and the Russian project enterprise Nordvod. The signing marks a big step forward for the project. Nordvod is owned by the three construction companies, Vodokanal (the city's water company) and NEFCO.

Construction work is planned to start this autumn and is scheduled for completion in 2005. The plant will process wastewater from almost a million residents. At present unprocessed sewage is discharged straight into the Gulf of Finland. The project is a front-runner within the Northern Dimension Environmental Partnership (NDEP). ■



Henrik Schütt

*NIB's NDEP working group. Seated, from left: Oddvar Sten Rønsen, Heidi Syrjänen, Martin Relander, Christer Björklund. Standing: Roland Randefelt and Tord Holmström.*

Clas Grankens/Bildbyrå



*The award will be presented to the HUDF during the annual World Water Week in Stockholm.*

## Award for Lithuanian HUDF

The Lithuanian state-owned HUDF (Housing and Urban Development Foundation) has been selected for the 2002 Swedish Baltic Sea Water Award, in recognition of its environmental conservation initiatives in the Baltic Sea and Lithuania. The HUDF's task is to secure the financing and implementation of municipal infrastructure projects in Lithuania. Projects in which it has participated have concerned, for example, wastewater purification and energy efficiency.

Through these projects the HUDF has helped to develop a financial structure for municipal environmental and energy projects. Through credit frames to the HUDF, NIB has helped to finance, among other things, energy efficiency projects involving the renovation of more than one hundred schools (see Bulletin December 2001). The award will be presented to the HUDF during the annual World Water Week in Stockholm this August. ■

## Support for women

New credit facilities have enabled NIB once again to support women entrepreneurs in Estonia and Lithuania. NIB has granted an Estonian bank and two Lithuanian banks credit facilities of up to 1 million euros to finance SME projects promoting women's enterprise.

The credit frames are being cofinanced with the Council of Europe Development Bank (CEB). In the autumn there are plans to investigate the need for a new credit frame in Latvia. The credits to Lithuania form part of a wider programme of cooperation initiated by the Finnish Ministry for Foreign Affairs to encourage entrepreneurial activity among women. The Finnish Ministry for Foreign Affairs is also contributing technical assistance which NIB and the CEB are channelling to banks and entrepreneurs taking part in the programme.

The new credit frames are a continuation of the credit programmes granted to Sampo Bank, formerly Optiva Bank; Sampo Bankas, the former Lithuanian Development Bank; and the Latvian Hansabanka, in the autumn of 1999. The earlier credit programmes stemmed from a project idea introduced by NIB at the "Women and Democracy" conference in Reykjavik that year. Those programmes, which attracted widespread attention and were already fully subscribed in 2000, involved a total of 44 projects in Estonia, Latvia and Lithuania. The credits went to undertakings in dental care, dispensary activities, furniture manufacturing, ceramics production and education, among other sectors. ■

*In Japan NIB has floated public issues on the Uridashi markets.*

## BORROWING

# Strong demand in Japan

The Japanese capital market has been NIB's most important source of funding during the early months of 2002, accounting for more than 50 per cent of total borrowing. In Japan NIB has, besides Japanese yen denominated issues, also floated public issues on the retail-targeted Uridashi markets, which were very active during the first four months of the year. NIB debt issues on this market totalled 174 million Australian dollars, 104 million US dollars and 105 million euros.

Other major debt issues comprised 1 billion Hong Kong dollars, corresponding to roughly 150 million euros, and 5 billion Taiwanese dollars, corresponding to about 165 million euros.

During the first four months of the year the Bank borrowed funds equalling approximately 1,2 billion euros on the international capital markets. This is about 40 per cent of the Bank's total borrowing programme for the year. ■



Nomaan  
ul Haque



Markus  
Rosenström



Friðrik  
Andersen



Karl-Johan  
Lehtinen



Arnthor  
Thordarson



Anneli  
Holmberg

## NEW APPOINTMENTS

**Seija Hallavo** (FIN) has been appointed Deputy Vice President and will continue as Head of the Bank's IT Department.

**Nomaan ul Haque** (UK) has joined the IT Department as Project Manager and will be mainly concerned with the Bank's internal IT systems development.

**Sigurður Ingólfsson** (IS) has been appointed Manager, International Lending in the International Department, Central and Eastern Europe Region, within the NDEP project organisation. He comes from NIB's Risk Management Department.

**Markus Rosenström** (FIN) has joined the IT Department as Technology Manager. He comes from Modirum Oy.

**Johan Wallin** (FIN) has been appointed to deputise for the Head of the Appraisal Department, **Oddvar Sten Rønsen** (N), while the latter heads the Bank's NDEP project organisation.

In the Bank's Treasury Department, **Jón Thorsteinsson** (IS) and **Patrik Wainio** (FIN) have been promoted to Senior Portfolio Managers, and **Magnús Thór Ágústsson** (IS) to Senior Financial Analyst.

### NORDIC FINANCE GROUP

**Friðrik Andersen** (IS) has taken over as Manager, Project Administration, in NEFCO's Project Administration Unit. He comes most recently from the Icelandic company Össur.

**Karl-Johan Lehtinen** (FIN) has joined NEFCO as Senior Manager, Environmental Affairs. He was previously employed by Finska Miljöforskargruppen.

**Elisabet Paulig-Tønnes** (FIN) has been appointed Senior Manager, Project Administration, in NEFCO's Project Administration Unit.

**Arnthor Thordarson** (IS) has taken over as Regional Manager for Africa, with the NDF. His previous career has included appointments with Landsbanki Íslands and with the EBRD in London.

**Anneli Holmberg** (FIN) has joined Nopef as Regional Manager specialising in Icelandic and Danish enterprises. She has previously worked for Ericsson in Finland.



# This is NIB

The Nordic Investment Bank (NIB) finances private and public projects which have high priority for the Nordic countries and the borrowers. NIB finances projects both within and outside the Nordic countries.

NIB is a multilateral financial institution owned by the five Nordic countries. The Bank operates in accordance with commercially sound banking principles. The mem-

ber countries appoint representatives to the Bank's Board of Directors and to its Control Committee.

The Bank's operations are controlled by an agreement between the Nordic countries as well as the Statutes connected with this agreement.

NIB offers its clients long-term loans and guarantees on competitive market terms. NIB acquires the funds to finance its lend-

ing by borrowing on the international capital markets. NIB's bonds enjoy the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's.

NIB has its headquarters in Helsinki and offices in Copenhagen, Oslo, Reykjavik, Stockholm and Singapore. The Bank has approximately 140 employees, recruited from all the five Nordic countries. ■

## NIB'S FINANCING POSSIBILITIES

NIB finances investment projects and project export which are of mutual interest for the Nordic countries, and for the borrower. High priority is given to investments that improve economic cooperation in the Nordic countries. Loans and guarantees are granted to finance investments that assure energy supply, improve infrastructure or support research and development. High priority is also given to projects which improve the environment in the Nordic countries and their neighbouring areas. NIB participates in the financing of foreign investments which provide employment in the Nordic countries. NIB finances various international projects in emerging markets as well as within the OECD area. The Bank grants loans to projects that support economic development in the Nordic countries' neighbouring areas as well as to investments of mutual interest for the Nordic countries and the borrowing country in various parts of the world.

In addition to loans, NIB also issues guarantees for projects that meet the Bank's conditions.

## NORDIC LOANS

### INVESTMENT LOANS

NIB offers medium- and long-term investment loans with maturities of five to fifteen years. The loans are granted in various currencies at fixed or floating market-based

interest rates, for up to half of the project's total cost.

NIB finances projects in:

- the manufacturing sector, including investments in facilities and machinery
- infrastructure, including transportation, telecommunications, energy, water supply, sewerage and waste management
- environmental improvement, both in the private and the public sectors
- research and development
- cross-border investments, such as mergers and corporate acquisitions
- foreign investments in the Nordic countries.

### REGIONAL LOANS

Regional loans are granted to national and regional credit institutions for the further development of business in priority regions.

## INTERNATIONAL LOANS

The core of NIB's international lending operations consists of project investment loans. These are long-term loans—up to 20 years—for projects in emerging markets in Asia, the Middle East, Central and Eastern Europe, Latin America and Africa.

Project investment loans are usually granted on a sovereign basis but may also be granted without a government guarantee, particularly to private-sector infrastructure investments. The loans are granted for up to half of the project's total cost. Project invest-

ment loans can be utilised to finance all types of project costs, including local costs. The loans are granted at market-based interest rates in a currency preferred by the customer. Project investment loans have been granted for projects in more than 40 countries. NIB can also provide loans to Nordic companies' investments, including joint ventures and corporate acquisitions, within the OECD area and in the Baltic countries.

## THE NEIGHBOURING AREAS

NIB gives priority to the financing of public and private infrastructure and industrial investments in the areas neighbouring the Nordic region. Further, NIB participates in the financing of projects in the Baltic countries through investment loans to companies investing in the Baltic countries.

NIB is authorised to grant special environmental investment loans to public and private sector environmental projects in the neighbouring areas to the Nordic region, i.e. to Poland, the Kaliningrad area, Estonia, Latvia, Lithuania and northwest Russia (St. Petersburg, the Leningrad area, the Karelian Republic and the Barents region). The projects are to help in reducing environmental degradation, and thereby also in reducing cross-border pollution. The environmental investment loans are granted on the basis of commercial banking terms to governments, governmental authorities, institutions and companies. ■

# Growth of new lending

The Nordic Investment Bank (NIB) had a successful year in 2001. Net interest income rose to EUR 147 million, from EUR 143 million in 2000. The annual profit amounted to EUR 131 million, compared with EUR 130 million in 2000.

New lending increased sharply, amounting to EUR 1,661 million, against 1,101 in 2000. Loans outstanding at year-end rose to EUR 10,067 million. The Bank's borrowing in capital markets during the year equalled EUR 2,099 million. NIB bonds outstanding at year-end totalled EUR 12,298 million. Total assets at year-end amounted to EUR 15,024 million. The Board of Directors proposes that a dividend of EUR 39 million be paid for 2001 to the Bank's owners, the Nordic countries. This is the same amount as for 2000.

**THE BANK'S ANNUAL ACCOUNTS** are drawn up in accordance with the International Accounting Standards (IAS). As from 2001 a new standard, IAS 39, applies to the treatment of financial instruments.

The credit quality of the Bank's lending portfolio and of its investment portfolios continued to be considered very good on the whole, despite the cyclical downturn. In 2001 the Bank experienced a loss of EUR 3.1 million in respect of one transac-

tion, for which a loss provision had already been made in the accounts of year 2000. Provisions for anticipated loan losses in the amount of EUR 0.4 million were made during 2001.

During the year the Bank's owners approved a change in the Bank's statutes, proposed by the Board of Directors, increasing its ordinary lending capacity from EUR 10 billion to slightly more than EUR 12 billion.

**DURING THE YEAR** NIB participated in financing of over 60 major investment projects and credit programmes in the Nordic countries. A large proportion of the loans related to cross-border company acquisitions and new company establishments. The manufacturing industry remains the largest sector where the Bank's Nordic lending is concerned. In the energy sector, loans were granted for investments in power production, distribution networks, district heating and biofuel facilities.

As regards NIB's international lending, there was continuing strong demand for new loans to the telecommunications sector. The transport sector also grew in importance. At present NIB has loans outstanding in more than 30 countries outside the Nordic area. ■

## THE YEAR 2001 IN BRIEF

- good, stable results, profit EUR 131 million, net interest income EUR 147 million
- dividend to NIB's owners for 2001 EUR 39 million
- new lending increased strongly to EUR 1,661 million
- high quality of loan portfolio sustained
- ordinary lending capacity increased from EUR 10,000 million to slightly over EUR 12,000 million
- increased lending to investments in the energy sector in all the Nordic countries
- focus on environmental investment loans in the areas neighbouring the Nordic countries
- Northern Dimension Environmental Partnership established together with the European Commission and international financial institutions

<b>NIB'S KEY FIGURES</b> (in EUR million)		
	<b>2001</b>	<b>2000</b>
<b>Net interest income</b>	147	143
<b>Profit</b>	131	130
<b>Loans disbursed</b>	1,661	1,101
<b>New loan agreements</b>	1,795	1,026
<b>New debt issues</b>	2,099	1,865
<b>Loans outstanding</b>	10,067	9,288
<b>Debts evidenced by certificates</b>	12,298	11,326
<b>Net liquidity</b>	2,641	2,913
<b>Total assets</b>	15,024	13,850
<b>Number of employees</b>	137	129

# Annual Report available on the web

For the first time, NIB is presenting its Annual Report electronically on the Internet. The content of the printed version and the web version are identical.

On the Annual Report website, the search function makes it easy for you to find what you are looking for. There are also internal links and links to NIB's home page.

Notes to the Profit and Loss Account and the Balance Sheet are easy to find. By clicking on the number of the note, the note text will appear in a separate box.

All tables can be downloaded in Excel via the link called **Download as Excel sheet.**

Just like the printed Annual Report, there are web

versions in two languages: Swedish and English. These links are at the top of the page, and when switching between languages, you will arrive at the exact same section where you were before.

You will find the link **Print this chapter** on each page for your convenience. In order to print a PDF version of the entire Annual Report, choose the link **NIB Annual Report 2001 (pdf).**

**ANNUAL REPORT** <http://annual.nib.int>

**NIB'S HOMEPAGE** <http://www.nib.int>

