Letter from the President

Deepening co-operation eastwards

Following the recovery by the Baltic countries of their independence at the beginning of the 1990s, the Nordic countries have co-operated with the region within the framework of a Nordic neighbouring region strategy which has also included north-west Russia.

With EU enlargement imminent, the time has now come for a re-think concerning Nordic co-operation with the accession countries. Co-operation with the countries in the adjacent area must be concentrated and focused on important projects and sectors: the environment, infrastructure, the municipal sector, civil society and the economy and trade.

The Nordic Investment Bank has been active both within the Baltic Investment Programme (BIP), which was established in 1992 and under way in 1994, and through its project investment loans for major individual projects, relating above all to infrastructure. NIB had two tasks within BIP. Firstly, to give technical support to and provide equity capital for the establishment of effective financial institutions for SMEs. Secondly, to contribute credit finance to SMEs of mutual interest to the Baltic region and the Nordic countries. These loans were granted directly to business enterprises, but were also channelled through local intermediaries—principally the three investment banks, one in each country, which NIB helped to establish and develop.

In 1996 the Nordic prime ministers resolved on NIB setting up a special credit facility for environmental investments (MIL) in the adjacent area, with special emphasis on the Baltic. These two special facilities, BIP and MIL, both of them specially guaranteed by the Nordic governments, have been very useful.

With the BIP programme concluded in the year 2000 and the MIL facility almost fully subscribed, it is time now for NIB’s relations with Estonia, Latvia and Lithuania to turn into ordinary business connections. The aim of BIP was to support the development of the private sector in the economies of the Baltic countries and to re-establish economic links between the Baltic region and the Nordic countries. Great progress has been made in both these respects. NIB’s involvement in local banks in the Baltic countries was aimed at helping to establish banks, which could be privatised once they were operating under their own steam. This has now been carried out.

Regional co-operation between countries of Northern Europe will become more important than ever when the proposed enlargement of the EU comes true. An EU with almost twice as many members as at present will require new models of regional co-operation. Countries with common interests will need to speak as one, in order to make themselves heard in a wider European context. More, not less, regional co-operation will be needed in order to strengthen the Nordic dimension of the Union and of Europe as a whole.

Nordic co-operation is one example of firmly established regional co-operation involving both members and non-members of the EU and members and non-members of NATO. It is contributing towards a stronger and safer Europe. The Nordic interface has gradually been extended to the Baltic, but much remains to be done. Nordic-Baltic co-operation now requires a greater degree of institutionalisation and formalisation on the practical plane. A start could be made in the economics sphere. Co-operation would include an upgrading of the region’s transport and communication systems, qualitative improvement of infrastructure in the broad sense. The battle against the destruction of the Baltic Sea environment is a common cause.

Initiatives for cross-border trade and investment are needed in order to develop the regional growth potential. The development of the financial sector is another important area for Nordic-Baltic co-operation.

Closer regional co-operation, as well as co-operation among the various international and local financial institutes, will be needed in order to secure positive economic development for the Baltic region.

The Nordic interest in stability and growth in the adjacent area calls for joint action. The Nordic and Baltic countries should co-operate to secure the enlargement process and to strengthen the prospects of the accession countries developing values which are central to the Nordic countries and becoming effective members of the EU. To this end, what can be perceived as a client-patron relationship with the Baltic must be ended and viable co-operation established on equal terms. This will require changes to the adjacent area policy, which the Nordic countries have followed in the 1990s in relation to Estonia, Latvia, Lithuania, north-west Russia and the Arctic.

In the near future, Estonia, Latvia and Lithuania will be moving from transition to convergence preparatory to EU membership. This change will take a number of years, during which time the three countries will need the support of their Nordic neighbours.

The whole of the Baltic region is a growth region with a big potential for the future. To support the positive development in the Baltic countries, the Nordic Investment Bank will need to deepen its co-operation with the Baltic States, to facilitate the financing of important infrastructure and cross-border investments.

Jón Sigurðsson
President and CEO

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Dettifoss falls on northern Iceland.
Active concern with the Baltic Sea

Environmental issues are becoming more and more of a focal point in NIB’s operations. Environmental activities within the Bank are coordinated by Roland Randefelt, who has been NIB’s Senior Environmental Analyst since 1994. The future of the Baltic Sea and global warming are questions, which he has very much at heart. Our reporter met him soon after the big Climate Conference in The Hague last autumn.

What are your principal tasks as NIB’s environmental analyst?

“All credit applications received by NIB undergo comprehensive environmental analysis. With every credit application, the main task of the environmental analysts is to examine the environmental impact of the project in question, to see what has been done to avoid unnecessary environmental consequences, and to check that the project has all the necessary permits. Having done that, we compile an environmental analysis, which is appended to the credit application for further processing within the Bank. If the environmental side of things has not been properly attended to, the Bank can refrain from taking part in the project.”

“But I have many other duties as well. I keep an eye on general developments in the environmental sector and I give our
own staff and our customers training in environmental matters. Added to this, the Bank has major international commitments, such as environmental protection in the Barents and Baltic regions, which are also our concern."

**Does this make you the Bank’s environmental policeman?**

“I hope not. Control, as I see it, is a matter for each country’s controlling authorities. In some of our project countries, though, the controlling authorities aren’t very effective. The reason can be lack of resources or outdated legislation with any number of loopholes. In that case, as financier we have to ask a number of critical questions about the handling of environmental issues in our projects. With luck we can steer the project in a better ecological direction and, for our own part, reduce credit risks emanating from direct environmental hazards. Sometimes those hazards can be quite formidable.”

**Has the Bank ever suffered a credit loss on account of environmental damage, or does it ever happen that the Bank turns down a project because of environmental shortcomings?**

“Happily, NIB has so far been spared credit losses due to environmental liability, just as it has got off fairly lightly in terms of credit losses generally. But several of our customers have sustained losses on their own account because of old environmental transgressions—for example, leaking landfill sites that have had to be decontaminated.”

“And we certainly do turn down the occasional project. A couple of years ago we declined to finance a new oil terminal in the Baltic because of serious deficiencies in the management of environmental protection. Among other things, the project would have breached one of HELCOM’s recommendations, namely that all Baltic ports should have a facility for the reception of oil-contaminated waste. We have been similarly on our guard concerning a new port which is being planned in the Baltic region, close to an important landscape protection area.”

**Your examples come from the Baltic Sea. What do the Baltic Sea and its environment mean to NIB?**

“Three of the bank’s five owners—Denmark, Sweden and Finland—have long Baltic coastlines. The Baltic Sea is shared by a total of nine countries with a combined population of almost 100 million. The Baltic Sea region has high priority with NIB, not only environmentally but also from a general developmental point of view. It is our common home—the sea unites our countries—and so we are actively concerning ourselves with Baltic Sea questions. In round figures, the Bank has granted nearly EUR 2 billion in credits for more than 150 environmental projects in the Baltic Sea region.”

**What sort of environmental projects is the bank funding?**

“Wastewater purification for both process industry and local authorities, refuse disposal, flue gas purification for power plants, district heating projects, fuel conversion, modernisation of industrial processes and suchlike. Our environmental projects have a very wide span. This year we disbursed our first loan to agriculture for environmental investments, when NIB granted a credit of EUR 25 million, equalling SEK 210 million, to the agriculturally owned Landshypotek in Sweden, for on-lending to farmers making direct environmental investments, which will reduce the leaching of nutrient salts—phosphorus and nitrogen especially—into watercourses and the spreading of pesticides, for example.”

“Wind power is destined to play an increasingly prominent role, and this year NIB received its first inquiry concerning a loan for a ‘solar power station’, meaning a field of solar collectors. A growing number of projects based on renewable energy are certain to be a part of our future.”

**NIB has granted credits for more than 150 environmental projects in the Baltic Sea region**

Roland Randefelt has represented the Bank since 1995 on the executive body within the Helsinki Commission, HELCOM PITF, and, since 1997, has been a member of the working party compiling an Agenda 21 for the Baltic Sea region, Baltic Agenda 21, usually called just BA21 for short.

**Your international assignments must be an interesting vantage point for observing environmental policy work in many different quarters. What questions have you raised in these groups?**

“The main thing is to bridge the gap which exists between the environmental and financial sectors. Often we are told that money is the only thing ‘lacking’. But when we take a look at the projects, more often than not we find that they are unnecessarily advanced and expensive. As a bank, we want to see the biggest possible reduction of pollution per unit of investment. Cost-efficiency is the name of the game.”

“The problem is not a lack of credit funding but a lack of good, well-prepared projects and customers who are ready to contract loans in order to put things right. I think there is enough know-how, technology and money to solve many of the prob-
NIB and the environment

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What other environmental issues are on the agenda today?

“One question, which is being talked about a great deal at the moment, is global warming, and there, sadly, I think we have big problems. The industrialised countries, of course, are to reduce their emissions of greenhouse gases, carbon dioxide especially, by 5% for the period ending in 2008—that is, in relation to the level of emissions in 1990. For the EU countries an 8% reduction applies. The Climate Conference in The Hague last autumn made it abundantly clear how hard it is to create political consensus. Everybody wants to get off as cheaply as possible, and so everybody is demanding that their particular circumstances be taken into account. The Nordic countries, with their large forests, are anxious to be given credit for forests as carbon sinks, because they effectively bind carbon dioxide. It is unclear, though, just how much can be credited, because one forest can be very different from another—young forest, for instance, binds carbon more efficiently than old or mature forest.”

“At the same time the Eastern European states are sitting on what is called hot air, meaning enormous emission reductions since 1990, due to the breakdown of the command economies following the collapse of the Soviet Union. If they were allowed to sell those emission rights freely, they would rake in a lot of money, which would do nothing to reduce emissions—which in turn is the basic idea of all trading in emission rights.”

“I’m sorry to say that I’m pretty pessimistic on the subject of climate change. Scientific estimates tell us that carbon dioxide emissions will have to be reduced by at least 60% in order for the reduction to have any effect on global warming. So even if the 5% reduction referred to were to be achieved, global warming would in all likelihood continue just the same.”

What has NIB done and what more can it do about the climate question?

“For several years now, NIB has been financing different forms of energy with varying degrees of carbon dioxide emissions. The trend is for projects to involve a progressively smaller proportion of fossil fuels. In the past few years we have financed more than ten bio-fuelled power stations, several wind farms, several geothermal power stations, and a goodly number of hydro power projects. And as I mentioned just now, we have begun looking at a solar power project.”

“I’m afraid our possibilities of doing anything momentous over and above this are limited. You can’t force anyone to construct a particular kind of power station, or force them to contract a loan. All projects have to be profitable and capable of standing on their own two feet. If we believe a project can be a direct loss-maker or entail a high level of risk, NIB should have nothing to do with it.”

Proposed new funding arrangement

One new development, which may occur in the future, is a Nordic climate gas fund for joint implementation of climate projects in the Baltic Sea region. A fund of this kind would finance projects, which reduce emissions of greenhouse gases. Some of the emission rights would then accrue to the fund, which could resell them to companies wishing to buy additional emission rights. The plan is for the new fund to be administered by NIB’s sister organisation NEFCO. Projects could then be taken from both NIB’s and NEFCO’s project pipelines. But this is all a long way off, and one precondition for the fund becoming operative is for the countries of the Baltic Sea region to agree to co-operate. The feasibility of the new fund was investigated by a working group within the Nordic Council of Ministers, with both NIB and NEFCO represented.

The fund would mainly finance pilot projects and would supply specialist competence to the players in the Nordic emissions market, primarily the Nordic governments, national authorities and power companies.
The Nordic Investment Bank has signed a loan agreement of DEM 15 million with SUE Vodokanal of St. Petersburg. The loan is for financing of the “St. Petersburg Water and Environmental Services Improvement Programme”. The principal objective of the programme is to address the investment needs of St. Petersburg’s water supply and waste water collection, including the financial and operational performance of Vodokanal through improved management, increased cost efficiency and cost recovery.

The total project cost is estimated at DEM 91 million and will also be financed by a loan from the European Bank of Reconstruction and Development (EBRD) of DEM 35 million, grants from the Nordic Environmental Finance Corporation (NEFCO) amounting to DEM 3.4 million and bilateral grants of DEM 21 million, mainly from Finland, Sweden and Denmark. The local contribution is DEM 17 million.

The investments will improve the availability and quality of water supply for consumers and decrease the effluent load of untreated wastewater into the Gulf of Finland and the Baltic Sea.

The NIB loan of DEM 15 million has a maturity of ten years including a grace period of three years. The loan will be allocated to the rehabilitation of wastewater treatment and to raise the availability of water and operational efficiency in the Sestroretsk area located north west of St. Petersburg. This environmentally sensitive area is famous for its surrounding beaches and recreation areas. The investments will aim at meeting the standards set by the Helsinki Commission (HELCOM).

The project is a successful example of Nordic environmental co-operation in the Baltic Sea region.

The Baltic Sea project has high priority on NIB’s environmental programme. Most of the islands in the Baltic Sea have a unique environment and heritage deserving of preservation for coming generations. This picture is from Jurmo, in the outer Finnish Archipelago.
As working days at many offices grow progressively longer and jobs more and more sedentary, demands on the ergonomic qualities of workplaces are rising. Lighting is an important part of ergonomic planning, and the Norwegian company Luxo ASA is one of the pioneers of ergonomic lighting design.

Luxo ASA is a Norwegian-owned public company whose business idea is to produce and market ergonomically correct quality lighting of good, functional design. The Luxo Group includes 19 companies in 13 countries in Europe and North America. The head office is in Oslo, while 93% of sales are generated in other countries. “The foundation of our corporate philosophy,” says President and CEO of Luxo ASA, Jon Erik Nygaard, “is that every employer should invest in the physical and mental well-being of his employees, because this has a direct impact on productivity and performance capacity. In today’s technological society, demands for maximum work input are growing all the time, and correct, individually tailored lighting makes work easier.”

The company mainly delivers lighting devices for workplaces and public premises, but the product range also includes magnifying luminaires and medical examination luminaires, as well as hospital bed luminaires. The company has production facilities in Norway, Sweden, Italy and the USA.

But ergonomic thinking is not all that has made Luxo ASA one of the world’s leading suppliers of workplace lighting. Internationally the company has also gained a high reputation for fresh, innovative thinking on the subject of industrial design. Old classics like the L-1 desk luminaire have retained their popularity in the passing years, at the same time, as Luxo is aspiring to develop products that will make work easier in a modern office environment. “Continuous development of our product range is one of the pillars of the company,” says Jon Erik Nygaard. Several new products have been introduced during the past year, among them the Calypso desk luminaire, specially adapted for computer terminal work.

Jon Erik Nygaard points out that the focus of Luxo’s strategy is on further consolidating its position as one of the world’s leading suppliers of office lighting. “Of course, we will continue to play an important role as manufacturer of magnifying luminaires and medical light fittings, but Luxo’s growth is now mainly concentrated in two fields, namely office lighting and lighting for public premises.”

A step in this direction was taken in 1999, when Luxo ASA acquired the Swedish light fitting manufacturer Svelux AB, which mainly produces technical and decorative lighting for public settings. The merger made Luxo/Svelux the third biggest supplier of lighting equipment in Sweden. The acquisition was partly financed with a loan of EUR 5 million from NIB, which was also applied to the construction of a new warehousing and office facility in Ballerup, Denmark.

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Lillyna is a variant of the L-1 Luxo luminaire, the world-famous precursor of all articulated self-balancing luminaires. The luminaire is supplied with an L-arm with external springs and a parallel motion feature, which always keeps the head horizontal to the surface. Over the years following its first appearance in 1937, the L-1 has notched up all the most prestigious prizes for industrial design.
Calypso is a desk luminaire particularly designed for the computer workstation. It is supplied with an energy-saving electronic ballast in the shade that gives a flicker-free light. The covered spring-balanced K-arm with internal springs has, just like the L-arm, a parallel motion feature. This ensures that the shade remains horizontal to the work surface when the arm is moved.
The Borealis A/S Group is one of the leading players in the Nordic petrochemical industry. Borealis is Europe’s leading, and the world’s fifth largest, producer of polyolefins, which are incorporated in a variety of plastic products. In this sector, sensitive to economic fluctuations, Borealis has prospered and holds a strong market position. Every year the company produces more than 3 million tonnes of polythene and polypropene.

The Group has more than 5,400 employees and production facilities in Belgium, Finland, Norway, Sweden, Italy, Austria, Portugal, Germany, France and the USA. Borouge, a joint venture company in Abu Dhabi (the United Arab Emirates) will begin production towards the end of 2001. The Borealis corporate head office is in Kongens Lyngby, Denmark, a little to the north of Copenhagen. Customers world-wide are served by sales offices in more than 25 countries.

International ownership structure

The corporate ownership structure has become increasingly internationalised. At the time of its formation at the beginning of 1994, the Borealis Group was owned 50% by Finnish Neste Oy (present-day Fortum) and 50% by Norwegian Statoil A/S. The Finnish owners have disposed of their holding, and the owners today comprise Statoil A/S with 50%, International Petroleum Investment Company of Abu Dhabi with 25% and OMV (Österreichische Mineralölverwaltung) with 25%. The new ownership structure has strengthened Borealis’ strategic focus.

Europe has seen many mergers in the chemical sector. Petrochemical industry is prone to cyclic fluctuations, which makes it important to optimise production. Competition is fierce. Demand has been good, but during the past year Borealis has had to contend with rising raw material costs, and these have impacted on profitability.

Current investment in Sweden

NIB is helping to finance Borealis’ investments in its Stenungsund facilities in the west of Sweden. The investment will raise Borealis’ production capacity for ethene, which is being used for increased production of polythene. This investment, one of the biggest in the company’s history, will raise its annual ethene output capacity from 400,000 to 610,000 tonnes and will also include...
Internationalising Icelandic enterprise

Foreign investments by Icelandic businesses have by tradition been on a modest scale, but the past few years have seen the emergence of a completely new trend.

“There is a clear internationalisation in progress,” says Thór Sigfússon, NIB’s Regional Manager for Iceland. “Investments by Icelandic companies have noticeably increased and are now up to the average level for the OECD countries.”

Thór Sigfússon, who has studied investment trends in Icelandic industry, describes his observations in the book Landnám, which was published in Iceland recently and among other things is now required reading at the university. His study shows that even in a small economy like Iceland’s, firms have a good chance of successfully expanding abroad. Icelandic banks have opened branches or taken over other banks in the UK, Denmark, Luxembourg and Latvia. IT companies have merged with European partners. Technology enterprises have invested in Scandinavian and American high-tech SMEs. Pharmaceutical companies have invested in Eastern Europe, and so it goes on.

The reason for this growing internationalisation of Icelandic industry seems clear enough to Thór Sigfússon: the home market is too limited. His book describes both successes and setbacks in the internationalisation process.

New, environment-friendlier technology

For its production of polyolefins, Borealis has developed an advanced technology, the Borstar process, which has made production noticeably cheaper. With this new process, products can be manufactured which are both thinner and stronger than those of rival manufacturers, at the same time as the plastic compound is more malleable. The Borstar process reduces energy and material consumption, and environmental impact with it. A production facility for Borstar polythene came on stream recently at Stenungsund in Sweden, another for Borstar Polypropylene is operating in Schwechat, Austria, and a third is under construction in Abu Dhabi. In addition to the Borstar granulates themselves, the company also sells production rights for them under licence.

Commitment to safety

Borealis’ commitment to safety has been fruitful. Production-line accidents have fallen off considerably.

Commenting on his first visit to the Stenungsund plant, Per Klaumann, NIB’s new Danish Regional Manager, says: “We were impressed with the advanced safety measures for accident prevention and with the high standard of employee safety.”

Previously the Nordic Investment Bank has granted finance to the company’s investments in a polythene factory in Porvoo, Finland.

NIB representatives visiting the Borealis plant in Stenungsund. Pictured here are Vice President Per Klaumann and Executive Vice President Carl Löwenhielm from NIB, together with the Borealis management.

NIB supporting Icelandic investments in the Nordic area

Corporate success abroad stands or falls by the conquest of important market shares and by knowledge of products and markets. Fishery companies, which have expanded abroad, for example, have succeeded very well in finding niches for themselves. Marel, for example, a company specialising in fishery technology and equipment for food manufacturing, has taken a large market share in its sector.

Other companies investing abroad in recent years have included the Baugur convenience store chain, with investments in the Faeroes, and Bakkavor, specialising in fish products, which has acquired companies in Sweden. BYKO, the sales chain for building materials, is investing in Latvia, a successful project which has been helped by NIB’s participation and know-how.

These investments also mean that Icelandic industry will increase its co-operation with the other Nordic countries. Through credits for corporate investments like these, NIB has helped to underpin the new development.
Many of the Asian countries are currently in the throes of structural changes, for example in the financial and energy sectors. These changes can spell new opportunities for NIB. Søren Kjær Mortensen, Denmark, NIB’s new Regional Manager for Asia, reports that there is also a growing demand for Nordic technology, with an increasing number of inquiries from the telecommunications sector, for example.

Stationed in Singapore, he is now in charge of the Bank’s international lending in Asia, together with Deputy Regional Manager Bengt Farneman, who is stationed in Helsinki.

NIB opened its Singapore representative office six years ago. The choice of Singapore as operational base came naturally. “In Asian business culture, personal contacts mean everything. We need to be there, on the spot, and to keep in regular touch with our customers and contacts.”

Singapore serves as a regional financial centre for Asia. This is where a large number of Nordic companies and banks have their financial offices, and from Singapore they control their financing operations in the Asian region. Søren Kjær Mortensen finds that Singapore’s position has grown even stronger since the Asian financial crisis. “Being stationed here also has geographic advantages: we have good communications with different parts of Asia and can operate in the same time zone as our customers.”

Asia an important borrower

Asia accounts for nearly 11 per cent of the Bank’s total lending. Asian borrowers account for half the Bank’s PIL (project investment loans) commitments. At present, 90 per cent of loans outstanding in Asia are underwritten by national governments. NIB is active in nine countries in the region, the biggest borrower countries being China, Indonesia, Thailand and India.

Søren Kjær Mortensen describes the credit frames for Asian finance ministries and financial intermediaries as a major success. Disbursements within credit frames with intermediaries totalled some EUR 617m. in November 2000. This is more than half the Bank’s Asian lending. “NIB’s lending programme has provided finance for many local SMEs in the region, and many Nordic SMEs have taken part in deliveries to Asia and have been able to benefit from our credit programmes. We have a wide span between different sectors in these programmes, with deliveries recently from, for instance, the manufacturing industry and the health care sector.”

“We would like to expand the circle of Asian financial intermediaries,” says Søren Kjær Mortensen, who looks forward to co-operating with new financial institutions in the region.

Many of the loans are co-financed with other multilateral financial institutions and with NIB’s sister organisation, the NDF (Nordic Development Fund). “We hope to be able to finance even more projects in certain countries of this region together with the NDF Environmental projects could be especially interesting for our part. In future we may perhaps come to consider enlarging the circle of borrower countries as demand for Nordic technology increases in a number of sectors.”

New possibilities in telecommunications

A number of structural changes are in progress in the energy sector, where the Bank has financed a number of major projects underwritten by governments. Several countries have begun separating energy production and energy transmission into different companies, some of which have been privatised. This has had the effect of reducing demand for NIB loans in the energy sector.

“On the other hand,” Søren Kjær Mortensen continues, “at present we are receiving a spate of inquiries from the telecommunications sector. NIB has been actively involved in financing several telecom projects all over the world, in both permanent and mobile telephony, and there ought to be a growing market for our experience in Asia too.”

Søren Kjær Mortensen says that the past few years have been a tough time for the Asian financial sector, which is still adjusting to the aftermath of the crisis. Among other things, new local
financial institutions have been established, and the future could bring entirely new opportunities of co-operation.

**Investor contacts**

“Since Asia has also become an increasingly important region for NIB’s borrowing activities, it’s only natural for us to have a representative office here in Singapore,” says Søren Kjær Mortensen, whose field of operations will be expanding as time goes on. “Besides lending,” he explains, “my duties include intensified contacts with our investors in the region.”

The Asian currencies amount to 40 per cent of the Bank’s borrowing portfolio (as per August 2000). Hong Kong dollars and, above all, Japanese yen are the main currencies now, accounting for 43 per cent of borrowing in the first eight months of last year.

In 1999 NIB’s first borrowing transactions in Singapore dollars were made. As the first international issuer in this long maturity segment NIB borrowed 150 m. Singapore dollars for 10 years. In addition, the Bank borrowed 150m. Singapore dollars for 5 years, raising the transaction by 50m. Singapore dollars later during the year.

**Opportunities for Nordic deliveries**

NIB would like to see a widening of the circle of Nordic suppliers within the Asian projects it is financing. For further information, call Deputy Regional Manager Bengt Farneman, Helsinki, on +358 9 1800251 or Regional Manager Søren Kjær Mortensen, Singapore, on +65 2276355.
The evocative Nordic scenes on this spread and on the cover are photographed by Icelandender Páll Stefánsson (b. 1958), whose nature photographies have caught the attention of the international press and have been exhibited in Reykjavik, London, Riga, Washington, Copenhagen and New York. Páll lives in Reykjavik, where he works as a photographer and picture editor.
Thanks to its excellent location, the port of Klaipeda plays a pivotal role in east-west transport operations, between Western Europe, the Baltic region, Russia and Belarus. Klaipeda is the northernmost ice free port in the Baltic Sea.

NIB's infrastructure commitments in the Baltic region include the stevedoring company Bega, which operates in the Lithuanian port of Klaipeda. Bega, the first privately owned company in the harbour, was formed in 1992 and specialises above all in handling cement and fertiliser. Tough competition notwithstanding, the company has done well and is handling increasing volumes of cargo.

Bega has invested heavily in dockside infrastructure and materials handling equipment. The second part of the new terminal for bulk fertiliser was partly financed by NIB. Most of the deliveries are from a Danish contractor, but local Lithuanian companies have also been involved.

Bega has opted for efficient, dependable equipment, advanced logistics and quality awareness—a fruitful policy, for both the operation and the volumes have grown steadily. Bega is now, of the thirteen stevedoring companies operating in the port of Klaipeda, the third largest by volumes of cargo handled. Cargo volumes continue growing, and facilities now exist for loading bigger ships. New equipment shortening loading times has enhanced efficiency. Klaipeda's good road and rail connections give it a decisive edge on many rival ports.

Bega at present can receive eight ships at a time and has a 200-metre-long pier. Plans also exist for dredging the shipping lane, increasing its depth to 14 metres from the present 12. There are many opportunities here for expanding operations still further.

Bega, with more than 300 employees, is an important employer in Klaipeda. The company, which cherishes both cultural and social values, has its headquarters in a magnificent old building which has been sympathetically refurbished. Modern social facilities, including a canteen and showers, have been constructed for the personnel, and the changing rooms have, among other things, been equipped with floor heating and air drying. In addition, the management gives premiums for non-smokers, with the result that several have chosen to "stub it out".

In every field of its operations, Bega is keeping abreast of the times. This includes environmental considerations and quality issues. The company has implemented an integrated quality and environment management system according to the standards of ISO 9001:2000 and ISO 14001, and is in the process of certification with Lloyd's Register.

NIB has contributed with a Baltic Investment Loan of USD 2 million for investments by the Lithuanian stevedoring company Bega in the port of Klaipeda.

Bega's General Director, Aloyzas Kuzmanskis: “Our harbour terminal is the most up to date in the Baltic region. We offer better technology and conditions than our competitors. And quality is our strong point.”
NIB participation in Turkish irrigation project

The Yaylak Plain of south-eastern Anatolia is one of the poorest regions anywhere in Turkey. The climate is arid, but thanks to an efficient irrigation system the fields will in future be capable of yielding no less than three harvests every year. NIB has signed a credit agreement with the Turkish Finance Ministry to finance an irrigation project, which, it is expected, will significantly raise agricultural output.

Agriculture employs nearly half the working population of Turkey, but productivity is deplorably low. Even so, the country is self-sufficient in foodstuffs. Just over a third of its land area is cultivable, and the coastal lowlands are intensively irrigated. The great Atatürk Dam on the Euphrates, completed at the beginning of the 1990s, is one example of the great efforts, which have been made to expand the cultivated acreage.

Adjoining the Atatürk Dam is the Yaylak Plain, nearly 50,000 hectares in area. The population of this region is growing rapidly and is expected to rise from 6 to about 9 million within the next ten years. This in itself is untenable, because during the summer season the Yaylak Plain has practically no rain and harvests are meagre. The main crops are wheat, cotton and various green vegetables, as well as pine nuts and olives. Many of the cultivated species associated with modern agriculture are believed to have originated here.

Joint Nordic irrigation

The project which NIB is helping to finance is officially part of a water programme which involves the construction of 22 dams to irrigate a total of 1.7 million hectares of land. The irrigation will be very much of a joint Nordic project. All electro-mechanical equipment except the pumps will come from Denmark. The pumps are being manufactured in Sweden and the pipes and pipe fittings will come from Norway.

Water resources will be drawn off from the Atatürk Dam through a tunnel, the Yaslica Tunnel, which has already been completed. From the end of the tunnel the water will then be pumped into a system of canals with a total length of 16 km. Ten different reservoirs with pumping stations are being constructed alongside the canals to distribute the water through an expanding network of pipes. The overall length of the network will exceed 600 km, with over 2,000 stand-pipes, each capable of watering an estimated 8 or 9 hectares.

Irrigation of the Yaylak Plain in Turkey forms part of a comprehensive multi-sectorial and integrated regional development project, GAP (Güneydogu Anadolu Projesi) which covers nine provinces in the Euphrates-Tigris basin and is being jointly undertaken with a large number of international institutions and organisations. These include the World Bank and the UNDP (UN Development Programme), both of which are taking part in various projects aimed at achieving sustainable development of towns and villages in the region. NIB’s loan to the Republic of Turkey for the irrigation project totals USD 15m.

The climate of the Yaylak Plain is very arid, but with an effective irrigation system the fields will in future provide no less than three harvests a year.
The pages have been deliberately kept simple and the colour scale a uniform blue, white and grey, so that readers will find what they are looking for without difficulty and will all the time know their whereabouts at the website.

In addition to particulars of NIB’s different departments and contact persons, all NIB employees are listed in alphabetical order, together with phone numbers and e-mail addresses.

As yet the pages are only available in Swedish and English, but they will eventually be available also in all the Nordic languages.

**Rating reports**

NIB credit rating reports from the two big credit rating institutes, Moody's and Standard & Poor's, are the latest addition to the website. These reports are in pdf format, and links to them are provided on the pages entitled Funding & Asset Management and Financials / rating reports.

NIB will in future be including more financial information of interest to investors and financial analysts.

**Customised pages**

We offer a convenient way of creating your own selection from the NIB pages. Using My NIB Pages, you can create NIB pages of your own, giving priority to the sort of information in which you are interested. Having done this, all you will then have to do is log

The websites for the Nordic Finance Group:

Nordic Investment Bank (NIB): [www.nibank.org](http://www.nibank.org)
Nordic Project Fund (Nopef): [www.nopef.com](http://www.nopef.com)
The NIB website is located at www.nibank.org.

**Funding news**

**NIB launched Sterling Bond**

In August 2000 NIB launched a GBP 100 million bond issue in the sterling markets. The bonds are due in 2024 and inflation-linked (Retail Price Index).

NIB was the second non-government triple A issuer to sell index-linked sterling bonds. The first issuer on these markets was the World Bank one week earlier.

Since then NIB has issued a further GBP 100 million in inflation-linked sterling bonds, due in 2020, thereby becoming one of the biggest issuers in this market.

The borrowing strategy confirms NIB’s position as a frequent issuer in the sterling markets. NIB has now bonds due in 2004, 2008, 2014, 2019, 2020 and 2024 in these markets.

During 2000 NIB has raised approximately 50% of its long-term funding from the sterling markets.

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in to *My NIB Pages*. This way, for example, analysts and investors can quickly retrieve key ratios and press releases.

On *My NIB Pages* you can put your name on the mailing list for NIB press releases, distributed by e-mail. Various NIB publications can also be ordered in this way. You do not, however, have to be a registered user to order NIB press releases or publications. An order form for these will also be found on the *Press Room /register & order* page. The press releases are also to be found on the *Press Room* page.

**NIB logotypes**

In view of the great demand for NIB logotypes, we have included them at the website, so that both PC and Mac-users can easily download them. The NIB logo comes in many different file formats, both with the name of the Bank written out (in all the Nordic languages and in English) and without it. The colour options are two-colour, four-colour and black and white.

**Development**

To help us develop our website, we need feedback from you, our readers. Comments can be returned from every page at the site. Fill in the form, which is opened when you click *Feedback*. Questions and remarks sent from the website or directly to NIB’s general e-mail address info@nib.fi are read every day and answered as quickly as possible. All comments are welcome and will help us to improve the pages.
Battle of the gods
in the land of ice and fire

The dance and music composition Baldur was one of the biggest joint Nordic ventures of the Year of Culture 2000. Baldur was jointly created by artists from Finland, Iceland and Norway together with three Cities of Culture: Helsinki, Reykjavík and Bergen. The work had its world première in Reykjavík in August, and this was followed by performances in Bergen and, in September, in Helsinki. The Nordic Investment Bank supported the première performance of Baldur.

Icelander Jón Leifs (1899-1968) composed the music of Baldur during the Second World War, while living in Germany. The composer himself was persecuted by the Nazis, and his music was banned. The composition was never performed in his lifetime and has, up till now, been relatively unknown in Iceland as well. Since he died, Jón Leifs has come to be recognised as one of the foremost Icelandic composers.

Thórunn Sigurðardóttir, Director of Reykjavík City of Culture 2000, says that, with the world première of Baldur, “a 50-year-old dream came true. Jón Leifs was far ahead of his time when he wrote the composition. At that time Iceland had neither a symphony orchestra nor a ballet company, and modern dance was a virtually unknown concept.”

Battle of the gods

Baldur is a ballet in two acts for symphony orchestra, ballet group, chorus and soloists. The plot is based on Old Norse mythology, on the myth of Baldur, depicting the battle between good and evil. Baldur is the god of goodness, happiness, harmony and jus-
Baldur, the Old Norse saga is played out in a landscape of ice and fire, the foundations of Iceland’s typography. The forces of nature and the contest between good and evil make up the pivotal drama of the composition. In this production, both fire and ice were successfully staged. Every performance during the autumn was graced with a massive volcanic eruption and genuine pillars of ice.

The composition was directed by the Finnish choreographer Jorma Uotinen, who also designed the choreography and costumes. The scenery and lighting were designed by Kristin Bredal from Norway. Three Finnish dancers from the Finnish National Ballet and nine Icelandic dancers from the Íslenski dansflokkurinn group take part in the production. The three Finns have the leading parts in the composition: Nina Hyvärinen as Baldur’s wife, the goddess Nanna, Sami Saikkonen as Baldur and Aapo Siikala as Loki, the god of evil.

The music was performed by the symphony orchestras of the three cities: in Reykjavík, the Icelandic Symphony Orchestra and in Helsinki, the Helsinki City Orchestra, both conducted by Leif Segerstam and in Bergen, the Philharmonic Orchestra, conducted by Kari Kropsu.

Captivated by the Icelandic scene

Jorma Uotinen was greatly moved by the audience reactions to the première performance in Iceland. Making this production was a powerful experience for him.

“The idea for the project was generated more than a year earlier, when I was asked if I would take part. The group surrounding Baldur was formed as a natural consequence of our previous experience of co-operating with Icelandic dancers. We worked together on Ballet Pathétique in 1993.”

According to Uotinen, Jón Leifs did not want Baldur to be performed as a traditional ballet. He had envisaged the composition being performed as a massive production with a hundred or more dancers on stage. “We began by thinking in terms of 40 or so, but in the end we settled for a dozen.”

“Being in Iceland while this work proceeded was an extraordinary experience,” Jorma Uotinen continues. “I was greatly affected by the intensity and colours of Icelandic scenery. Light is especially important as a power source. I regard ice and fire as symbols of Iceland, and getting them on stage was absolutely essential.”

Nina Hyvärinen, who played Nanna, also found Baldur a unique experience. “It’s seldom an artist has the opportunity of experiencing anything like this,” she says. “Baldur has been a very special production for us. This is an experimental work, in the process of which we have transcended the traditional boundaries.”

The saga of Baldur is a thrilling story which, as directed by Jorma Uotinen, has been combined with vivid scenery and poignant choreography. This, coupled with Jón Leifs’ modernistic music, with its many dramatic elements, makes Baldur a powerful joint Nordic experience.
Funds for infrastructure development have been a great success in Asia, Latin America and Eastern Europe, and a similar fund, the AIG African Infrastructure Fund (AAIF), was set up for Africa at the beginning of 2000.

Behind these funds, the AAIF included, is the Emerging Markets Partnership (EMP), an internationally and privately owned limited company headquartered in Washington. Founded in 1992, EMP acts as adviser to the various funds contributing share capital or other forms of equity to enterprises in the infrastructure sector.

The main sponsor and prime mover of the new infrastructure fund for Africa is the American Insurance Group (AIG). Also helping to finance the fund are big multilateral financiers like the International Finance Corporation (IFC) of the World Bank Group, the African Development Bank (AfDB) and the European Investment Bank (EIB). Capital has also been contributed by several of the Nordic bilateral financial institutions. NDF is participating with USD 2m. The fund’s shareholders include a number of private enterprises as well as financial institutions, and a Nordic company is also taking part.
Infrastructure fund for Africa

The fund capital today stands at USD 400m. and is expected to reach 500 million before subscription is concluded in March 2001. The capital will primarily be applied to the development of new infrastructure projects in Africa. The first project in which the fund has taken part concerns the telecommunications sector.

To supervise the fund’s activities, the various financiers are forming an Advisory Board, on which NDF is also represented. The AAIF Advisory Board is chaired by former South African President Nelson Mandela.

The Advisory Board held its first meeting in Johannesburg in October 2000, and the next meeting takes place in April 2001, shortly after the third and final subscription period expires. The capital of USD 500m. which it is hoped to raise will be on the same level as that of the Emerging Europe Fund. The two Asian counterparts, like the Latin American one, each have a capital of USD 1 bn.

SUPPLY OPPORTUNITIES THROUGH NDF

The Nordic Development Fund (NDF), which finances development projects in Africa, Asia and Latin America, may provide Nordic enterprises interesting opportunities for supplying goods and services. NDF is currently participating in some 45 projects for which considerable amounts will be spent on procurement of goods and services over the next few years.

Goods and services financed by NDF are procured by the individual projects in the borrower countries, normally through “Nordic Competitive Bidding”.

To maximise participation in the tendering process, NDF continuously seeks contact with potential Nordic suppliers. Information on procurement for individual projects and general information about NDF-financed projects can be obtained from the export promotion organisations in the Nordic countries. Information can also be accessed on NDF’s home page www.ndf.fi.

Interested suppliers and consultants are urged to notify NDF of their interest in supplying goods and services to NDF financed projects and project components suitable for the individual supplier. Indications of interest can be e-mailed to info.ndf@ndf.fi or faxed to +358 9 6221491.
New appointments

Mattias Bremer (FIN) has joined the Finance Department as a Financial Analyst. He was previously with Merita Fund Management. Vice President Bengt Farneman (S) of the International Department has been appointed Deputy Regional Manager for the Asian region. Earlier he served in NIB’s Nordic Department as Deputy Regional Manager for the Swedish region. Jens C. Hellerup (DK) has joined the Finance Department as a Portfolio Manager. Previously he worked in the Finance Department of Tele Danmark. Matti Häkkinen (FIN) has joined the IT Department as an IT specialist. He comes from Finnish Pohjolan Atk-palvelu Oy, where he worked as a system planner. Karl Lehtonen (FIN) has been appointed Financial Analyst with the Finance Department. Previously he worked in the Bank’s Risk Management Department. Ulf Westergård (S), Senior Manager, has been appointed Deputy Regional Manager for the Central and Eastern Europe region within the Bank’s International Department. He was formerly Deputy Regional Manager for the Asian region.

Maria Maliniemi (FIN) has been appointed Investment Officer with NEFCO. Previously she worked in the International Department of NIB as a Loan Officer for private sector projects. Magnus Rystedt (S) has taken up the appointment of Investment Manager within NEFCO and in this capacity will primarily be responsible for NEFCO projects in Russia. He was previously employed, on behalf of Stockholm Vatten, on a development project for the Russian Vodokanal water company. Carin Wall (S) has been appointed Senior Vice President of NDF. She comes from the Ministry for Foreign Affairs in Stockholm, where she served as Director in charge of international development cooperation. She has also served at Swedish embassies in Europe, Africa and Latin America, and is a former NDF Board member. Zølvi Pedersen (N) has taken up the appointment of Regional Manager with Nopef. Her last appointment was that of Marketing Manager with Denofa AS.

Resolution on fighting corruption

In its operations, the Nordic Investment Bank, as an international institution, places particular emphasis on the fight against corruption as an integral part of the principles of proper societal behavior in general and good governance in particular. To this end, the following guidelines have been adopted:

- The Bank expects its clients to carry out their procurement operations in accordance with good and proper procurement procedures so that there is real competition among the various bids. See NIB’s General Guidelines for Procurement, February 1999.
- The Bank will further emphasize transparency and responsibility in the use of funds granted for projects.
- In project analysis, agreement documentation, disbursement procedures, and in project monitoring, the Bank shall place the utmost importance on decisions and procedures, which make it difficult or impossible to engage in corruption or illegal behavior.
- The Bank shall pay particular attention to the use of transparent and suitable payment methods upon the transfer of funds to and from the Bank or in connection with projects financed by the Bank.
- The Bank shall make certain that its personnel behave according to the highest ethical standards, and that it has internal comportment rules, which comprise decisions concerning corruption and other similar illegal behavior.

The NIB jubilee approaches. In June 2001 a quarter-century will have passed since the Bank began operating. This jubilee year, a milepost in the Bank’s history, will be marked by an annual meeting, and an international conference in Helsinki on 1st June.
Storytime!

Hans Christian Andersen graced our house with his presence in October, for the exhibition Hans Christian Andersen—Life and Work 1805-1875, jointly arranged by the Nordic Institute in Finland (Nifin) and the Danish Embassy. The exhibition, staged on NIB’s premises, had been put together by the Odense City Museums. The opening ceremony culminated in a parade with the great storyteller flanked by the characters of his own creation, from the Princess on the Pea to the Emperor’s New Clothes.

Henrik Wilén, Nifin’s new Director, and Lisbet Ruth and Jutta Nygård of the Nifin Library, were justifiably proud of the exhibition. Here they are toasting the success with Jon Høyer, Lecturer in Danish Studies at the Turku Academy, who gave a speech on H.C. Andersen’s life and work.

Top marks for NIB in market survey

NIB is the best bank for corporate borrowing and a very reliable credit source. This testimony comes from a market survey conducted by Annukka Paloheimo of Scandinavian Financial Research Ltd. This survey of Finland’s 50 largest companies, the tenth in succession, charts in detail their views of their financiers and of co-operation with them.

Corporate financial managements were asked to award marks for the banks’ financial services and to rate their quality. NIB scored highest among banks in the Finnish market for financing (bilateral lending). Merita-Nordbanken came second, Citibank third.

Commenting on NIB’s good showing in the study, Regional Manager Lars Selenius remarks: “The study shows that our specialisation in long-term credits is appreciated. Our efforts to profile ourselves as a special credit institute with complementary financial solutions have clearly been very successful.”

Historic Rettig believes in radiator industry

The Finnish Rettig Group, a family-owned industrial company with more than two centuries of business traditions, is now focusing on increasing its market share in the radiator industry. During 2000 the Rettig Heating Group strengthened its position in the European radiator industry by acquiring British Blue Circle’s radiator businesses, which included Thermopanel AB in Sweden.

This acquisition, partly financed with a loan from NIB, was an important step in making the Rettig Heating Group a European market leader. Thermopanel AB is Sweden’s leading manufacturer of radiators and convectors for water-based heating, and steel panel radiators, towel rails and special-purpose radiators. The Rettig Heating Group is also producing thermostats and other fittings for heating and air conditioning.

Other business areas of the Rettig Group are beverages, shipping, real estate development, aluminium processing and investment activities. Drinks are manufactured by the Marli Group, which produces alcoholic drinks, such as liqueurs and wines, and non-alcoholic fruit juices.

Shipping is represented by the Bore Group with operating ro-ro vessels mainly in the Baltic and the North Sea. Within Tarkala (real estate development) a former brewery in the centre of Helsinki is being turned into offices and flats. Until 1992, the Sinebrychoff brewing company, which used to be part of the Rettig Group, occupied this property. The Alutran Group consists of several companies specialising in aluminium processing and surface treatment.

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The Nordic Investment Bank (NIB) finances private and public projects, which have high priority with the Nordic countries and the borrowers. NIB finances projects both within and outside the Nordic countries.

NIB is a multilateral financial institution owned by the five Nordic countries. The Bank operates in accordance with commercially sound banking principles. The member countries appoint representatives to the Bank’s Board of Directors and to its Control Committee.

NIB offers its clients long-term loans and guarantees on competitive market terms. NIB acquires the funds to finance its lending by borrowing on the international capital markets. NIB’s bonds enjoy the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor’s and Moody’s.

NIB has its headquarters in Helsinki and offices in Copenhagen, Oslo, Reykjavik, Stockholm and Singapore. The Bank has approximately 130 employees, recruited from all the five Nordic countries.

**NIB’s financing possibilities**

The Nordic Investment Bank grants loans and guarantees on commercial banking terms within and outside the Nordic countries for projects, which are of mutual interest for the Nordic countries, and for the borrower country. Loans and guarantees are granted to finance investments that assure energy supply, improve infrastructure or support research and development. High priority is also given to projects which improve the environment in the Nordic countries and their neighbouring areas. NIB participates in the financing of foreign investments which provide employment in the Nordic countries. NIB finances various international projects in emerging markets as well as within the OECD area. The Bank grants loans to projects that support economic development in the Nordic countries’ neighbouring areas as well as to investments of mutual interest in various parts of the world.

In addition to loans, NIB also grants guarantees for projects that meet the Bank’s conditions.

**Nordic loans**

**Investment loans**

NIB offers medium- and long-term loans with maturities of 5 to 15 years. The loans are granted in various currencies at fixed or floating market-based interest rates, for up to half of the project’s total cost.

NIB finances projects in:

- The manufacturing sector, including investments in facilities and machinery,
- Infrastructure, including transportation, telecommunications, energy, water supply, sewerage and waste treatment,
- Environmental improvement, both in the private and the public sector,
- Research and development,
- Cross-border investments, such as mergers and corporate acquisitions,
- Foreign investments in the Nordic countries.

**Regional loans**

Regional loans are granted to national, regional credit institutions for the further development of business in priority regions.

**International loans**

The core of NIB’s international lending operations consists of project investment loans. These are long-term loans—up to 20 years—for projects in emerging markets in Asia, the Middle East, Central and Eastern Europe, Latin America and Africa.

Project investment loans are usually granted on a sovereign basis but may also be granted without a government guarantee, particularly to private sector infrastructure investments. The loans are granted for up to half of the project’s total cost. Project investment loans can be utilised to finance all types of project costs, including local costs. The loans are granted at market-based interest rates in a currency preferred by the customer. Project investment loans have been granted for projects in more than 40 countries. NIB can also provide loans to investments, including joint ventures and corporate acquisitions, within the OECD area.

**The neighboring areas**

NIB gives priority to the financing of public and private infrastructure and industrial investments in the neighbouring areas to the Nordic region. Further, NIB participates in the financing of projects in the Baltic countries through investment loans to companies, which are investing in the Baltic countries.

NIB is authorised to grant special environmental investment loans to public and private sector environmental projects in the neighbouring areas to the Nordic region, i.e. to Poland, the Kaliningrad area, Estonia, Latvia, Lithuania and northwest Russia (St. Petersburg, the Leningrad area, the Karelian Republic and the Barents region). The projects are to help in reducing environmental degradation, and thereby also in reducing cross-border pollution. The environmental investment loans are granted on the basis of commercial banking terms to governments, governmental authorities, institutions and companies.
NIB achieved good results during the first eight months of year 2000. Net interest income came to EUR 103 million for the period, compared with EUR 92 million in the corresponding period of 1999. The increase was due, in part, to the stronger U.S. dollar on the foreign exchange market.

Profits for the period came to EUR 85 million (69).

Total assets rose by 9%, amounting to EUR 14.5 billion at end-period, compared with EUR 13.3 billion at end-1999. Net liquidity at period-end was EUR 3,387 million, compared with 2,781 at end-1999. Total equity at period-end amounted to EUR 1,280 million, compared with EUR 1,220 million at previous year-end. During the period under review, NIB paid out EUR 35 million in dividends from 1999’s profits to its owners, the Nordic countries.

Loans disbursed and guarantees issued during the first eight months of 2000 amounted to EUR 689 million, compared with EUR 924 million in the same period in 1999. Loans outstanding rose by 12% over end-1999 to EUR 9,449 million, compared with EUR 8,439 million on 31 August 1999, with this increase due in large part to the strengthening of the U.S. dollar vis-à-vis the euro.

The Bank’s total loan portfolio is expected to grow by approximately 10% during calendar year 2000, including the effect of exchange rate changes.

The quality of NIB’s loan portfolio and of its financial counterparts continues to be maintained at a high and stable level. NIB did not experience any credit losses during the period, nor has it needed to make provisions for anticipated loan losses.

The manufacturing industry maintained its position as the most important sector in NIB’s Nordic lending. Loans to financial intermediaries for on-lending to SMEs in all the Nordic countries have grown substantially. NIB President and CEO Jón Sigurðsson states that the Bank’s policy is to co-operate with and complement the financing of other Nordic and international lenders.

A certain slackening has been observed in demand for new international loans. The largest demand for the Bank’s credit outside the Nordic area comes from the telecommunications sector. Jón Sigurðsson says that NIB is now concentrating more attention on the eastern neighbouring regions to the Nordic area.

“The financing of environmental investments in the Baltic and Barents regions has priority in our operations. The authorities in St. Petersburg have chosen the Bank to act as lead agency regarding a study on the institutional development and financing of the large wastewater treatment facility in the south-western part of the city. St. Petersburg is today the biggest single source of water pollution in the Baltic region, and the project has an important bearing on the water quality of the Baltic Sea.”

Debts evidenced by certificates at the end of the period totalled EUR 12,307 million as against 10,243 million in 1999. Pound sterling, Japanese yen and Hong Kong dollars have been the Bank’s main borrowing currencies during the period under review.

The steady development of profits during the first eight months of this year can be expected to continue and a profit in line with this is to be expected for the year 2000 as a whole.
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