



NORDIC INVESTMENT BANK

Financial information January–August 2010

(unaudited)

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Key figures*(in EUR million unless otherwise noted)*

	Aug 2010*	<i>Aug 2009*</i>	<i>Dec 2009</i>
Net interest income	157	142	219
Core earnings**	149	127	192
Profit	131	231	324
Loans disbursed	618	1,196	1,954
Loan agreements	1,117	686	1,417
Loans outstanding	14,146	13,584	13,763
Guarantee commitments	12	17	12
New debt issues	3,127	3,113	4,137
Debts evidenced by certificates	21,703	17,911	17,998
Total assets	26,582	22,306	22,423
Equity/total assets (%)	8.2	8.8	9.1
Profit/average equity (%)	9.3	18.9	17.1
Number of employees (persons)	172	174	178

* Unaudited figures,
to be read in conjunction with NIB's audited financial statements for 2009 and the notes thereto.

** Core earnings consist of the profit before adjustments to hedge accounting, realised and unrealised gains/losses of the trading portfolio, credit losses and reversals thereof.

Comments

NIB's financial figures January–August 2010

In the first eight months of the year, the international financial markets and the global economy signalled improvements and a continued recovery, yet not without continued uncertainty.

In June, NIB's Board of Governors decided to increase the Bank's capital base. Following the new subscription, the Bank's authorised capital will amount to EUR 6,142 million. A larger capital base adds to the Bank's lending capacity in the aftermath of the financial crisis. New capital allows NIB to continue its lending operations at more or less the same pace as in the last few years, and to increase the share of lending in the focus sectors defined by the mandate.

During the first eight months of the year, NIB's net interest income amounted to EUR 157 million, up 10 per cent compared with the same period in 2009. This reflects higher average margins from lending operations and a higher income from liquidity management.

NIB's operational results for January–August 2010 in terms of core earnings* amounted to EUR 149 million, up from EUR 127 million during the same period last year. Positive fair values on financial instruments accounted for EUR 28 million. Impairments to the loan book amounted to EUR 42 million as per the end of August 2010 (January–August 2009: EUR 27 million). As a result, NIB's profit amounted to EUR 131 million.

NIB's balance sheet total at the end of the period was EUR 26.6 billion. Loans outstanding amounted to EUR 14.1 billion, a slight increase on year-end 2009. Loans agreed amounted to EUR 1.1 billion. The amount of loan disbursements, totalling EUR 618 million, saw a drop compared to EUR 1,196 million in January–August 2009. The decrease is attributable to high disbursements during the previous years, which consumed the inventory of agreed loans. Furthermore, the liquidity situation among the Bank's customers has improved and the investment activity is still rather low. The focus sectors—the environment; energy; transport, logistics and communication; and innovation—accounted for 75 per cent of the disbursed amount.

The Bank has undertaken two USD benchmark bond issues this year. Through the end of August 2010, NIB funded EUR 3.1 billion in eight currencies with the cost of funding some 30 to 40 basis points lower than in the same period last year.

NIB expects the share of the priority sectors in lending to exceed 80 per cent, which will generate high mandate fulfilment.

Johnny Åkerholm
President and CEO

* Core earnings consist of the profit before adjustments to hedge accounting, realised and unrealised gains/losses of the trading portfolio, credit losses and reversals thereof.

Statement of comprehensive income

EUR 1,000

	<i>Jan-Aug 2010*</i>	<i>Jan-Aug 2009*</i>	<i>Jan-Dec 2009</i>
Interest income	281,596	454,223	603,038
Interest expense	-124,398	-311,735	-384,040
Net interest income	157,197	142,488	218,998
Commission income and fees received	8,150	6,598	8,909
Commission expense and fees paid	-1,840	-1,772	-2,843
Net profit on financial operations	29,890	134,737	177,754
Foreign exchange gains and losses	2,906	-844	-733
Operating income	196,305	281,207	402,085
Expenses			
General administrative expenses	20,440	19,699	30,601
Depreciation	3,191	3,299	5,074
Impairment of loans	42,156	26,755	42,511
Total expenses	65,786	49,753	78,186
PROFIT/LOSS FOR THE PERIOD	130,518	231,454	323,900
Value adjustments on the available-for-sale portfolio	103	-2,596	-3,533
Total comprehensive income	130,621	228,858	320,367

* Unaudited figures,
to be read in conjunction with NIB's audited financial statements for 2009 and the notes thereto.

Statement of financial position

EUR 1,000

	31 Aug 2010*	31 Aug 2009*	31 Dec 2009
ASSETS			
Cash and cash equivalents	3,838,955	3,989,660	973,837
Financial placements			
Placements with credit institutions	157,085	104,863	84,954
Debt securities	4,938,869	2,795,691	5,659,220
Other	25,202	12,078	19,999
	5,121,156	2,912,633	5,764,173
Loans outstanding	14,145,861	13,583,916	13,762,661
Intangible assets	5,342	6,213	6,703
Tangible assets, property and equipment	32,333	33,949	33,457
Other assets			
Derivatives	3,000,475	1,368,157	1,463,803
Other assets	41,774	13,284	28,789
	3,042,249	1,381,440	1,492,592
Payments to the Bank's reserves, receivable	11,519	23,997	17,758
Accrued interest and fees receivable	384,704	373,833	372,289
TOTAL ASSETS	26,582,118	22,305,641	22,423,470
LIABILITIES AND EQUITY			
Liabilities			
Amounts owed to credit institutions			
Short-term amounts owed to credit institutions	1,478,770	511,070	452,395
Long-term amounts owed to credit institutions	175,196	155,497	201,052
	1,653,966	666,567	653,447
Repurchase agreements			
Debts evidenced by certificates			
Debt securities issued	21,456,201	17,663,556	17,775,437
Other debt	246,692	247,236	222,117
	21,702,893	17,910,793	17,997,553
Other liabilities			
Derivatives	731,429	1,465,289	1,423,870
Other liabilities	7,056	6,414	7,747
	738,485	1,471,703	1,431,617
Accrued interest and fees payable	305,843	297,777	290,544
Total liabilities	24,401,187	20,346,840	20,373,161
Equity			
Authorised and subscribed capital	4,141,903		
of which callable capital	-3,723,302		
Paid-in capital	418,602	418,602	418,602
Reserve funds			
Statutory Reserve	676,807	664,329	670,568
General Credit Risk Fund	550,757	340,857	340,857
Special Credit Risk Fund PIL	395,919	281,919	281,919
Payments to the Bank's reserves, receivable	11,519	23,997	17,758
Other value adjustments	-3,191	-2,357	-3,294
Profit/loss for the year	130,518	231,454	323,900
Total equity	2,180,931	1,958,801	2,050,310
TOTAL LIABILITIES AND EQUITY	26,582,118	22,305,641	22,423,470

* Unaudited figures,
to be read in conjunction with NIB's audited financial statements for 2009 and the notes thereto.

Changes in equity*

EUR 1,000

	Paid-in capital	Statutory Reserve	General Credit Risk Fund	Special Credit Risk Fund PIL	Payments to the Bank's Statutory Reserve and credit risk funds	Appropriation to dividend payment	Other value adjustments	Profit/loss for the period	Total
Equity at 31 December 2008	418,602	656,770	622,131	281,919	31,556	0	239	-281,273	1,729,943
Appropriations between reserve funds			-281,273					281,273	0
Paid-in capital									0
Called in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		7,559			-7,559				0
Comprehensive income for the period 1/1–31/8/2009							-2,596	231,454	228,858
Equity at 31 August 2009	418,602	664,329	340,857	281,919	23,997	0	-2,357	231,454	1,958,801
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		6,239			-6,239				0
Comprehensive income for the period 1/9–31/12/2009							-937	92,446	91,509
Equity at 31 December 2009	418,602	670,568	340,857	281,919	17,758	0	-3,294	323,900	2,050,310
Appropriations between reserve funds			209,900	114,000				-323,900	0
Paid-in capital									0
Called in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		6,239			-6,239				0
Comprehensive income for the period 1/1–31/8/2010							103	130,518	130,621
Equity at 31 August 2010	418,602	676,807	550,757	395,919	11,519	0	-3,191	130,518	2,180,931

* Only the year-end figures are audited, to be read in conjunction with NIB's audited financial statements for 2009 and the notes thereto.

Cash flow statement

EUR 1,000

	Jan–Aug 2010*	Jan–Aug 2009*	Jan–Dec 2009
Cash flows from operating activities			
Profit/loss from operating activities	130,518	231,454	323,900
Adjustments:			
Market value adjustment, trading portfolio	-27,424	-120,707	-135,915
Impairment on accrued interest and matured financial assets		1,739	
Depreciation and write-down in value of tangible and intangible assets	3,191	3,299	5,074
Change in accrued interest and fees (assets)	-12,478	-8,982	-5,699
Change in accrued interest and fees (liabilities)	15,299	-35,130	-42,364
Impairment of loans	42,156	26,755	42,511
Adjustment to hedge accounting	4,287	-29,499	-37,661
Other adjustments to the period's profit	-26	-24	-36
Adjustments, total	25,005	-162,550	-174,090
Lending			
Disbursements of loans	-617,590	-1,195,694	-1,953,924
Repayments of loans	843,171	780,250	1,326,496
Realised impairment losses on loans		10,178	16,630
Capitalisations, redenominations, index adjustments etc.	-217	-669	-865
Transfer of loans to other financial placements			8,584
Transfer of loans to claims in other assets			64,423
Exchange rate adjustments	-549,074	-135,168	-204,805
Lending, total	-323,709	-541,103	-743,461
Cash flows from operating activities, total	-168,186	-472,199	-593,651
Cash flows from investing activities			
Placements and debt securities			
Purchase of debt securities	-1,938,504	-2,142,691	-2,934,459
Sold and matured debt securities	2,770,559	1,773,990	2,292,851
Placements with credit institutions	-72,050	-23,139	-3,182
Other financial placements	-4,732	-517	-9,369
Exchange rate adjustments etc.	-87,135	8,382	-2,580
Placements and debt securities, total	668,138	-383,976	-656,739
Other items			
Acquisition of intangible assets	-461	-1,069	-2,505
Acquisition of tangible assets	-244	-470	-807
Change in other assets	-2,975	-5,161	-130,076
Other items, total	-3,679	-6,700	-133,388
Cash flows from investing activities, total	664,459	-390,676	-790,127
Cash flows from financing activities			
Debts evidenced by certificates			
Issues of new debt	3,127,436	3,112,621	4,136,814
Redemptions	-2,510,330	-2,643,746	-3,644,632
Exchange rate adjustments	2,243,312	223,926	281,597
Debts evidenced by certificates, total	2,860,418	692,801	773,780
Other items			
Long-term placements from credit institutions	-25,856	76,390	121,945
Change in swap receivables	-836,117	170,494	118,636
Change in swap payables	-661,524	-421,676	-487,173
Change in other liabilities	-691	1,210	2,543
Paid-in capital and reserves	6,239	7,559	13,798
Other items, total	-1,517,949	-166,024	-230,251
Cash flows from financing activities, total	1,342,469	526,777	543,529
CHANGE IN NET LIQUIDITY	1,838,743	-336,099	-840,249
Opening balance for net liquidity	521,442	1,361,690	1,361,690
Closing balance for net liquidity	2,360,184	1,025,592	521,442
Additional information to the statement of cash flows			
Interest income received	269,180	446,980	597,339
Interest expense paid	-109,099	-346,865	-426,403

The cash flow statement has been prepared using the indirect method and the cash flow items cannot be directly concluded from the statements of financial positions.

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