

## **NIB in 2010: rebuilding loan inventory for strong-mandate projects**

**In 2010, the international financial markets and the global economy showed signs of improvements. This positively affected the economies in the Nordic-Baltic region, which started to recover. High lending activity in previous years put limits on the level of loan disbursements in 2010. To increase the Bank's lending capacity in the years to come, the member countries decided to enlarge NIB's capital base.**

In June, NIB's Board of Governors decided to increase the Bank's capital base to EUR 6,142 million. Additional capital allows NIB to continue its lending operations at essentially the same pace as in the last few years. After all member countries had confirmed the increase, the new capital base came into force in mid-February 2011. It is expected that the demand for long-term financing will remain high in the coming years.

"The Bank's main effort during the latter part of the year was concentrated on rebuilding the pipeline of loans," says Johnny Åkerholm, NIB President and CEO. "Approvals and signings of new loan agreements were running at expected volumes, while disbursements were falling behind expectations. But this is to be seen as normalisation and a reflection of the liquidity glut in the market."

During the year, the Bank signed 39 loan agreements for a total of EUR 1,763 million (2009: EUR 1,417 million). At the same time, among the Bank's customers there was an improvement in the liquidity situation while investment activity remained low. This affected loan disbursements, which decreased to 1,274 million (1,954). The decrease also reflects high lending activity in the previous years, which consumed the inventory of agreed loans and made the Bank hold back on new approvals.

NIB's net interest income amounted to EUR 234 million, up 7% on the previous year. The operational results in terms of core earnings stood at EUR 217 million (192). Impairments to the loan book amounted to EUR 38 million (43). NIB's profit totalled EUR 211 million (324).

NIB maintained its position as a leading IFI benchmark issuer. In 2011, The Bank borrowed EUR 4.1 billion and carried out 65 transactions in 11 different currencies, including two USD billion benchmarks.

NIB expects the economic recovery in the Bank's member countries to continue. While liquidity is expected to be ample in the financial markets, the supply of long-term financing will remain 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 expects to maintain good access to funding in the financial markets. The Bank's efforts in its lending operations will be directed to financing strong-mandate projects.

NIB's Financial Report for 2010 is available [here](#).

### Key figures

in EUR million unless otherwise noted

	Y2010	Y2009
Net interest income	234	219
Core earnings*	217	192
Profit	211	324
Loans disbursed	1,274	1,954
Loan agreements	1,763	1,417
Member countries	1,284	1,201
Non-member countries	479	216
Loans outstanding and guarantees	13,780	13,775
Member countries	11,019	10,901
Non-member countries	2,761	2,874
New debt issues	4,120	4,137
Debts evidenced by certificates	19,944	17,998
Total assets	24,898	22,423
Equity/total assets	9.1%	9.1%

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

*The Nordic Investment Bank (NIB) is the common international financial institution of the eight Nordic and Baltic countries. NIB provides long-term financing to the energy, environmental, transport, logistics and communications, and innovation sectors for projects that strengthen competitiveness and enhance the environment. NIB has the highest possible credit rating, AAA/aaa, with the leading rating agencies Standard & Poor's and Moody's.*

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