



NORDIC
INVESTMENT
BANK

FINANCING
THE
FUTURE

Financial information January–August 2016

(unaudited)



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Key figures

<i>(in EUR million unless otherwise specified)</i>	Aug 2016*	<i>Aug 2015*</i>	<i>Dec 2015</i>
Net interest income	159	165	247
Profit/loss	145	150	215
Loans disbursed	1,946	1,272	2,716
Loans agreed	2,545	1,389	2,830
Loans outstanding	16,158	15,141	15,627
Guarantee commitments	-	-	-
New debt issues	4,470	2,665	4,276
Debts evidenced by certificates	21,746	19,717	20,862
Total assets	27,611	26,268	27,311
Equity/total assets (%)	11.5	11.7	11.5
Profit/average equity (%)	6.9	7.4	7.0
Number of employees (average during the period)	191	189	188

* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2015 and the notes thereto.

Comments on NIB's financial figures January–August 2016

In the first eight months of the year, NIB experienced good demand for its long-term financing. A total of 33 loans were agreed (Jan–Aug 2015: 25) amounting to EUR 2,545 million (EUR 1,389 million). Disbursements totalled EUR 1,946 million (Jan–Aug 2015: EUR 1,272 million). The figures for loans agreed and disbursed include bonds purchased in NIB's newly established green bond portfolio. The Bank has actively participated in four issuances and holds EUR 61 million of green bonds.

The demand for long term financing was mainly driven by large investment needs in the public sector in the Bank's member countries. Many public sector infrastructural investments completed in the 1960s and 70s need to be upgraded or replaced as they are reaching the end of their economic lives. Furthermore, urbanisation, population growth and ageing are also putting pressure on infrastructure, necessitating further investments. Water supply, wastewater treatment, energy generation and energy distribution are examples of infrastructure projects that NIB has financed this year.

The profit for the period amounted to EUR 145 million, down by EUR 5 million

compared with the same period in 2015 (EUR 150 million). The decrease in earnings was primarily attributable lower net interest income, down by EUR 6 million on a year ago, and to an increase in impairment of loans to EUR 12 million, compared to net reversals of EUR 4 million in January–August 2015. However, higher net profit on financial operations of EUR 21 million, compared to EUR 3 million in January–August 2015, contributed positively.

During the first eight months of the year, NIB raised EUR 4.5 billion in new funding, which accounts for close to 85% of this year's funding plans. The three-year, USD 1.25 billion global benchmark in February was followed by a five-year, USD 1 billion benchmark in August. The Bank continued to issue NIB Environmental Bonds. So far this year, two NIB Environmental Bonds have been issued, totalling the equivalent of EUR 600 million.

In the near term, public sector investment needs are expected to remain great, and given the demand, disbursements are likely to stay at a high level for the rest of the year.

Henrik Normann
President & CEO

Income statement

EUR 1,000

	Jan–Aug 2016*	<i>Jan–Aug 2015*</i>	<i>Jan–Dec 2015</i>
Interest income	208,189	231,062	338,781
Interest expense	-49,141	-65,780	-92,005
Net interest income	159,048	165,282	246,776
Commission income and fees received	8,823	7,675	12,218
Commission expense and fees paid	-1,578	-1,821	-2,212
Net profit/loss on financial operations	20,929	3,063	11,521
Foreign exchange gains and losses	-23	96	82
Operating income	187,199	174,295	268,385
Expenses			
General administrative expenses	28,422	25,672	41,740
Depreciation	1,474	2,780	8,737
Impairment of loans	12,285	-3,760	2,509
Total expenses	42,182	24,692	52,987
PROFIT/LOSS FOR THE PERIOD	145,017	149,603	215,398

Statement of comprehensive income

EUR 1,000

	Jan–Aug 2016*	<i>Jan–Aug 2015*</i>	<i>Jan–Dec 2015</i>
Profit/loss for the period	145,017	149,603	215,398
Other comprehensive income/expense			
Movement in hedging reserve:**			
Cross-currency basis spreads of hedging swaps	-54,114	-	-
Value adjustments of cash flow hedges	3,911	-	-
Total other comprehensive income for the period	-50,203	-	-
Total comprehensive income for the period	94,814	149,603	215,398

* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2015 and the notes thereto.

** The movement in fair value of cross-currency basis spreads of hedging swaps is recognised in the hedging reserve.

The effective portion of net change in fair value hedging instruments of cash flow hedges is also recognised in the hedging reserve.

These swaps will be held to maturity and the unrealised gains and losses due to the cross-currency basis spreads will be restored by maturity.

Statement of financial position

EUR 1,000

	31 Aug 2016*	31 Aug 2015*	31 Dec 2015
ASSETS			
Cash and cash equivalents	2,665,268	2,235,124	2,666,070
Financial placements			
Placements with credit institutions	8,771	7,571	7,921
Debt securities	6,362,508	5,880,116	6,080,069
Other	22,508	23,720	22,023
	6,393,788	5,911,407	6,110,012
Loans outstanding	16,157,795	15,141,404	15,626,946
Intangible assets	-	4,771	-
Tangible assets, property and equipment	27,002	28,352	28,360
Other assets			
Derivatives	2,096,524	2,656,114	2,557,979
Other assets	20,468	25,812	23,103
	2,116,992	2,681,926	2,581,083
Accrued interest and fees receivable	250,444	264,946	298,977
TOTAL ASSETS	27,611,289	26,267,931	27,311,447
LIABILITIES AND EQUITY			
Liabilities			
Amounts owed to credit institutions			
Short-term amounts owed to credit institutions	1,114,959	1,554,834	1,448,888
Long-term amounts owed to credit institutions	17,973	-	18,000
	1,132,931	1,554,834	1,466,888
Repurchase agreements	104,211	-	122,556
Debts evidenced by certificates			
Debt securities issued	21,686,248	19,642,967	20,802,164
Other debt	59,600	74,527	59,860
	21,745,847	19,717,493	20,862,024
Other liabilities			
Derivatives	1,261,293	1,718,732	1,480,736
Other liabilities	11,971	9,953	9,946
	1,273,264	1,728,686	1,490,682
Accrued interest and fees payable	168,723	186,217	222,800
Total liabilities	24,424,978	23,187,229	24,164,950
Equity			
Authorised and subscribed capital	6,141,903		
of which callable capital	-5,723,302		
Paid-in capital	418,602	418,602	418,602
Reserve funds			
Statutory Reserve	686,325	686,325	686,325
General Credit Risk Fund	1,540,651	1,430,252	1,430,252
Special Credit Risk Fund PIL	445,919	395,919	395,919
Profit/loss for the period	145,017	149,603	215,398
Other comprehensive income for the period	-50,203	-	-
Total equity	3,186,311	3,080,701	3,146,497
TOTAL LIABILITIES AND EQUITY	27,611,289	26,267,931	27,311,447

* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2015 the notes thereto.

Statement of 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	Hedging reserve	Profit/loss for the period	Total
Equity at 31 December 2014	418,602	686,325	1,275,041	395,919	0	0	0	210,211	2,986,099
Appropriations between reserve funds			155,211			55,000		-210,211	0
Paid-in capital									0
Called-in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable									0
Dividend payment						-55,000			-55,000
Comprehensive income for the period 1/1–31/8/2015								149,603	149,603
Equity at 31 August 2015	418,602	686,325	1,430,252	395,919	0	0	0	149,603	3,080,701
Paid-in capital									0
Called-in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable									0
Dividend payment									0
Comprehensive income for the period 1/9–31/12/2015								65,796	65,796
Equity at 31 December 2015	418,602	686,325	1,430,252	395,919	0	0	0	215,398	3,146,497
Appropriations between reserve funds			110,398	50,000		55,000		-215,398	0
Paid-in capital									0
Called-in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable									0
Dividend payment						-55,000			-55,000
Comprehensive income for the period 1/1–31/8/2016							-50,203	145,017	94,814
Equity at 31 August 2016	418,602	686,325	1,540,651	445,919	0	0	-50,203	145,017	3,186,311

Only the year-end figures are audited, to be read in conjunction with NIB's audited financial statements for 2015 and the notes thereto.

Cash flow statement

EUR 1,000

	Jan–Aug 2016*	<i>Jan–Aug 2015*</i>	<i>Jan–Dec 2015</i>
Cash flows from operating activities			
Profit/loss from operating activities	145,017	149,603	215,398
Adjustments:			
Unrealised gains/losses of financial assets held at fair value	-8,872	1,464	13,865
Depreciation and write-down in value of tangible and intangible assets	1,474	2,780	8,737
Change in accrued interest and fees (assets)	48,533	40,644	6,613
Change in accrued interest and fees (liabilities)	-54,077	-44,569	-7,986
Impairment of loans	12,285	-3,760	2,509
Adjustment to hedge accounting	-508	-696	-20,667
Other adjustments to the period's profit	2,254	-637	376
Adjustments, total	1,089	-4,774	3,447
Lending			
Disbursements of loans	-1,945,973	-1,271,669	-2,715,757
Repayments of loans	1,427,981	1,388,426	2,350,532
Capitalisations, redenominations, index adjustments, etc.	-26	-44	-51
Exchange rate adjustments	76,667	-139,000	-247,764
Lending, total	-441,351	-22,287	-613,039
Cash flows from operating activities, total	-295,245	122,542	-394,193
Cash flows from investing activities			
Placements and debt securities			
Purchase of debt securities	-1,533,672	-1,458,558	-2,168,290
Sold and matured debt securities	1,245,378	1,081,936	1,614,972
Placements with credit institutions	-850	-1,000	-1,350
Other financial placements	320	689	2,699
Exchange rate adjustments, etc.	18,093	-30,392	-59,523
Placements and debt securities, total	-270,731	-407,324	-611,491
Other items			
Acquisition of intangible assets	-	-898	-1,005
Acquisition of tangible assets	-117	-1,465	-2,551
Change in other assets	5,430	-1,390	5,676
Other items, total	5,313	-3,753	2,120
Cash flows from investing activities, total	-265,418	-411,077	-609,372
Cash flows from financing activities			
Debts evidenced by certificates			
Issues of new debt	4,469,633	2,665,120	4,276,138
Redemptions	-3,607,799	-2,888,200	-3,636,669
Exchange rate adjustments	-254,537	333,321	884,174
Debts evidenced by certificates, total	607,297	110,242	1,523,643
Other items			
Long-term placements from credit institutions	-27	-	18,000
Change in swap receivables	575,541	-501,631	-441,813
Change in swap payables	-211,784	466,642	218,769
Change in other liabilities	2,025	3,193	3,186
Dividend paid	-55,000	-55,000	-55,000
Paid-in capital and reserves	-	-	-
Other items, total	310,756	-86,796	-256,858
Cash flows from financing activities, total	918,053	23,446	1,266,784
CHANGE IN CASH AND CASH EQUIVALENTS, NET	357,390	-265,089	263,219
Opening balance for cash and cash equivalents, net	1,030,348	767,129	767,129
Closing balance for cash and cash equivalents, net	1,387,738	502,039	1,030,348
Additional information to the statement of cash flows			
Interest income received	256,722	271,706	345,394
Interest expense paid	-103,218	-110,349	-99,991

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

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Nordic Investment Bank (NIB)

Fabianinkatu 34
P.O. Box 249
FI-00171 Helsinki, Finland

Telephone: +358 10 618 001
Fax: +358 10 618 0725
Internet: www.nib.int
E-mail: info@nib.int