ANNUAL REVIEW 2010

NORDIC INVESTMENT BANK

Renewable energy

A new hydropower station has been built with the help of NIB financing near the town of Sisimiut on the western coast of Greenland. The hydropower station will replace two diesel driven generators.

Photo: Johan Ljungberg

This is NIB

Highlights 2010
- **The Bank's capital base increased by EUR 2 billion**
- **Loans agreed totalled EUR 1.8 billion**
- **The Bank borrowed EUR 4.1 billion through 65 bond transactions**

Prospects 2011
- **Loan disbursements of approximately EUR 2.2 billion**
- **Increased attention on mandate fulfilment**

NIB in brief

The Nordic Investment Bank is owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. NIB was established in 1975.

The Bank finances projects that strengthen competitiveness and enhance the environment. NIB offers competitive long-term loans and guarantees to its clients in the public and private sectors.

NIB focuses on four sectors: energy; environment; transport, logistics and communications; and innovation. In addition, it finances projects in manufacturing, mining and services. Projects can involve large investments by the corporate sector or investments by small and medium-sized enterprises, targeted in cooperation with financial intermediaries.

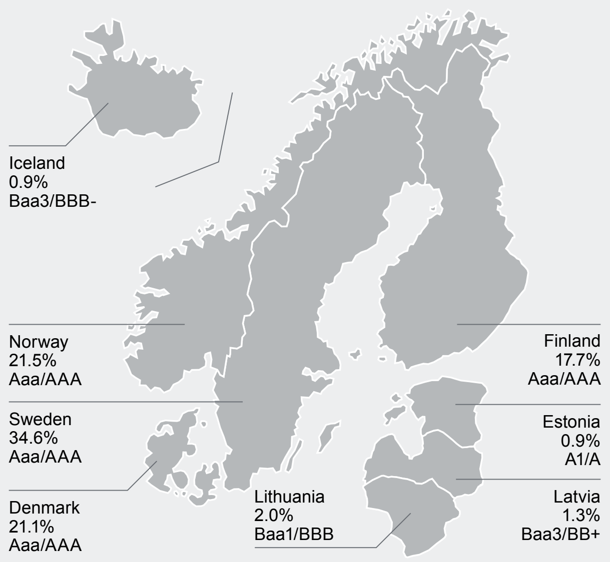
Most of NIB's lending is directed towards its member countries, but it also finances projects in the neighbouring region and in other selected focus countries where a mutual interest has been identified.

NIB's strengths include its:
- stability and reliability
- experience in financing cross-border investments
- capacity to manage risks
- high credit ratings, due to its high asset quality, strong balance sheet and ownership
- stable supply of long-term financing
- ability to structure complex financing with other IFIs as well as public and private sector lenders.

When the Bank considers projects for financing, it analyses not only their impact on competitiveness and the environment, but also their broader, indirect effects on the economy and society. The projects are viewed from a sustainable growth perspective to ensure adequate resources for future growth.

NIB acquires the funds for its lending by borrowing on the international capital markets. The Bank's bonds enjoy the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's.

Member countries fig.1
Share of authorised capital and ratings by credit agencies Moody's and Standard & Poor's as of 16 February 2011.



“With our additional capital we are well-equipped to fulfil our mission of strengthening our member countries’ competitiveness and enhancing the environment.”

Johnny Åkerholm, President and CEO

Photo: Johannes Jansson / Norden.org

President’s review

NIB’s President and CEO, Johnny Åkerholm, sums up the Bank’s challenges and achievements, clarifies NIB’s position in the financial market, and previews what investors and customers can expect in 2011.

How was NIB affected by the economic and financial environment for 2010?

Good liquidity in the economy in combination with low investment activity was reflected in a lower demand for disbursements. In the period 2007–2009, NIB held back the granting and signing of new loans, as these were rapidly turned into disbursements and NIB had a capital constraint. In 2010, we were rebuilding the pipeline of loans; grantings and signings were running at expected volumes, while disbursements were falling behind expectations. But this is to be seen as normalisation and reflected the liquidity glut in the market.

This tendency was particularly strong in the non-member countries, many of which were experiencing large capital inflows.

NIB continued to face high demand for its bonds and was able to fund itself at attractive rates. Two benchmark loans were issued during the year.

What are the advantages of focusing lending within certain sectors?

NIB focuses on environment, energy—including renewable energy forms and energy saving—transport and logistics, and innovation. These sectors are important for the sustainable growth of our economies. They need long-term finance, they are increasingly regional in nature and many of the projects include cooperation between the public and private sectors. Hence, the likelihood for good mandate compliance and value-added on the part of NIB is high. But this does not exclude loans to other sectors if the projects are in compliance with our requirements.

It is apparent that there were challenges in all these sectors in 2010. Environmental investments do not figure high in times of economic stress, and we could register slow progress in the implementation of the projects related to the cleaning up of the Baltic Sea.

Also, the uncertainty created by the lack of a global climate change agreement within the UN framework is still affecting investments in renewable energy.

The widening of public deficits implied that many of the projects in the transport sector faced financing problems and the financing base had to be rethought.

A decision to increase NIB’s authorised capital was made in 2010. How will this affect NIB’s business?

Much of the year had already passed when this positive decision was taken, and hence the effects will mainly come in the ensuing years. The capital increase is not intended to provide for any major jump in the Bank’s activities, but it will allow NIB to disburse approximately EUR 2.2 billion a year, which is more or less at the volumes reached in the 2007–2009 period. This will allow the Bank to provide a significant amount of long-term finance in the region in the coming years as well.

Will customers and investors see a difference in NIB's operations due to increased attention on mandate fulfilment?
To some extent, but not in any dramatic way. The Bank has been gradually increasing its focus on mandate fulfilment, and we have already achieved a very high mandate compliance. We hope and trust that with a more focused approach we will be better equipped to support our customers. We might be asking more questions than in the past, but not any such questions to which a mindful investor would not have a ready answer.

What is NIB's outlook for 2011?
The year is full of uncertainties, but as the main scenario we expect the recovery in our member countries to continue. Despite the improved liquidity situation, there will be demand for long-term financing when investments pick up. With our additional capital we are well-equipped to fulfil our mission to strengthen our member countries' competitiveness and enhance the environment.

For a full version of the President's review, and his video statement, go to annual.nib.int/2010.

Capital structure

As of 31 December 2010, NIB's authorised capital was EUR 4,141.9 million. The paid-in capital at the end of the year amounted to EUR 418.6 million. The remainder of NIB's authorised capital consists of callable capital, which is subject to call if the Bank's Board of Directors deems it necessary for the fulfilment of the Bank's debt obligations.

In June 2010, the Board of Governors decided to increase the Bank's authorised capital by EUR 2 billion to EUR 6,142 million. The capital increase entered into force as of 16 February 2011 after all member countries had completed their national procedures. The capital increase has been allocated to the callable portion of the authorised capital stock.

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 2010 in accordance with the proposal made by the Board of Directors and the capital increase, the Ordinary Lending ceiling amounts to EUR 18,980 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 the 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.

NIB's member countries have subscribed to its authorised capital and guaranteed the special loan facilities in proportion to their gross national income. The countries' share of the authorised capital after the capital increase is shown on the map of member countries (figure 1, page 3).

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 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 continuously maintained this credit rating.

A more detailed presentation of the loan facilities, the guarantee structure and the guarantee distribution is provided in Note 8 in the electronic Financial Report available at annual.nib.int/2010.

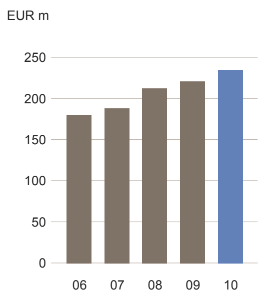
Five-year comparison

AMOUNTS IN EUR MILLION	2010	2009	2008	2007	2006
STATEMENT OF COMPREHENSIVE INCOME					
Net interest income	234	219	212	187	179
Commission income and expense, etc.	17	9	11	6	7
General administrative expenses, depreciation and write-downs	-33	-36	-35	-32	-32
Core earnings*	217	192	189	161	154
Realised and unrealised gains/losses of the trading portfolio	27	137	-352	-82	-10
Impairment of loans	-38	-43	-79	-	-
Adjustment to hedge accounting	5	38	-39	-10	-7
Profit/loss for the year	211	324	-281	69	137
STATEMENT OF FINANCIAL POSITION					
Assets					
Cash and cash equivalents, placements and debt securities	7,957	6,738	7,375	6,177	5,268
Loans outstanding	13,771	13,763	13,063	12,291	11,534
Intangible and tangible assets	37	40	42	44	43
Accrued interest and other assets	3,133	1,883	2,141	1,461	1,143
Total assets	24,898	22,423	22,620	19,973	17,988
Liabilities and equity					
Amounts owed to credit institutions and repurchase agreements	1,275	653	1,218	546	620
Debts evidenced by certificates	19,944	17,998	17,549	15,023	13,622
Accrued interests and other liabilities	1,417	1,722	2,123	2,367	1,726
Paid-in capital	419	419	419	419	419
Statutory Reserve	683	671	657	646	645
Credit risk funds	947	623	904	860	773
Payments to the Bank's Statutory Reserve and credit risk funds, receivable	5	18	32	43	43
Other value adjustments	-3	-3	-	1	4
Profit/loss for the year	211	324	-281	69	137
Total liabilities and equity	24,898	22,423	22,620	19,973	17,988
ACTIVITIES					
Disbursements of loans to					
Member countries	927	1,584	1,876	1,761	991
Other countries	348	370	611	630	614
Total	1,274	1,954	2,486	2,390	1,605
Guarantees issued to					
Member countries	-	-	-	-	-
Other countries	-	-	-	-	-
Total	-	-	-	-	-
Loans outstanding at year-end					
Member countries	11,010	10,888	10,142	9,873	9,206
Other countries	2,761	2,874	2,920	2,417	2,328
Total	13,771	13,763	13,063	12,291	11,534
Guarantee commitments at year-end					
Member country guarantees	8	12	17	25	25
Other country guarantees	-	-	-	-	-
Total	8	12	17	25	25
New debt issues (including capitalisations)	4,120	4,137	4,681	4,288	2,689
Number of staff (at year-end)	171	178	170	158	160

*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.

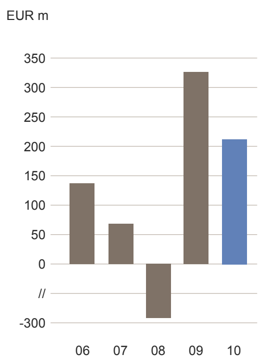
Net interest income

fig.2



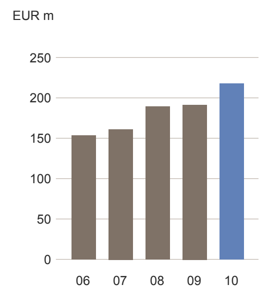
Profit/loss

fig.3



Core earnings*

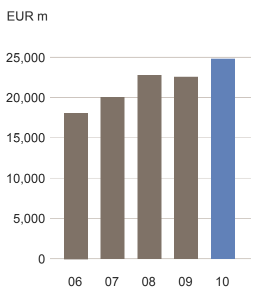
fig.4



*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.

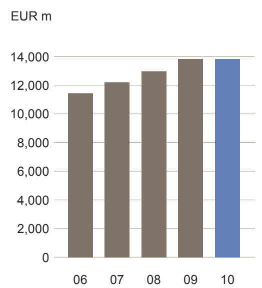
Total assets

fig.5



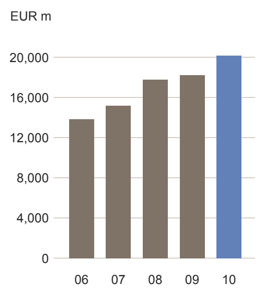
Loans outstanding

fig.6



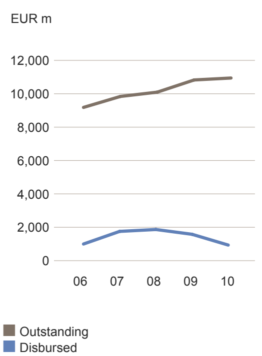
Borrowings outstanding

fig.7



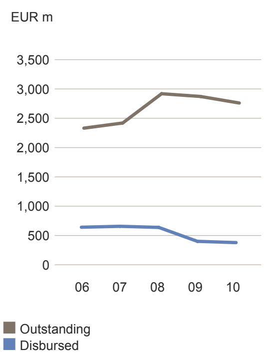
Loans in member countries

fig.8



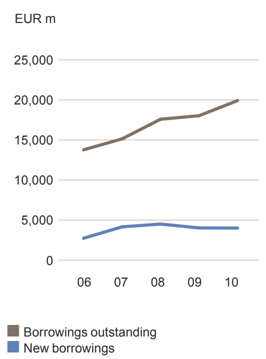
Loans in non-member countries

fig.9



Borrowings

fig.10



Mandate, Mission and Impact

Highlights 2010
- **Mandate fulfilment improved**
- **Energy projects scored well on mandate compliance**

Prospects 2011
- **Further focus on mandate fulfilment**
- **Revision of the Environmental Policy and Guidelines**

Mandate fulfilment

To get access to NIB financing, a project must fulfil the Bank's mandate in one of two ways: contribute to strengthening the competitiveness of the member country economies or enhance the environment.

In 2010, the degree of mandate fulfilment rose compared to the previous year. 72% of all projects had a potentially good or excellent impact on either competitiveness or the environment (or both). One likely reason for this improved performance was that, in the second half of the year, the Bank raised its ambition regarding mandate fulfilment. Another reason may have been the concentration of projects to the Bank's focus sectors.

About half of the agreed new loans scored good or excellent on the competitiveness mandate, and most of these were based in the energy sector. Many of these projects created additional production capacity and a better transmission grid, improvements that contribute to a secure energy supply, which is essential for the efficient functioning of our economies. Projects in the transport sector and healthcare infrastructure also contributed to high competitiveness mandate fulfilment.

The projects that received a high mandate fulfilment on the environmental side were mainly in the energy sector (e.g., renewable energy projects and energy efficiency investments) the public transport sector (e.g., rail infrastructure projects), as well as environmental research and development programs in areas such as water treatment.

Looking ahead in 2011 the Bank will sharpen its focus on high mandate projects.

Strengthening competitiveness

The most direct way NIB can strengthen the competitiveness of its member country economies is to support projects that enhance the efficiency of companies. Therefore, the first question NIB asks when looking at the customers' projects is to what extent they contribute to improving efficiency or productivity.

NIB distinguishes between internal factors—those that businesses can directly influence—and external factors—those that exist in the company's business environment.

When the Bank assesses the potential impact on competitiveness of the projects, NIB weighs the relative improvement in the company's performance against a no-project situation. The relative impact on the company or on the business sector is then compared to similar projects in similar sectors. To properly gauge the expected benefits of the project, NIB also assesses the implementation risk, in other words, the risk that the project's full potential will not be realised.

Water efficiency

An NIB loan has contributed to financing research at Finnish water chemistry company Kemira's Centre of Water Efficiency Excellence. The centre aims to develop new technology to enhance the efficient use and reuse of water.

Photo: Kemira Oyj

“NIB is a mandate-driven bank, and all projects financed by us should strengthen competitiveness or enhance the environment.”

Katariina Vartiainen, Environmental Analyst

Enhancing the environment

The second of the two key eligibility criteria for lending is enhancing the environment. This means that NIB provides loans and guarantees for projects that prevent and treat pollution. To achieve a positive environmental impact rating the project must be in compliance with NIB’s Environmental Policy and Guidelines as well as relevant national legislation. A direct positive environmental net impact requires a quantitative assessment. Defining and limiting the scope or boundaries for the analysis is the first step in assessing mandate fulfilment. For every project, we assess the following:

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

The environmental impact is measured on a six-degree scale, including a negative rating which is not applicable for competitiveness. Similarly to the assessment of competitiveness impact, the environmental assessment covers both the potential impact as well as the implementation risk of the project.

Environmental lending

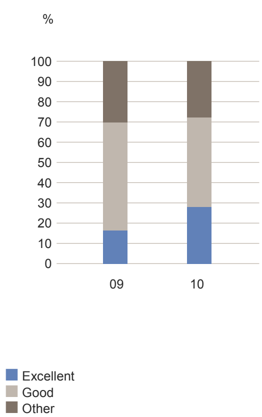
On a regional level, for example in the Baltic Sea area and its drainage basin, NIB focuses on issues such as eutrophication and acidification resulting from air emissions and wastewater discharges. On a global level, NIB views combating climate change through the reduction of emissions of greenhouse gases as an important issue.

Environmental activities are inherent to NIB’s daily activities and the environmental management system is integrated into the Bank’s other management systems. In addition to its environmental analysts, the Bank’s loan officers are also actively involved in the identification and management of environmental loans.

NIB impacts the environment mainly through its financing and, thus, the impacts are largely indirect.

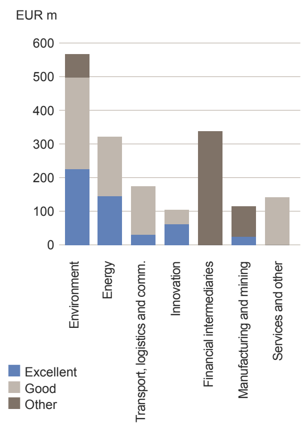
Mandate impact rating fig.11

Loans agreed



Mandate impact rating 2010 fig.12

Loans agreed by sectors



Lending

Highlights 2010

- **CLEERE increased to EUR 2 billion, EUR 1.6 billion already allocated at year-end**
- **New lending strategy for projects in the energy and transport, logistics and communications sectors**
- **Loans agreed totalling EUR 1.8 billion**

Prospects 2011

- **Northern Dimension Partnership on Transport and Logistics (NDPTL) to commence its operational activities**
- **Take part in implementing the plans set out in the EU Strategy for the Baltic Sea Region**

Lending activity

New loans approved by the Board of Directors reached close to EUR 2.3 billion whereas agreed loans reached EUR 1.8 billion. An improved liquidity situation among the Bank's customers was reflected in lower-than-planned disbursements, totalling EUR 1.3 billion.

The Bank has identified four sectors in particular that contribute to the fulfilment of the Bank's mandate: environment; energy; transport, logistics and communications; and innovation. Lending continued to be focused on these sectors in 2010. If unallocated loan amounts to financial intermediaries are excluded, the share of lending to these sectors accounted for 82% of loans agreed and 83% of loans disbursed.

The Bank also continued lending to projects in the manufacturing and service sectors as well as providing financing through financial intermediaries.

In 2010 the global recession receded, although the effects of it were still clearly visible in the economies of the Bank's member countries. The number of work-out cases in the Bank's portfolio decreased even if some new cases did arise during the year. Loan losses were moderate but the accumulated amount of impaired loans increased somewhat as of 31 December 2010.

The amount of loans outstanding stayed at the same level compared to year-end 2009, mainly due to an exceptionally high volume of prepayments, and totalled EUR 13,771 million by 31 December 2010. The amount of guarantees outstanding was EUR 8 million.

BASE and CLEERE

Lending continued under the two special lending facilities targeting priority areas. The Climate Change, Energy Efficiency and Renewable Energy Facility (CLEERE) was increased in 2010 to EUR 2 billion, following the rapid allocation of the first billion in 2008–2009. New loans were made under the facility, which targets climate change mitigation and adaptation, primarily in the energy sector but also in industry and transport. At the end of 2010, EUR 1,655 million had already been allocated under the facility.

Lending under the EUR 500 million Baltic Sea Environment Financing Facility (BASE), which was established to support the implementation of HELCOM's Baltic Sea Action Plan, continued at a more moderate pace.

Loans under this facility supplement financing through national budgets and EU structural and cohesion funds, in order to finance measures that help to restore the ecological health of the Baltic Sea. At the end of 2010, EUR 140 million had been allocated under the facility. Loans under both facilities are made in the ordinary course of business in accordance with the Bank's lending policies.

NIB continued to participate in international and regional cooperation. The implementation of the EU Strategy for the Baltic Sea Region started, providing a new framework for cooperation. Setting out priority areas and identifying flagship projects, the strategy stimulates cooperation and concerted action in the fields of the environment, energy and transport. NIB is committed to supporting the implementation of the strategy and is cooperating closely with EIB in this respect.

The Bank continued to play an active role in the Northern Dimension Environmental Partnership (NDEP) with new loans being developed for investments in wastewater treatment in Russia and also in Belarus, the latter country having been accepted as a new area of NDEP activity. The aim of the NDEP partnership is to coordinate and streamline the financing of environmental projects with cross-border effects in the Baltic Sea region, the Barents region and Northwest Russia, with projects benefitting from grants by the NDEP support fund.

New Northern Dimension Partnership on Transport and Logistics

In 2010, the process of setting up the new Northern Dimension Partnership on Transport and Logistics took significant steps forward. The purpose of the partnership is to facilitate cooperation on and implementation of regional transport infrastructure and logistics projects. The goal is an effective flow of goods and people in the northern European region.

NIB has actively participated in the preparation of the new partnership and will host the secretariat of the NDPTL, which will commence its operational activities in 2011.

The implementation of various public-private partnership (PPP) projects with financing from NIB continued, with a number of new projects under development. New loans agreed related to both transport infrastructure and hospital services. PPPs can provide an effective mechanism for harnessing private sector competence and funding capacity in support of infrastructure and utility investments.

The Bank also engages in projects with a project-financing structure, in which the revenues generated by the operation of the project form the basis for the repayment of the loan.

Reliable railways
With the help of a loan from NIB, Swedish Green Cargo has invested in the modernisation of 104 of the company's locomotives. Reliable freight transport is important for Sweden in order to compete in the global market.

Photo: Peter Lydén

Countries of operation

As in previous years, most of the new lending in 2010 was carried out in the member countries, approximately 73%. During the year, the Bank signed 28 new loan agreements in the member countries with a total value of EUR 1,284 million. No new guarantees were issued. Disbursements of loans amounted to EUR 927 million, which expanded NIB's loans outstanding in the member countries to EUR 11,011 million at year-end. Loans agreed but not yet disbursed amounted to EUR 542 million at the end of the year.

Sweden accounted for the largest part, 38%, of the new lending in the member countries in 2010, followed by Finland with 34% and Norway with 17%.

Outside the member region, NIB finances projects of mutual interest to the Bank's member countries and the countries in which NIB financing is carried out. Loans are granted within the Bank's ordinary lending or under the Project Investment Loan Facility (PIL) or the Environmental Loan Facility (MIL). In accordance with the revised policy for lending outside the member region, the Bank focused its operations on a limited group of countries in which it is perceived that there are good opportunities to achieve strong mandate fulfilment and to maintain a long-term presence.

In 2010, the Bank signed 11 new loan agreements in 8 non-member countries in Europe and Eurasia, Asia, Latin America and Africa. The total value of the new loans agreed during the year amounted to EUR 479 million. The largest recipients were China and Brazil. No new guarantees were issued during the year. Disbursements of loans amounted to EUR 348 million, after which NIB's loans outstanding in non-member countries stood at EUR 2,761 million at year-end. Loans agreed but not yet disbursed amounted to EUR 637 million at the end of the year.

The distribution of lending is summarised in the figures on page 17.

Focus sectors

In the Bank's reporting, the distribution of loans is presented according to sectors. Many projects relate to several sectors, particularly renewable energy, R&D and transport projects that represent both the environment and the other mentioned sectors. In order to reflect fairly the Bank's involvement in the different sectors, the reporting format was changed during the year so that for each loan the share of the relevant sector is presented as its weighted portion of the total amount. The new reporting format was also applied to loans agreed in 2009.

Environment

As described in more detail in the Mandate, Mission and Impact chapter, the Bank carries out a thorough assessment of all its loans, not only in order to apply appropriate safeguard procedures but also to identify projects that generate positive net environmental effects. Projects may represent end-of-pipe solutions where emissions are reduced through appropriate treatment facilities, but increasingly it is a matter of introducing cleaner technologies and better management of resource flows. Many projects have indirect positive environmental effects, for example, renewable energy projects which bring about emission reductions by replacing fossil fuels or projects aimed at reducing energy consumption in buildings through better efficiency.

The implementation and development of renewable energy systems and technologies is a focus area for NIB. All the member countries of the Bank have set ambitious and challenging targets to increase the share of renewable energy.
In 2010, new lending in the environmental sector totalled EUR 498 million, or 28% of all loans agreed. The environment remained the largest of the focus sectors. A major part of the agreed environmental loans were also related to other sectors as the projects represent investments in energy, transport, innovation, manufacturing and services that generate environmental benefits. The list of agreed loans, found on the inside back cover, indicates this overlap of sectors in the individual projects.

The projects financed by the Bank include investments in sustainable transport solutions, recycling, and energy efficiency in buildings. Renewable energy projects comprise wind power and hydropower systems. Other environmental projects include investments in R&D for more energy-saving industrial equipment and processes. The Bank also provided loans to banks for onlending to small and medium-sized companies and private households to finance investments in smaller-scale renewable energy and wastewater treatment.

“NIB is a leading financier of public-private partnership projects in the Nordic and Baltic area. Such projects fit well with NIB’s mandate and our strength in long-term financing.”

Giedrius Ruskys, Senior Manager, Product Unit

Energy

Security of supply and environmental sustainability are key challenges for the energy sector in the Bank’s member countries and beyond. Enhanced integration of regional energy transmission is a necessity, not least to enable a further increase of the share of renewable energy in the wider Baltic Sea region, and substantial long-term investments are needed in interconnectors and distribution systems. NIB has since the start of its operations been actively involved in financing the sector and is participating in the preparation of a number of priority projects. In 2010 the Bank adopted a lending strategy for its activities in the energy sector.

In 2010, the total share of energy loans was EUR 383 million, or 22% of all loans agreed during the year.

Loans were provided for investments in upgrading electricity transmission and distribution systems, including loans for the first project being implemented under the Baltic Energy Market Interconnection Plan.

Other loans to the energy sector included projects for renewable energy, improving the energy efficiency in buildings, modernisation of energy metering and more energy efficient industrial processes.

Transport, logistics and communications

Effective transport, logistics and communications are essential for the competitiveness of the Bank’s member region. This applies to local and intra-regional transport and communication channels as well as to access links from and to the region. Environmentally sustainable, economic and long-term solutions are important. Investments in transport equipment, such as rolling stock, and in infrastructure such as roads and railways, are of a long-term nature, meaning the mobilisation of long-term capital is a prerequisite for such investments to materialise. In 2010 the Bank adopted a lending strategy which emphasises these aspects for its activities in the sector.

In 2010, 12% of all loans agreed belonged to projects in the transport, logistics and communications sector, totalling EUR 216 million. Approximately one third was directed to communications projects and the remainder to transport and logistics.

The projects in this sector include investments in railways and rolling stock, airport and road construction as well as the development of new generation broadband and mobile phone systems.

Innovation

This sector comprises various activities related to innovation processes. As NIB only provides senior loans on market terms, the participation of the Bank is limited to such projects that are able to carry loan financing. R&D projects form the predominant part of the Bank’s portfolio in this sector.

"Long-term projects need long-term capital and here NIB can contribute."

Vidar Omholt, Senior Manager, Origination

In 2010, total lending was EUR 102 million for projects related to technology development, equalling 6% of all loans agreed during the year.

Other sectors

Financial intermediaries

A way to reach customers that the Bank cannot approach directly, primarily smaller enterprises and projects, is to provide financing through loan programmes mediated by financial institutions. As long as the funds are held by the financial intermediary and the sub-loans to the end borrowers have not been identified, NIB classifies the loan as a financial intermediary transaction. When the purpose of a sub-loan becomes known, the corresponding amount is transferred to the respective sector, for example, the environment.

Seven of the loan programmes agreed with financial intermediaries in 2010 were wholly or partly unallocated, with sub-loans waiting to be assigned to projects fulfilling NIB's criteria. The total amount remaining in this category is EUR 308 million, equivalent to 17% of all loans agreed.

One new loan programme was concluded with another IFI. This is in line with NIB's aim to enhance cooperation with other IFIs and reach out to projects in countries where NIB is not directly active. Loan programmes were also established with four non-member country and four member country financial institutions.

Manufacturing and mining

This sector continues to play an important part in NIB's lending. Industrial investments are of vital importance in safeguarding and enhancing the competitiveness of member country enterprises. Although many loans to manufacturing and mining enterprises are, fully or in part, classified as environment, energy or innovation sector loans, there is also a substantial portion that does not relate to the focus sectors.

In 2010, loans totalling EUR 115 million, or 7% of all loans agreed, were concluded for projects in manufacturing and mining. The projects include corporate acquisitions as well as investments in production facilities in order to increase capacity or improve manufacturing processes.

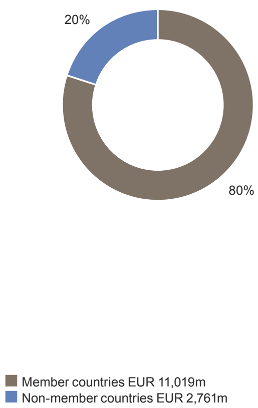
Services and other business sectors

Another sector, similar in its rationale to the manufacturing and mining sector, is categorised as "services and other", encompassing such activities that do not fall into any of the other categories. In 2010, one loan was agreed for a PPP hospital project amounting to EUR 142 million, or 8% of the new loans.

Loans outstanding

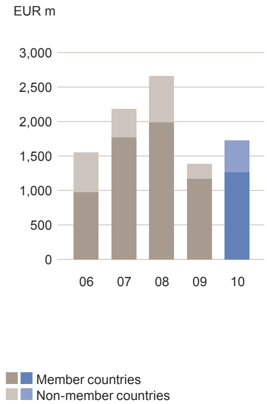
fig.13

As of 31 Dec 2010



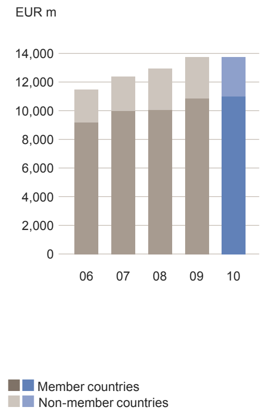
Loans agreed

fig.14



Loans outstanding

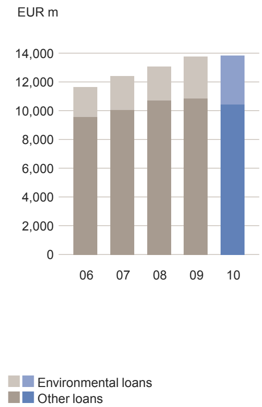
fig.15



Environmental loans outstanding

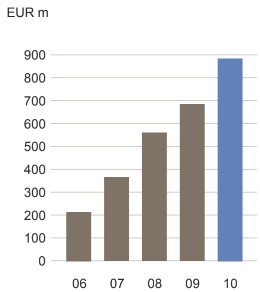
fig.16

As a share of total loans



Environmental loans agreed

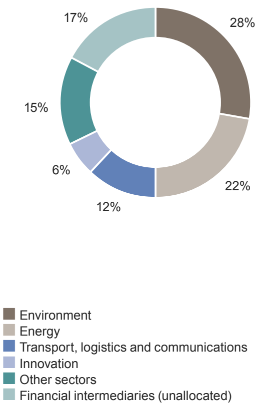
fig.17



Loans agreed 2010

fig.18

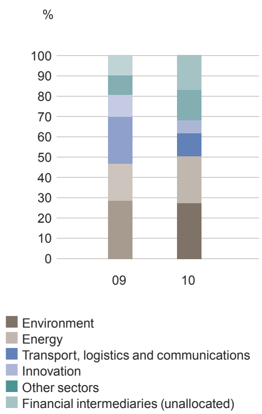
By focus sectors



Focus sector loans agreed

fig.19

As a share of total loans



Treasury

Highlights 2010
- **Highly competitive average funding cost for 2010**
- **Gross liquidity volumes grew to an all-time high during June–July**
- **The Own Capital Portfolio outperformed its benchmark**

Prospects 2011
- **Funding Strategy: remain a leading IFI benchmark issuer**
- **Issuing of the first NIB Environmental Bond**
- **Focus on liquidity warehousing and covered bonds**
- **Review of the euro government investment-grade bond benchmark used for the Own Capital Portfolio**

Capital markets

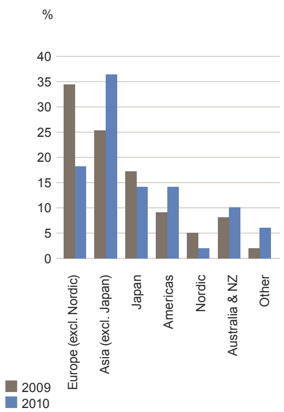
Borrowing

In 2010, NIB borrowed EUR 4.1 billion through 65 bond transactions, spanning 11 different currencies. At year-end, outstanding debt totalled EUR 19,944 million in 19 currencies.

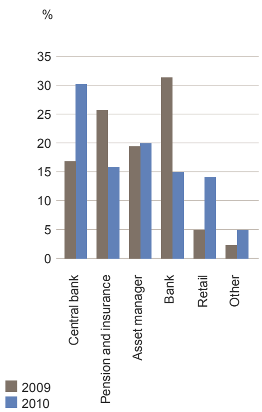
The Bank's funding strategy is to be a leading IFI benchmark issuer and maintain a global investor base. Borrowing should be diversified into different currencies and markets.

The Bank undertook two successful global USD benchmarks during 2010. The first benchmark was a 3-year USD 1 billion global public issue priced in January. The

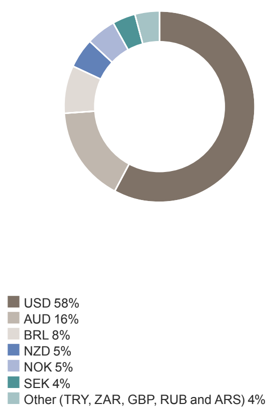
New borrowings fig.20
Geographical distribution



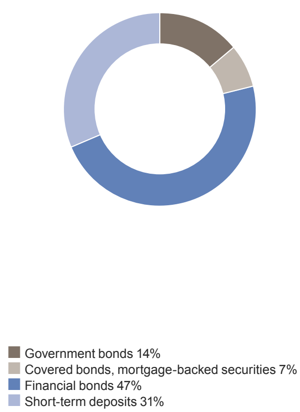
New borrowings fig.21
Investor distribution



New borrowings fig.22
Currency distribution 2010



Liquidity fig.23
Distribution by instrument as of 31 Dec 2010



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

> "Many investors see NIB's owners as some of the most creditworthy countries in the world."
>
> **Jens Hellerup,** Director, Head of Funding and Investor Relations

transaction turned out to be the tightest supranational 3-year benchmark transaction in 2010.

In May, NIB launched and priced its second public USD benchmark. The 5-year USD 1.25 billion benchmark issue was NIB's largest 5-year USD benchmark to date.

The majority of NIB's 2010 funding was placed with investors located in Asia, excluding Japan, and accounted for 36% of total funding. Europe accounted for 18%, and Japan and the Americas for 14% each, while the remainder derived from varied sources worldwide. Central banks represented the biggest investor type with 30%, mainly through participation in NIB's issuance of the two global USD benchmark transactions (see figures 20 and 21).

The currency distribution was diversified with USD and AUD being the two largest funding currencies at 58% and 16% respectively. The distribution can be seen in figure 22.

In spring 2010, NIB priced a new 5-year AUD 600 million bond issue. Later in the year, NIB tapped the market with a further AUD 325 million.

In February 2010, NIB returned to the Kauri market with a new 4-year NZD 150 million transaction. In the Nordic currencies, NIB issued an 18-month SEK 1,500 million fixed-rate issue and two Norwegian crown fixed-rate issues totalling NOK 1,500 million.

NIB launched its first support bond for environmental projects addressed to the Japanese retail market. The proceeds from this environmental support bond were swapped back to euro and used to refinance specific climate change mitigation projects selected by NIB.

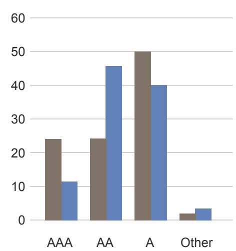
NIB continued to meet investors globally, updating them on developments and securing sufficient credit lines available for investment in NIB bonds. The investor relations activities included bilateral meetings, seminars arranged by intermediary banks, conferences, as well as networking with the capital market media.

Liquidity

fig.24

Rating distribution by instrument

%



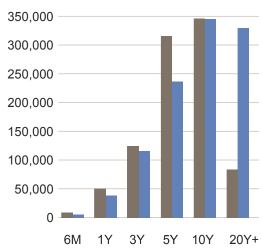
31 Dec 2009
31 Dec 2010

Own capital and benchmark maturity profile

fig.25

BPV* per maturity segment

EUR



Portfolio
Benchmark

*BPV = Basis point value, i.e. the sensitivity of the portfolio value to one basis point rise in yields.

Asset liability management

The Bank's net operational liquidity totalled EUR 4,213 million at the end of 2010, of which holdings in liquid securities totalled EUR 2,618 million. Gross liquidity amounted to EUR 5,344 million, as money market loans and received cash as collateral stood at EUR 1,131 million at year-end. The Bank's liquidity was primarily held in euro and US dollars, while a minor portion was held in Nordic and other currencies. Liquidity distribution is shown in figure 23 and the distribution by rating is shown in figure 24.

The Bank maintained sufficient liquidity during the year. It is the Bank's target to ensure a sufficient level of liquidity to be able to continue disbursing new loans and fulfil all payment obligations for one year forward, without necessitating additional funding.

Again in 2010, the valuation of the bonds in the liquidity portfolio contributed to a positive result to the Bank's earnings.

Own Capital Portfolio management

NIB's Own Capital Portfolio is invested in highly rated fixed-income securities denominated in euro and it is not counted as part of the net operational liquidity. The objective of the portfolio is to contribute to the stable income of the Bank by generating a satisfactory return comparable to a euro-denominated government-bond benchmark index.

During the year, the duration of the portfolio has been kept lower than the benchmark duration of 4.5 years and at year-end it was 4.1 years. The portfolio return for 2010 was 3.07% compared with the benchmark return of 1.15%.

At year-end, the portfolio's nominal value amounted to EUR 2,157 million. The net interest income from the portfolio, EUR 77.9 million, is approximately one-third of NIB's total net interest income in 2010.

During the year, the allocation to the core European government bonds was increased further and this investment policy has sustained the high ratings of the securities in the portfolio.

The portfolio has overweighed investments in segments with a maturity of up to five years compared to the benchmark while being under-allocated in the long-term maturity segment. The portfolio and benchmark maturity profiles are shown in figure 25.

NIB uses external managers for fixed income trading with the objective of increasing returns and diversifying risks. All external managers had positive returns for the year and, overall, the performance exceeded the targets. The internal interest rate portfolio, with similar guidelines as those used for the external managers, also performed positively.

Human resources

Highlights 2010:
- **Resource planning included in the yearly business planning process**
- **Workshops followed up on needs identified in the Job Satisfaction Survey**

Prospects 2011:
- **Continuous leadership training**
- **Job Satisfaction Survey 2011**
- **Upgrading of the job evaluation system**

NIB's staff is both professionally and culturally diverse. The Bank aims to attract and retain experienced and talented people who possess the competencies and skills to effectively implement NIB's mandate.

NIB encourages professional development. The Bank offers staff members opportunities to grow professionally through training, job rotation, secondments or new tasks within their own field of expertise. The benefits of this development are twofold: the individual's job satisfaction increases, while the Bank better utilises its human resources.

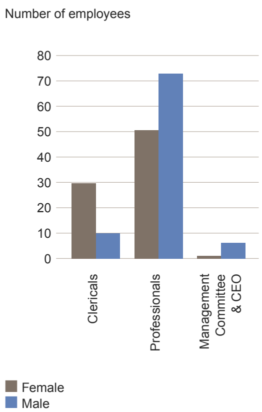
In 2010, a new tool—resource planning—was used in the yearly business planning processes. This allowed the departments to better assess resource gaps and determine how resources can and should be used.

NIB's staff

The majority of NIB's staff members are employed on a full-time basis and have permanent employment contracts. At

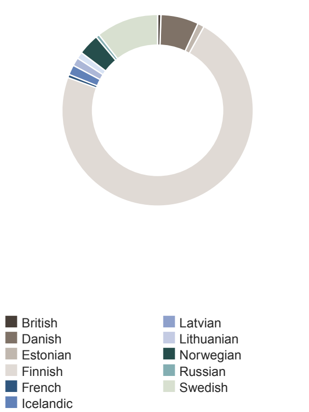
Staff by category and gender fig.26

As of 31 Dec 2010

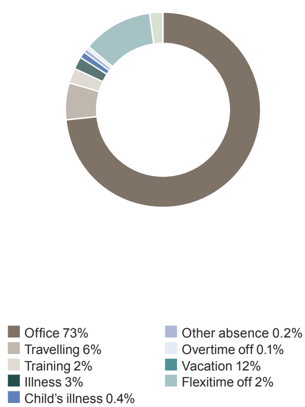


Nationality of employees fig.27

As of 31 Dec 2010

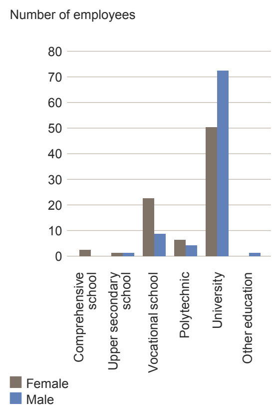


Working days 2010 fig.28



Staff by educational background and gender fig.29

As of 31 Dec 2010



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

"A healthy, committed workforce is vital to NIB's success."

Monica Wilenius, HR Assistant

the end of 2010, NIB had 171 employees in permanent positions, comprising 82 women and 89 men, representing 11 nationalities.

In addition, 8 persons worked in temporary positions, resulting in a total of 181.6 employees on average during the year. The exit turnover for staff in permanent positions was 6.9%, as 12 employees left the Bank during 2010. The average age of NIB's employees in permanent positions was 45.2 years, and the average length of service was 10 years.

When recruiting, NIB emphasises professional qualifications and experience. In 2010, the Bank hired 2 women and 2 men for permanent positions. All new employees originated from Finland.

Human resources development

In 2010 the results from the Job Satisfaction Survey conducted in 2009 formed the basis for most of the human resources development activities. Three main areas were identified for development: communication and information; prioritisation, presence and visibility; and leadership and management.

Progress was made in all of these areas. To address leadership and management issues, for example, workshops and training programmes aimed at building a common understanding of the role of supervisors in different parts of the Bank with focus on people, performance and leadership leverage were arranged.

Other training sessions were planned according to the needs defined during the yearly Personal Appraisal and Development Discussion (PADD) process. Many types of training—from financial modelling and procurement to negotiation skills—were arranged internally, while external training focused on risk awareness.

The internal training activities also included language training in 10 languages and ICT training in various Microsoft Office programs.

The average number of training days per employee in 2010 was 5.8 days.

Well-being and safety

NIB provides both occupational healthcare and medical care services to its employees and offers extensive insurance cover for its staff. As a means of further improving the overall insurance cover of the staff, NIB took out a group disability insurance policy in 2010.

NIB's Staff Activity Club organises social and cultural activities, which also enhance workplace satisfaction and encourage employee networking, an especially important factor for employees who come from outside Finland.

The Initiative of the Year was introduced in 2010. The initiative or idea which best supports NIB's values, mandate, operational goals and/or working climate will be rewarded with a prize. An initiative may concern any area of the Bank's activities.

For more information on NIB's employees, see Note 5 in the electronic Financial Report available at annual.nib.int/2010.

New hospital

NIB has contributed to the financing of the New Karolinska Solna hospital outside Stockholm, Sweden. When ready in 2016, the hospital will provide specialised healthcare in one of the most environmentally advanced buildings in Scandinavia.

Visualisation: New Karolinska Solna

Report of the Board of Directors

In 2010, the international financial markets and the global economy showed signs of improvements. In addition, the economies in the Nordic-Baltic region started to recover. Towards the end of the year uncertainty in the financial markets increased again due to higher sovereign risk, particularly in Europe.

In June, NIB's Board of Governors decided to increase the Bank's capital base to EUR 6,142 million. A larger capital base adds to the Bank's lending capacity, which had become constrained after high disbursements in 2007–2009. Additional capital allows NIB to continue its lending operations at more or less the same pace as in the last few years. It is expected that the demand for long-term financing will remain high in the coming years. The decision of the Board of Governors to increase the Bank's capital base by EUR 2 billion entered into force as of 16 February 2011 after all member countries had completed their national procedures. The Board of Directors proposes resuming the payment of dividends in the future.

The demand persisted during the year and loans approved by the Board of Directors reached EUR 2,310 million whereas agreed loans reached EUR 1,763 million. At the same time, among the Bank's customers there was an improvement in the liquidity situation while investment activity remained low. This was reflected in disbursements, which were at EUR 1,274 million. The decrease was also attributable to high lending activity during the previous years, which had consumed the inventory of agreed loans as the Bank had to hold back on new approvals.

NIB's operational results for 2010 in terms of core earnings* amounted to EUR 217 million, up from EUR 192 million during the same period in 2009. Positive value adjustments on financial instruments accounted for EUR 27 million. Impairments to the loan book amounted to EUR 38 million in 2010. NIB's profit amounted to EUR 211 million.

*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.

Strategic focus

With the increased capital NIB is better equipped to assist the Nordic and Baltic countries in supporting competitiveness and protecting the environment. In the context of the decision, increasing attention was given to high mandate compliance and the need to focus the Bank's activities in order for the Bank to provide a high added value. In concrete terms, high mandate compliance is most likely when financing projects in the Bank's focus sectors: energy; environment; transport, logistics and communications; and innovation. Similarly, a more explicit strong mandate contribution will be required of new projects.

Several steps were taken during the year to increase NIB's ability to meet the requirements for high mandate compliance.

A business strategy for energy sector lending was established. The objective of the strategy is to ensure that energy projects financed by NIB provide high mandate fulfilment for the Bank while taking into account member country energy priorities and ensuring good risk quality. Within the energy sector, the emphasis will be on renewable energy forms, energy efficiency, increased integration and security of supply.

Within the environmental field, the Board of Directors decided to extend by EUR 1 billion the CLEERE lending facility, which supports actions to combat and adapt to climate change. All in all, EUR 1.6 billion out of EUR 2 billion framework was allocated by the end of 2010. The Baltic Sea Environment Financing Facility (BASE) has a framework of EUR 500 million, out of which EUR 138 million was allocated by the end of 2010. Five projects were approved and six tentatively approved under the Baltic Sea Trust Fund managed jointly by NIB and NEFCO.

As regards transport, logistics and communications, the work has proceeded in relation to setting up a secretariat for Northern Dimension Partnership on Transport and Logistics (NDPTL) to be hosted by NIB. The Agreement on the NDPTL secretariat was signed by all the eleven states involved and the Bank. The secretariat should start functioning in early 2011.

The Board of Directors decided in 2009 that NIB will further sharpen its geographical focus by intensifying its cooperation with a limited number of non-member countries which offer the highest potential in terms of project participant interest and mandate fulfilment. In line with this decision, more detailed country strategies were developed for NIB's operations in the neighbouring Baltic Sea region, including Poland, Russia and Ukraine, and in some of the major emerging economies, such as Brazil, China and India. A framework agreement (FA) was signed with Belarus which will enable NIB to finance environmental projects in that country.

The revised Host Country Agreement (HCA) was signed by the parties in October and the Finnish parliament approved it in December.

The Chairmanship of the Board rotates among the member countries every two years. Madis Üürike ended his two-year term on 1 June 2010, when Jesper Olesen took over the Chairmanship.

Key figures

(in EUR million)	**2010**	2009	2008
Net interest income	234	219	212
Profit/loss on financial operations	39	178	-387
Loan impairments	38	43	79
Core earnings*	217	192	189
Profit/loss	211	324	-281
Equity	2,262	2,050	1,730
Total assets	24,898	22,423	22,620
Solvency ratio (equity/total assets %)	9.1%	9.1%	7.6%

*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.

Activities

Demand continued to persist for NIB loans in 2010, a fact reflected in the total amount of new loans approved by the Board (EUR 2,310 million). The Bank signed 39 loan agreements during the year for a total of EUR 1,763 million, compared to EUR 1,417 million during the same period in 2009.

The disbursement of loans decreased to EUR 1,274 million, compared to EUR 1,954 million during the same period in 2009. This was partly due to the improved liquidity situation in the economy in combination with low investment activity. NIB was also somewhat restrained in granting and signing of new loans during 2007–2009, as these were rapidly turned into disbursements and NIB had a capital constraint.

In line with the efforts to achieve high mandate compliance, two thirds of the Bank's lending was allocated into its focus sectors: energy; environment; transport, logistics and communications; and innovation.

In 2010, environment-related lending accounted for 28% of agreed loans. The Bank participated in a number of projects for new wind, hydropower and biomass plants. Energy efficiency projects, including energy conservation in buildings, were also targeted.

In the other parts of the energy sector, investments aimed at securing the generation and transmission capacity, as well as improving the distribution systems were prioritised by the Bank. Lending was directed to smart metering and electricity distribution investments. Energy investments accounted for 22% of the loans agreed during the year.

Transport, logistics and communication accounts for 12% of agreed loans.

Loans were allocated for sustainable rail transport, including commuter rail, as well as airport development.

The innovation sector accounted for 6% of agreed loans focusing on research and development.

Small projects were targeted through intermediary banks and regional IFIs (17% of agreed loans). Other sectors accounted for 15%.

In total, 73% of the lending was targeted inside the membership area.

NIB continued to closely monitor the Bank's loan portfolio in order to identify and mitigate possible problems among existing borrowers. A temporary work-out unit dealt with loans which were watch-listed or subject to work-out.

NIB fulfilled its funding plan for 2010 by borrowing total funding of EUR 4.1 billion and maintained its position as a leading Nordic benchmark issuer. During the year, the Bank undertook two USD benchmarks. In January, NIB issued a successful 3-year USD 1 billion benchmark, which was the tightest 3-year primary benchmark transaction of 2010 among the supranational institutions. In May, NIB issued a 5-year primary USD benchmark, which was upsized to USD 1.25 billion due to strong demand. In total, 65 transactions were carried out in 11 different currencies, with USD being the most important currency, representing nearly 60% of last year's new funding.

The funding costs turned out to be lower compared to last year and NIB's funding cost is considered to be very competitive. In the financial market, the price development of NIB's bonds followed the supranational institutions situated in Washington. During the first months of the year, NIB's bonds outperformed the bonds of both sovereign and supranational institutions which are located in or have exposure to Southern Europe. In the latter part of 2010, the financial markets normalised and NIB's bonds again traded in line with the European peer group.

During the year, the overall liquidity was at a record high level for a number of reasons: large payment obligations at the beginning of 2011, a large amount of received cash collateral from swap counterparties and a delay in loan disbursements. At the end of the year, operational net liquidity stood at EUR 4,213.2 million.

It is the Bank's target to ensure a sufficient level of liquidity to be able to continue disbursing new loans and fulfil all payment obligations for one year forward, without necessitating additional funding.

Financial results

NIB's net interest income amounted to EUR 234 million, which corresponds to an increase of EUR 15 million compared to 2009. The administrative expenses for the period amounted to EUR 31 million. NIB's underlying business for 2010 in terms of core earnings* continues its increase to EUR 217 million, compared to EUR 192 million for the corresponding period in 2009.

NIB's profit normalised to EUR 211 million, of which net profit on financial operations accounted for EUR 39 million. Valuation profits on financial instruments amounted to EUR 27 million compared with the extraordinarily high figure of the previous year (EUR 137 million). Impairments to the loan book amounted to EUR 38 million in 2010 (EUR 43 million in 2009).

The Bank's total assets at the end of the period was EUR 25 billion, up from EUR 22 billion at the end of 2009. The outstanding loan stock was EUR 14 billion.

Risk management

Overall, the quality of the Bank's portfolios remained high in 2010, despite the continued weakness of the economy and the problems encountered by some counterparties. The share of the weakest risk classes decreased slightly from year-end 2009. The credit quality of the treasury portfolio improved during the year. Portfolios were well-balanced in both their geographical and sectoral distribution, as well as in their degree of concentration regarding exposure to individual counterparties.

The Bank continued to emphasise follow-up measures on its customers and counterparties during 2010.

Outlook

NIB expects the economic recovery in the member countries to continue. Due to central bank operations, liquidity will be ample in the financial markets. However, the supply of long-term financing remains constrained partly due to expected new regulatory requirements. The volatility in the financial market, related to increased sovereign risks, is also likely to continue.

In these circumstances, NIB will direct its efforts to projects which have high mandate compliance. The Bank's focus sectors have large potential in this respect, but they are still suffering from low investment activity in the aftermath of the financial crisis. NIB also expects to continue to have good access to funding in the financial markets.

Lending

(In EUR million unless otherwise specified)	**2010**	2009	2008
Energy	**383**	**253**	**-**
Environment	**498**	**415**	**-**
Transport, logistics and communication	**216**	**327**	**-**
Innovation	**102**	**139**	**-**
Financial intermediaries	308	144	-
Others	257	140	-
Loans agreed, total	**1,763**	**1,417**	**2,707**
Member countries	1,284	1,201	2,027
Non-member countries	479	216	680
Number of loan agreements, total	**39**	**40**	**53**
Member countries	28	33	40
Non-member countries	11	7	13
Loans outstanding and guarantees	**13,780**	**13,775**	**13,079**
Member countries	11,019	10,901	10,160
Non-member countries	2,761	2,874	2,920
Repayments and prepayments	**1,807**	**1,343**	**1,467**

New method of collecting statistics for focus sectors was used for 2009-10. The statistics based on agreed loans includes loan programs which will be allocated to focus sectors only after the amounts have been disbursed. The focus sector share for disbursed loans was 78% in 2010.

Financial activities

(in EUR million)	**2010**	2009	2008
New debt issues	4,120	4,137	4,681
Debts evidenced by certificates at year-end	19,944	17,998	17,549
Number of borrowing transactions	65	71	59
Number of borrowing currencies	11	10	13

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 2010 takes into account the need to keep the Bank's ratio of equity to total 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 2010

of EUR 210,832,171.72 is to be allocated as follows:

- EUR 210,832,171.72 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 683,045,630.31 or 16.5% of the Bank's authorised capital stock as of 31 December 2010 and 11.1% of the Bank's authorised capital stock after the capital increase which took effect on 16 February 2011; and
- no dividends be made available to the Bank's member countries.

Read more 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, 3 March 2011

Jesper Olesen

Rolandas Kriščiūnas

Madis Üürike

Kristina Sarjo

Þorsteinn Þorsteinsson

Edmunds Krastiņš

Heidi Heggenes

Erik Åsbrink

Johnny Åkerholm
President and CEO

Road improvements

With a loan from NIB, the City of Vilnius is constructing a bridge on one of the city's busiest throughputs and the western bypass. The westbound motorway is one key to integrating the city's transport system into a broader transport network.

Photo: Alvydas Šmigelskas

Loans agreed 2010

Borrower	Project	Sector
Green Cargo, Sweden	Financing the upgrade of 42 electric and 62 diesel locomotives at Green Cargo.	**Environment, Transport, logistics and communications**
UPM-Kymmene Oyj, Finland	Investment in a new chemical recovery plant at a pulp and paper mill in Kymi, Finland.	**Environment, Manufacturing and mining**
Central American Bank for Economic Integration (CABEI)	Loan programme focused mainly on renewable energy and public transport projects.	**Financial intermediary**
Northern Capital Gateway LLC, Russia	Reconstruction and expansion of the Pulkovo Airport in St Petersburg.	**Transport, logistics and communications**
Energa SA, Poland	Modernisation and construction of low- and medium-voltage electricity networks.	**Environment, Energy**
Rajakiiri Oy, Finland	Financing of the construction of a wind power park in Tornio in northern Finland.	**Environment, Energy**
Suomen Hypoteekkiyhdistys, Finland	Onlending to households and housing companies for financing of projects that improve energy efficiency.	**Environment, Energy**
Fortum Oyj, Finland	Investment programme for building up remote reading systems in energy metering.	**Environment, Energy**
Outotec Oyj, Finland	Investment programme in research and development.	**Environment, Innovation**
Transitio AB, Sweden	Purchase of new trains to increase railway efficiency.	**Environment, Transport, logistics and communications**
Nokia Siemens Networks Finance B.V., Netherlands and Nokia Siemens Networks Oy, Finland	Investment in a research and development project, aimed at integrating several wireless technologies into a Single RAN (radio access network). The Single RAN can be upgraded via remote software solutions, which will simplify the operation of mobile networks.	**Environment, Transport, logistics and communications, Innovation**
Rautaruukki Corporation, Finland	Modernisation and reconstruction of the iron production and related environmental technology in the company's steelworks in Raahe, Finland. The renewal will help modernise the manufacturing process so that it conforms to the latest environmental and technical standards.	**Environment, Manufacturing and mining**
Vattenfall AB, Sweden	Upgrade of hydropower plants in 2006–2013. A major part of the task involves reducing the environmental impact of Vattenfall's operations and utilising water resources more efficiently. The investments are mainly focused on the replacement of turbines, generators and transformers.	**Environment, Energy**

Borrower	Project	Sector
VAS Latvijas Dzelzcels, Latvia	Investment programme for the renewal of the east-west railway corridor in 2010–2013.	**Environment, Transport, logistics and communications**
Lahti Energia Oy, Finland	Construction of a gasification-based waste-to-energy plant in the city of Lahti in southern Finland.	**Environment, Energy**
Hafslund ASA, Norway	Expansion and upgrade of the transmission grid in the Oslo region.	**Environment, Energy**
Swedish Hospital Partners, Sweden	Public-private partnership (PPP) project to design, build, finance and operate the New Karolinska Solna Hospital, in order to meet the future demands of specialised healthcare.	**Innovation, Services and other**
Banco Itaú BBA, Brazil	Loan programme for financing projects that are of mutual interests to Brazil and NIB's member countries.	**Financial intermediary**
Socialist Republic of Vietnam	Loan programme for onlending to projects within various sectors using modern, state-of-the-art technologies and equipment supplied by companies from NIB's member countries.	**Financial intermediary**
SSAB, Sweden	Expansion of one of the company's plants in Sweden, to increase the volume of high strength steel products.	**Manufacturing and mining**
TINE SA, Norway	Construction of a new dairy facility in southern Norway, which will replace four older dairies in the same region.	**Environment, Energy**
Bons Ventos Geradora de Energia S.A., Brazil	Construction of four wind parks with a total power generation capacity of 157.5 MW in Brazil.	**Environment, Energy**
Boliden Mineral AB, Sweden	Expansion of the metal company's electronic scrap recycling plant in Rönnskär, Sweden.	**Environment**
Vilnius City Government, Lithuania	Construction of the city's western bypass road and sludge treatment plant as well as renovation of schools.	**Environment, Energy, Transport, logistics and communications**
Kemira Oyj, Finland	Financing of R&D at a centre of water efficiency excellence.	**Environment, Innovation**
Vestas Wind Systems A/S, Denmark	R&D programme focusing on the development of a new type of 3 MW wind turbine for low and medium wind regimes.	**Environment, Innovation**
Banco Nacional de Desenvolvimento Economico e Social, Brazil	General loan programme for onlending to projects fulfilling NIB's mandate within various sectors.	**Financial intermediary**

Borrower	Project	Sector
Fingrid Oyj, Finland	Construction of a 170-kilometre electricity interconnection between Estonia and Finland, Estlink 2.	**Energy**
Elering OÜ, Estonia	Construction of a 170-kilometre electricity interconnection between Estonia and Finland, Estlink 2.	**Energy**
People's Republic of China	Loan programme to finance environmental projects complying with NIB's mandate within various sectors and aimed at improving the environmental situation in China through pollution abatement and the application of environment-friendly technologies.	**Financial intermediary**
People's Republic of China	General Loan Programme XIII to finance projects complying with NIB's mandate within various sectors.	**Financial intermediary**
Finnfund Oy, Finland	Onlending to small and medium-sized companies for environmental projects.	**Environment, Energy**
Nokia Siemens Networks Finance B.V., Netherlands and Nokia Siemens Networks Oy, Finland	R&D activities towards Single RAN (radio access network) base station technology.	**Environment, Transport, logistics and communications, Innovation**
Norsk Hydro ASA, Norway	Investments in the field of research and development, environment and the company's hydropower operations.	**Environment, Energy, Innovation**
Greenland Self Rule Government, Denmark	Construction of a new hydropower plant at Sisimiut on the west coast of Greenland.	**Environment, Energy**
Bulgarian Development Bank, Bulgaria	Onlending to projects that comply with NIB's mandate, mainly in the production of renewable energy.	**Financial intermediary**
Ringkjøbing Landbobank A/S, Denmark	Loan programme earmarked for investments in wind power projects in Jutland, Denmark.	**Environment, Energy**
Oulun Osuuspankki Oyj, Finland	Onlending to private households, housing companies, SMEs and large corporations for projects in the areas of energy efficiency and wastewater treatment.	**Environment, Energy**
Nedbank Limited, South Africa	Onlending to a telecom project that will upgrade and expand the South African telecom operator Cell-C's telecom network in South Africa.	**Transport, logistics and communications**

The list is in chronological order.

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