



NORDIC INVESTMENT BANK

# Financial information January–August 2012

(unaudited)

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

	<b>Aug 2012*</b>	<i>Aug 2011*</i>	<i>Dec 2011</i>
Net interest income	165	153	228
Profit/loss	162	124	194
Loans disbursed	1,190	973	1,946
Loans agreed	1,490	1,438	2,608
Loans outstanding	14,817	13,623	14,153
Guarantee commitments	4	8	4
New debt issues	2,831	2,055	2,887
Debts evidenced by certificates	20,998	17,464	18,433
Total assets	27,072	22,865	23,802
Equity/total assets (%)	9.7	10.4	10.3
Profit/average equity (%)	9.5	8.0	8.2
Number of employees (persons)	179	177	178

\* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2011 and the notes thereto.

## Comments

### NIB's financial figures January–August 2012

The sovereign debt crisis in the euro area continues to be the main concern for the global financial markets. High uncertainty negatively affects current economic and investment activity, and dampens their prospects in the euro area as well as in the Bank's member area.

As of August 2012, the Bank realigned its lending operations into new sectoral divisions and streamlined its organisation to improve operational efficiency. The origination of loans and management of client relationships is now being handled by five industry groups: Financial Intermediaries & SMEs, Energy & Environment, Infrastructure & Telecom, Heavy Industry & Mechanical Engineering, and Consumer Goods & Services.

These changes are also aimed to further integrate mandate considerations in the Lending department that now includes a unit dealing with rating potential loan-takers' compliance with the Bank's mandate.

NIB's operational results for January–August 2012 in terms of profit amounted to EUR 162 million, which was EUR 38 million higher compared to the same period a year ago. The profit increased on the basis of a higher net interest income and due to positive valuations on financial instruments in the Treasury portfolios.

During the period, NIB's lending activities continued on a steady path. The total amount of loans outstanding increased to EUR 14.8 billion, compared to EUR 13.6 billion on end-August a year before. The amount of loans disbursed during the period increased to EUR 1.2 billion, (EUR 973 million in January–August 2011). Loans were provided for projects within the sectors of power generation and supply, renewable energy, sustainable transport infrastructure, research and development and in other sectors. Loan impairment charge for the period amounted to EUR 23.2 million\*.

During the first eight months of the year, NIB closed twenty funding transactions, totalling EUR 2.8 billion. In late January, NIB launched a 5-year global USD 1.25 billion benchmark issue. In August, NIB issued its second NIB Environmental Bond, a 20-year security, totalling SEK 500 million. The bond was issued as a private placement addressed towards the Nordic market.

*Henrik Normann*  
President and CEO

\* Due to increased uncertainty in the economic environment, NIB has increased its provisions for impairments, even though the Bank has no realised credit losses for the period.

## Statement of comprehensive income

EUR 1,000

	Jan–Aug 2012*	Jan–Aug 2011*	Jan–Dec 2011
Interest income	341,120	322,480	499,642
Interest expense	-176,311	-169,413	-271,189
<b>Net interest income</b>	<b>164,810</b>	<b>153,067</b>	<b>228,452</b>
Commission income and fees received	6,768	5,451	10,310
Commission expense and fees paid	-1,738	-1,603	-2,203
Net profit/loss on financial operations	39,017	10,510	7,575
Foreign exchange gains and losses	1,026	-1,514	-653
<b>Operating income</b>	<b>209,882</b>	<b>165,912</b>	<b>243,483</b>
<b>Expenses</b>			
General administrative expenses	22,574	21,907	32,955
Depreciation	2,358	2,748	4,048
Impairment of loans	23,173	17,575	12,442
<b>Total expenses</b>	<b>48,105</b>	<b>42,230</b>	<b>49,446</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>161,777</b>	<b>123,681</b>	<b>194,037</b>
Total comprehensive income	161,777	123,681	194,037

\* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2011 and the notes thereto.

## Statement of financial position

EUR 1,000

	31 Aug 2012*	31 Aug 2011*	31 Dec 2011
<b>ASSETS</b>			
Cash and cash equivalents	3,756,698	2,119,553	2,414,954
Financial placements			
Placements with credit institutions	4,083	17,478	3,517
Debt securities	5,222,354	4,478,704	4,343,767
Other	27,545	29,809	25,508
	5,253,981	4,525,991	4,372,792
Loans outstanding	14,816,936	13,622,932	14,152,905
Intangible assets	4,679	4,617	4,560
Tangible assets, property and equipment	30,300	31,122	30,806
Other assets			
Derivatives	2,777,755	2,166,230	2,420,570
Other assets	34,742	32,474	38,625
	2,812,496	2,198,704	2,459,195
Payments to the Bank's reserves, receivable	1,320	3,960	2,640
Accrued interest and fees receivable	395,673	358,314	363,687
<b>TOTAL ASSETS</b>	<b>27,072,084</b>	<b>22,865,193</b>	<b>23,801,539</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts owed to credit institutions			
Short-term amounts owed to credit institutions	2,017,935	1,089,154	1,495,517
Long-term amounts owed to credit institutions	66,153	145,977	101,666
	2,084,087	1,235,130	1,597,183
Debts evidenced by certificates			
Debt securities issued	20,922,459	17,323,673	18,359,521
Other debt	75,869	140,729	73,200
	20,998,328	17,464,402	18,432,721
Other liabilities			
Derivatives	1,056,779	1,495,775	1,025,842
Other liabilities	11,211	12,492	9,942
	1,067,989	1,508,267	1,035,785
Accrued interest and fees payable	303,430	271,278	279,378
<b>Total liabilities</b>	<b>24,453,835</b>	<b>20,479,077</b>	<b>21,345,067</b>
<b>Equity</b>			
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	685,005		
General Credit Risk Fund	955,626		
Special Credit Risk Fund PIL	395,919		
	2,036,551	1,839,873	1,841,193
Payments to the Bank's reserves, receivable	1,320	3,960	2,640
Profit/loss for the period	161,777	123,681	194,037
<b>Total equity</b>	<b>2,618,249</b>	<b>2,386,117</b>	<b>2,456,472</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,072,084</b>	<b>22,865,193</b>	<b>23,801,539</b>

\* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2011 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
<b>Equity at 31 December 2010</b>	<b>418,602</b>	<b>683,046</b>	<b>550,756</b>	<b>395,919</b>	<b>5,280</b>	<b>0</b>	<b>-2,780</b>	<b>210,832</b>	<b>2,261,656</b>
Appropriations between reserve funds**		-2,000	210,832				2,000	-210,832	0
Paid-in capital									0
Called in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		1,320			-1,320				0
Comprehensive income for the period 1/1–31/8/2011**							779	123,681	124,460
<b>Equity at 31 August 2011</b>	<b>418,602</b>	<b>682,365</b>	<b>761,589</b>	<b>395,919</b>	<b>3,960</b>	<b>0</b>	<b>0</b>	<b>123,681</b>	<b>2,386,117</b>
Appropriations between reserve funds									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		1,320			-1,320				0
Comprehensive income for the period 1/9–31/12/2011								70,356	70,356
<b>Equity at 31 December 2011</b>	<b>418,602</b>	<b>683,685</b>	<b>761,589</b>	<b>395,919</b>	<b>2,640</b>	<b>0</b>	<b>0</b>	<b>194,037</b>	<b>2,456,472</b>
Appropriations between reserve funds			194,037					-194,037	0
Paid-in capital									0
Called in authorised and subscribed capital									0
Payments to the Bank's Statutory Reserve and credit risk funds, receivable		1,320			-1,320				0
Comprehensive income for the period 1/1–31/8/2012								161,777	161,777
<b>Equity at 31 August 2012</b>	<b>418,602</b>	<b>685,005</b>	<b>955,626</b>	<b>395,919</b>	<b>1,320</b>	<b>0</b>	<b>0</b>	<b>161,777</b>	<b>2,618,249</b>

\* Only the year-end figures are audited, to be read in conjunction with NIB's audited financial statements for 2011 and the notes thereto.

\*\* Other value adjustments have been moved from the available for sale portfolio to the statutory reserve on 1 May 2011 when IFRS 9 was implemented regarding the classification of financial assets.

## Cash flow statement

EUR 1,000

	Jan-Aug 2012*	Jan-Aug 2011*	Jan-Dec 2011
<b>Cash flows from operating activities</b>			
Profit/loss from operating activities	161,777	123,681	194,037
<b>Adjustments:</b>			
Unrealised gains/losses of financial assets held at fair value	-48,292	-7,544	-11,223
Impairment of bonds held at amortised cost		3,119	11,819
Depreciation and write-down in value of tangible and intangible assets	2,358	2,748	4,048
Change in accrued interest and fees (assets)	-31,985	13,658	8,427
Change in accrued interest and fees (liabilities)	24,052	-23,024	-14,925
Impairment of loans	23,173	17,575	12,442
Adjustment to hedge accounting	2,397	-1,005	1,574
Other adjustments to the period's profit	-1,139	-24	-37
<b>Adjustments, total</b>	<b>-29,436</b>	<b>5,503</b>	<b>12,126</b>
<b>Lending</b>			
Disbursements of loans	-1,190,142	-972,872	-1,946,500
Repayments of loans	873,988	977,146	1,835,279
Capitalisations, redenominations, index adjustments etc.	309	-770	-846
Transfer of loans to claims in other assets	2,854	7,972	7,972
Exchange rate adjustments	-293,460	207,554	-100,179
<b>Lending, total</b>	<b>-606,451</b>	<b>219,031</b>	<b>-204,274</b>
<b>Cash flows from operating activities, total</b>	<b>-474,110</b>	<b>348,215</b>	<b>1,889</b>
<b>Cash flows from investing activities</b>			
<b>Placements and debt securities</b>			
Purchase of debt securities	-2,308,220	-1,566,257	-2,082,224
Sold and matured debt securities	1,512,702	2,126,966	2,830,234
Placements with credit institutions	-566	112,784	126,745
Other financial placements	-3,284	-3,189	-751
Exchange rate adjustments etc.	-17,853	48,306	-2,575
<b>Placements and debt securities, total</b>	<b>-817,221</b>	<b>718,611</b>	<b>871,430</b>
<b>Other items</b>			
Acquisition of intangible assets	-1,299	-1,027	-1,655
Acquisition of tangible assets	-673	-414	-712
Change in other assets	1,459	-2,902	-4,979
<b>Other items, total</b>	<b>-513</b>	<b>-4,342</b>	<b>-7,346</b>
<b>Cash flows from investing activities, total</b>	<b>-817,734</b>	<b>714,269</b>	<b>864,084</b>
<b>Cash flows from financing activities</b>			
<b>Debts evidenced by certificates</b>			
Issues of new debt	2,830,543	2,054,650	2,886,621
Redemptions	-1,109,826	-3,537,454	-4,632,648
Exchange rate adjustments	568,383	-870,331	416,864
<b>Debts evidenced by certificates, total</b>	<b>2,289,099</b>	<b>-2,353,135</b>	<b>-1,329,163</b>
<b>Other items</b>			
Long-term placements from credit institutions	-35,513	1,847	-42,464
Change in swap receivables	-199,823	354,862	33,463
Change in swap payables	54,820	361,976	-209,510
Change in other liabilities	1,268	6,676	4,127
Paid-in capital and reserves	1,320	1,320	2,640
<b>Other items, total</b>	<b>-177,928</b>	<b>726,680</b>	<b>-211,744</b>
<b>Cash flows from financing activities, total</b>	<b>2,111,171</b>	<b>-1,626,454</b>	<b>-1,540,907</b>
<b>CHANGE IN NET LIQUIDITY</b>	<b>819,327</b>	<b>-563,971</b>	<b>-674,934</b>
<b>Opening balance for net liquidity</b>	<b>919,437</b>	<b>1,594,370</b>	<b>1,594,370</b>
<b>Closing balance for net liquidity</b>	<b>1,738,764</b>	<b>1,030,400</b>	<b>919,437</b>
<b>Additional information to the statement of cash flows</b>			
Interest income received	309,135	336,237	508,025
Interest expense paid	-152,259	-192,437	-286,114

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.

\* Unaudited figures, to be read in conjunction with NIB's audited financial statements for 2011 and the notes thereto.



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