



NORDIC  
INVESTMENT  
BANK

FINANCING  
THE  
FUTURE

# Interim Management Statement

January–September 2021

(unaudited)



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## Highlights

During the nine month period ending 30 September 2021, a total of EUR 880.4 million in new loans were agreed and EUR 1,646.3 million was disbursed compared to EUR 3,940.8 million and EUR 3,481.6 million respectively in the corresponding period in 2020.

The Bank is in a strong financial position with solid capital and liquidity ratios. The net profit for the nine-month period amounted to EUR 124.0 million compared to EUR 119.1 million in 2020. This increase in profit is mainly due to reduced loan loss provisioning offset by an increase in unrealised losses on financial operations.

In July, Kim Skov Jensen [Denmark] was appointed Chief Financial Officer, Vice-President and Head of Treasury & Finance at NIB. Mr Skov Jensen commenced his appointment on 18th of October 2021. "After working many years in commercial banking, I am proud to join the Nordic Investment Bank. NIB's business model is based on sound banking principles and it has a very attractive mission to support the productivity and the environment of the Nordic and Baltic region. NIB is a strong financial institution and I look forward to be part of the team which is known for its professionalism and dedication", says Kim Skov Jensen

On 16 July, NIB and the AS "Kekava ABT" signed a 21-year loan agreement of EUR 61.1 million for co-financing the construction of the Kekava Bypass road project, which is to become the first major private-public partnership [PPP] project in Latvia. "The Kekava Bypass project is the first major PPP project in Latvia, and thus, the project can give an incentive for other larger infrastructure projects in the region," says André Kūšsvek, President and CEO of NIB.

On 30 September, NIB's Board of Directors approved the Bank's updated Sustainability Policy. NIB has invited its stakeholders to a public consultation on the policy. The updated Sustainability Policy will enter into force after the public consultation process has been completed. The updated Sustainability Policy for public consultation can be found [here](#).

## Key figures and ratios

In millions of euro unless otherwise specified	Jan-Sep 2021*	Jan-Sep 2020*	Jan-Dec 2020
Net interest income	152.0	152.2	205.5
Profit before net loan losses	101.0	153.6	221.4
Net profit	124.0	119.1	164.7
Lending disbursed	1,646.3	3,481.6	4,852.8
Lending agreed	880.4	3,940.8	5,666.0
Mandate fulfilment **	98 %	96 %	98 %
Lending outstanding	22,019.0	20,582.7	21,726.6
Total assets	37,952.3	35,830.0	35,422.0
New debt issues	6,132.2	6,946.1	7,540.4
Debts evidenced by certificates	31,842.5	29,602.6	29,071.7
Total equity	3,970.6	3,814.3	3,860.8
Equity/total assets ***	10.5 %	10.6 %	10.9 %
Profit/average equity ***	4.2 %	4.3 %	4.4 %
Cost/income ***	27.0 %	19.5 %	19.1 %
Number of employees at period end	224	224	222

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements

\*\* See page 8 for mandate fulfilment explanation

\*\*\* See page 19 for ratio definitions

# Operating and financial review

## Total comprehensive income

### January–September 2021 compared to January–September 2020

#### NET PROFIT

The net profit for the period January–September 2021 amounted to EUR 124.0 million, compared to EUR 119.1 million in the same period last year. Total operating income decreased from EUR 190.7 million to EUR 138.3 million mainly due to higher unrealised valuation losses. Last year, the financial markets experienced significant Covid-19 related market movements, whereas in 2021 the markets have been more stable. Total operating expenses are on the same level as 2020. Net loan losses for the period is a positive amount of EUR 23.0 million compared to a loss of EUR 34.5 million in 2020 when the Bank increased its provisions in response to uncertainties arising from the Covid-19 crisis.

The net profit for the period July–September 2021 amounted to EUR 41.5 million compared to EUR 103.6 million in 2021 mainly due to volatility in unrealised gains and losses.

#### NET INTEREST INCOME

Net interest income for the period decreased by 0.2 million to EUR 152.0 million, (January–September 2020:EUR 152.2). Net interest income on lending activities increased by EUR 6.2 million from EUR 115.5 million to EUR 121.7 million due to higher loan volumes. The net interest income on treasury activities of EUR 30.3 million was EUR 6.4 million lower than in 2020 due to the lower yield environment.

The net interest income for the period July–September 2021 amounted to EUR 50.1 million compared to EUR 53.0 million in the same period in 2020.

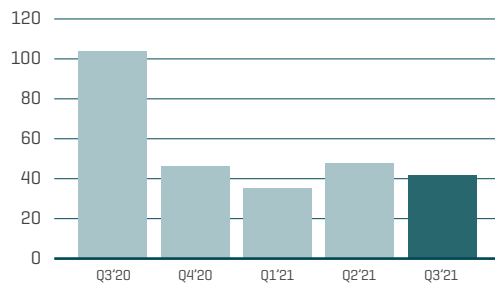
#### NET FEE AND COMMISSION INCOME

Net fee and commission income for the period January–September 2021 was EUR 2.8 million lower than in 2020 due to the lower volume of loans agreed and disbursed.

The net fee and commission income for the period July–September 2021 amounted to EUR 1.7 million compared to EUR 2.3 million in the same period in 2020

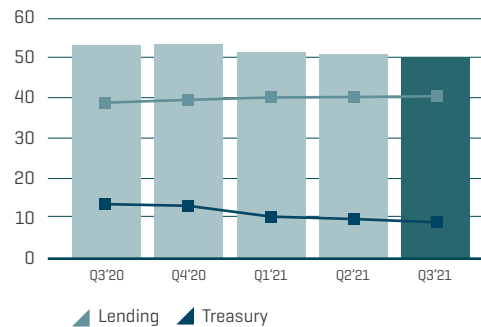
#### NET PROFIT FOR THE PERIOD

EUR m



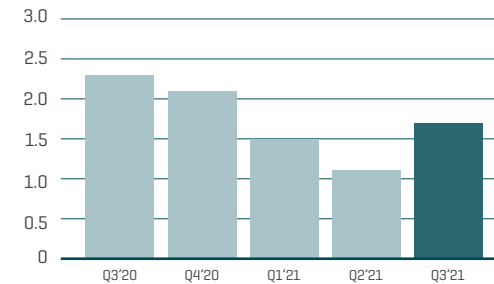
#### NET INTEREST INCOME

EUR m



#### NET COMMISSION INCOME AND FEES

EUR m



### NET LOSS/PROFIT ON FINANCIAL OPERATIONS

The loss on financial operations amounted to EUR 18.1 million compared to a gain of EUR 31.5 million in the same period last year. This result includes realised net gains of EUR 3.4 million and unrealised net losses of EUR 21.5 million compared to realised net profits of EUR 0.2 million and unrealised net profits of EUR 31.3 million in 2020. During 2020, the financial markets experienced significant market movements because of the Covid-19 outbreak. During the first quarter of 2020, these market movements resulted in significant unrealised losses on financial instruments that NIB holds to hedge its interest rate risks and in its liquidity portfolio. During the rest of 2020, the markets recovered and the Bank recorded unrealised gains resulting in an overall profit for the full year 2020. The markets have been relatively stable during 2021.

The net loss on financial operations for the period July-September 2021 amounted to EUR 7.7 million compared to a profit of EUR 56.4 million in the same period in 2020.

The unrealised valuation gains and losses on interest rate hedges mainly arise from the change of the interest rate spreads that are embedded in the Bank's funding and lending transactions. When the Bank raises funds with fixed rates or offers borrowers fixed rate loans, it hedges the resulting interest rate risk using swaps, in which the fixed rate is swapped to the short-term money market floating rates referred to as the IBORS [e.g., LIBOR, EURIBOR, STIBOR, NIBOR etc.]. In keeping with what NIB believes is industry best practice, the valuation of these swaps is based on a risk-free discounting rate called OIS (Overnight Interest rate Swap). The changes in spread between the risk-free rates (the OIS rates) and the relevant

IBORs applicable to each such swap creates unrealised valuation gains and losses. It should be noted that as the Bank intends to hold these transactions to maturity, so that they are not sold for a price based on their exit market value, these valuation gains and losses will not be realised as the transactions will settle at par.

The unrealised valuation gains and losses on assets in the Bank's liquidity portfolio arise from changes in credit spreads. The Bank maintains a large liquidity portfolio, which it invests in high quality bonds. When credit spreads widen, this results in negative valuations on the bonds. In periods of financial turbulence credit spreads tend to rise, which also affects NIB's high quality bonds. As the Bank intends to hold the bonds to maturity, so that they are not sold based on the current exit market value, the valuation gains and losses will reverse, as the bonds will settle at par.

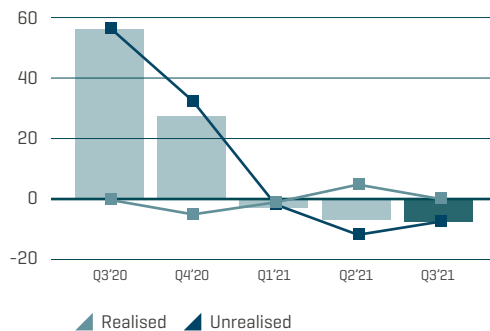
### TOTAL OPERATING EXPENSES

Total operating expenses amounted to EUR 37.3 million which is similar to 2020. The increase in depreciation and administrative expenses of EUR 1.9 million was offset by lower personnel expenses of EUR 1.8 million. The Bank continues to focus on cost control and the cost/income ratio remains strong.

The operating costs for the period July-September 2021 amounted to EUR 10.9 million compared to EUR 11.1 million in the same period in 2020.

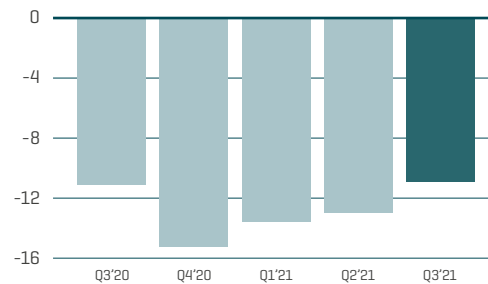
### NET PROFIT ON FINANCIAL OPERATIONS

EUR m



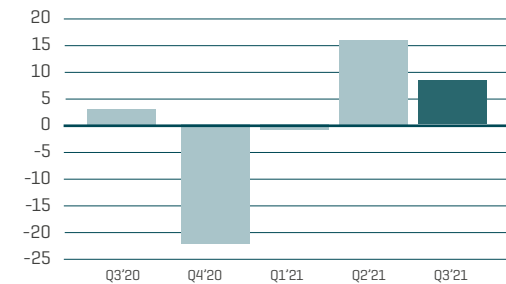
### TOTAL OPERATING EXPENSES

EUR m



### NET LOAN LOSSES

EUR m





### **NET LOAN LOSSES**

Following the outbreak of Covid-19 in 2020, the global operating environment rapidly deteriorated and as a result, the Bank adjusted the macro-economic scenarios used to calculate the expected credit loss ("ECL") provision. In 2020, there was an increase in the ECL provision from EUR 122.3 million at 31 December 2019 to EUR 172.6 million at 31 December 2020. During 2021, the macro-economic scenarios have improved, resulting in a decrease of the ECL provision to EUR 153.7 million at 30 September 2021.

There have been no significant observed changes in the credit quality of the overall loan portfolio and there were no new non-performing loans during the period and no realised losses. The gain recognised in the income statement for net loan losses of EUR 23.3 million relates to recoveries on non-performing loans of EUR 0.3 million and EUR 23.0 million related to the change in ECL on performing loans.

### **OTHER COMPREHENSIVE INCOME**

The Bank separates the foreign currency basis spread from financial instruments used in fair value hedge accounting and this separated amount is recorded in "Other comprehensive income" (OCI) which amounted to a loss of EUR 14.1 million for the period (January–September 2020: profit EUR 4.9 million). This recorded loss is due to the widening of the Cross Currency Basis spreads, which negatively affect the valuation of basis swaps used to convert funding currencies into lending currencies.

For financial liabilities recorded at fair value through profit or loss, valuation changes due to changes in own credit spreads need to be recorded in OCI. For the nine-month period ending 30 September 2021, the impact was insignificant. The resulting total comprehensive profit for the period amounted to EUR 109.8 million, compared to EUR 124.0 million in 2020.

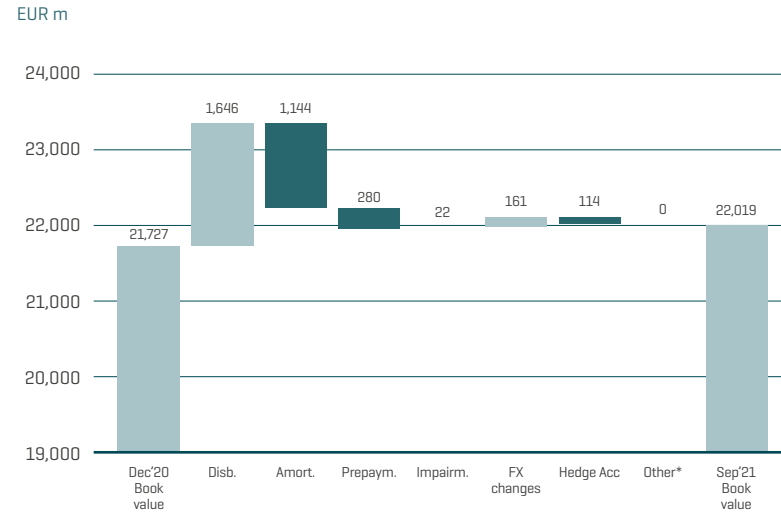
# Financial position

## LENDING OUTSTANDING

The lending outstanding amounted to EUR 22,019.0 million. This comprises EUR 21,748.4 million of loans outstanding and investments of EUR 270.6 million in labelled bonds and CPs. The total disbursements and investments during the period amounted to EUR 1,646.3 million, which is EUR 1,835.3 million lower than for the same period in 2020. More information regarding loans agreed can be found on our website at [Agreed Loans](#).

Total lending outstanding, excluding exchange rate and valuation effects, increased from EUR 21,726.6 million at 31 December 2020 to EUR 21,971.1 million. The book value amounted to EUR 22,019.0 million due to foreign exchange movements and fair valuations/hedge accounting effects of EUR 161.3 million and EUR -113.5 million, respectively

## DEVELOPMENT OF LENDING OUTSTANDING DURING 2021



\* Fair valuation of labelled bonds/CPs and hedge accounting.



## LENDING HIGHLIGHTS

in EUR millions, unless otherwise specified	Jan-Sep* 2021	Jan-Sep* 2020	2020	2019	2018	2017
Loans agreed excluding green bond investments	781	3,931	5,632	3,186	4,269	3,665
Labelled bonds and CPs	99	9	34	131	61	147
Total disbursements	1,646	3,482	4,853	2,676	4,047	3,147
Number of loans agreements in period	19	41	59	55	58	55
Number of labelled bonds and CPs in period	10	2	4	9	3	9
Lending outstanding	22,019	20,582	21,727	18,931	19,065	17,232
Member countries	21,491	19,905	21,098	18,055	17,960	15,867
Non-member countries	679	827	798	996	1,222	1,504
Loan impairment provision	-152	-150	-169	-119	-117	-139

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements

## MISSION FULFILMENT

NIB's vision is for a prosperous and sustainable Nordic-Baltic region. All projects proposed for financing undergo an assessment of their potential impact on productivity and the environment of the member country area. This mission fulfilment is rated on a five-grade scale from "negative" to "excellent". In response to the Covid-19 pandemic, NIB provided "response loans" to alleviate the economic and social consequences of the crisis. These response loans are tracked separately and are not included in the standard mandate rating. During the first half of 2021, projects achieving a "good" or "excellent" mandate rating accounted for 98% of the total amount of loans disbursed excluding response loans which exceeded the target of 90%.





## FUNDING

By the end of September, the Bank had raised EUR 6,132.2 million (January–September 2020: EUR 6,946.1million) in new funding through 49 transactions in 11 currencies, with an average maturity of 4.5 years. NIB's funding plan for 2021 is EUR 6.5-7.5 billion.

On 7 January, NIB priced a five-year GBP 600 million issue. The transaction was NIB's largest ever new sterling benchmark, with the final orderbook reaching over GBP 800 million.

On 13 January, the Bank issued its first global USD benchmark issue for the year. The five-year USD 1.25 billion benchmark transaction has a final maturity on 21 January 2026 and was met with strong support from investors.

On 25 March, NIB issued its first NIB Environmental Bond (NEB) for the year. The EUR 500 million transaction was an increase of a NEB due April 2027, bringing the new total outstanding to EUR 1 billion. With this re-opening, NIB's total environmental bond issuance surpassed EUR 5 billion.

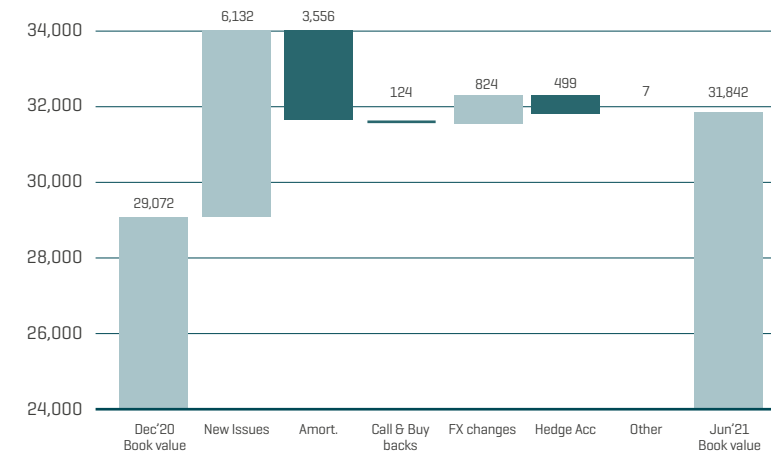
On 6 May, NIB issued its inaugural USD 700 million five-year benchmark bond linked to the SOFR (Secured Overnight Financing Rate) index.

On 14 September, NIB priced a 3-year USD 1 billion benchmark, the second USD benchmark of the year. The transaction attracted strong support from over 50 global investors, with the orderbook closing in excess of USD 1.9 billion.

A full list of funding transactions can be found on our website at [Funding Transactions](#).

## DEBT DEVELOPMENT DURING 2021

EUR m



# Financial statements

## Statement of comprehensive income

In thousands of euro	NOTE	Jan-Sep 2021*	Jan-Sep 2020*	Jan-Dec 2020
Interest income from financial assets measured at amortised cost		147,463	201,551	254,355
Interest income from financial assets measured at fair value		3,358	15,796	18,160
Interest expense		1,145	-65,170	-66,973
<b>Net interest income</b>		<b>151,966</b>	<b>152,177</b>	<b>205,543</b>
Commission income and fees received		6,086	8,880	12,485
Commission expense and fees paid		-1,699	-1,687	-3,145
<b>Net fee and commission income</b>		<b>4,387</b>	<b>7,193</b>	<b>9,340</b>
Net loss/profit on financial operations		-18,075	31,497	58,810
Foreign exchange gains and losses		36	-122	183
<b>Total operating income</b>		<b>138,314</b>	<b>190,745</b>	<b>273,876</b>
Expenses				
General administrative expenses				
Personnel expenses		-21,981	-23,755	-31,327
Other administrative expenses		-9,031	-8,073	-13,563
Depreciation		-6,302	-5,366	-7,546
<b>Total operating expenses</b>		<b>-37,313</b>	<b>-37,194</b>	<b>-52,437</b>
<b>Loss/profit before loan losses</b>		<b>101,001</b>	<b>153,550</b>	<b>221,439</b>
Net loan losses		22,969	-34,459	-56,744
<b>Net loss/profit for the period</b>		<b>123,970</b>	<b>119,091</b>	<b>164,695</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to income statement</b>				
Fair value hedges – valuation of cross currency basis spread		-14,147	3,877	9,120
Changes in own credit risk on liabilities recorded at fair value		-1	1,046	-3,376
<b>Total other comprehensive income</b>		<b>-14,149</b>	<b>4,923</b>	<b>5,744</b>
<b>Total comprehensive loss/income</b>		<b>109,822</b>	<b>124,014</b>	<b>170,439</b>

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements  
The accompanying notes are an integral part of these financial statements.



## Statement of financial position

In thousands of euro	NOTE	30 Sep 2021*	30 Sep 2020*	31 Dec 2020
<b>ASSETS</b>				
Cash and cash equivalents		2,145,023	3,367,456	2,270,386
Placements with credit institutions		4,510,345	2,440,514	1,968,836
Debt securities		8,014,173	7,630,976	7,912,255
Other		6,443	7,461	8,907
Financial placements, total		<b>12,530,961</b>	<b>10,078,951</b>	<b>9,889,998</b>
Loans outstanding		21,748,390	20,441,782	21,554,808
Intangible assets		8,863	12,945	12,018
Tangible assets, property and equipment		36,229	37,576	37,256
Derivatives		1,212,915	1,649,486	1,405,770
Other assets		40,829	14,079	19,614
Other assets, total		<b>1,253,745</b>	<b>1,663,565</b>	<b>1,425,384</b>
Accrued interest and fees receivable		229,097	227,709	232,197
<b>TOTAL ASSETS</b>		<b>37,952,309</b>	<b>35,829,982</b>	<b>35,422,047</b>

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements

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In thousands of euro	NOTE	30 Sep 2021*	30 Sep 2020*	31 Dec 2020
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Short-term amounts owed to credit institutions		702,998	1,010,765	723,795
Debts evidenced by certificates		31,842,499	29,602,583	29,071,696
Derivatives		989,920	1,211,213	1,362,269
Other liabilities		273,281	20,824	227,905
Other liabilities, total		<b>1,263,201</b>	<b>1,232,037</b>	<b>1,590,174</b>
Accrued interest and fees payable		173,029	170,261	175,620
<b>Total liabilities</b>		<b>33,981,726</b>	<b>32,015,645</b>	<b>31,561,285</b>
<b>Equity</b>		<b>3,970,583</b>	<b>3,814,337</b>	<b>3,860,761</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>37,952,309</b>	<b>35,829,982</b>	<b>35,422,047</b>

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## Statement of changes in equity

In thousands of euro	PAID-IN CAPITAL	STATUTORY RESERVE	GENERAL CREDIT RISK FUND	SPECIAL CREDIT RISK FUND PIL	PROFIT AVAILABLE FOR APPROPRIATION	CHANGES IN OWN CREDIT RISK ON LIABILITIES RECORDED AT FAIR VALUE	HEDGING RESERVE	TOTAL
<b>EQUITY AT 31 DECEMBER 2019</b>	<b>418,602</b>	<b>686,325</b>	<b>2,002,562</b>	<b>426,941</b>	<b>181,982</b>	-	<b>18,910</b>	<b>3,735,323</b>
Profit for the period	-	-	-	-	119,091	-	-	119,091
Other comprehensive income	-	-	-	-	-	1,046	3,877	4,923
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,091</b>	<b>1,046</b>	<b>3,877</b>	<b>124,014</b>
<b>Transactions with owners in their capacity as owners</b>								
Appropriation of profit	-	-	136,982	-	-136,982	-	-	0
Change in Statutes	426,941	-	-	-426,941	-	-	-	0
Dividends	-	-	-	-	-45,000	-	-	-45,000
<b>EQUITY AT 30 SEPTEMBER 2020</b>	<b>845,543</b>	<b>686,325</b>	<b>2,139,544</b>	<b>0</b>	<b>119,091</b>	<b>1,046</b>	<b>22,787</b>	<b>3,814,337</b>
Profit for the period	-	-	-	-	45,604	-	-	45,604
Other comprehensive income	-	-	-	-	-	-4,422	5,243	821
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,604</b>	<b>-4,422</b>	<b>5,243</b>	<b>46,425</b>
<b>EQUITY AT 31 DECEMBER 2020</b>	<b>845,543</b>	<b>686,325</b>	<b>2,139,544</b>	<b>0</b>	<b>164,695</b>	<b>-3,376</b>	<b>28,030</b>	<b>3,860,761</b>
Profit for the period	-	-	-	-	123,970	-	-	123,970
Other comprehensive income	-	-	-	-	-	-1	-14,147	-14,149
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123,970</b>	<b>-1</b>	<b>-14,147</b>	<b>109,822</b>
<b>Transactions with owners in their capacity as owners</b>								
Appropriation of profit	-	150,559	14,136	-	-164,695	-	-	0
<b>EQUITY AT 30 SEPTEMBER 2021</b>	<b>845,543</b>	<b>836,884</b>	<b>2,153,680</b>	<b>0</b>	<b>123,970</b>	<b>-3,377</b>	<b>13,882</b>	<b>3,970,583</b>

The accompanying notes are an integral part of these financial statements.

# Cash flow statement

In thousands of euro	Jan-Sep 2021*	Jan-Sep 2020*	Jan-Dec 2020
<b>Cash flows from operating activities</b>			
<b>Net loss/profit for the period</b>	<b>123,970</b>	<b>119,091</b>	<b>164,695</b>
<b>Adjustments:</b>			
Unrealised gains/losses of financial assets and liabilities held at fair value	-20	7	-12,900
ECL non-lending activities	-314	219	301
Depreciation and write-down in value of tangible and intangible assets	6,302	5,366	7,546
Change in accrued interest and fees (assets)	3,100	47,117	42,646
Change in accrued interest and fees (liabilities)	-2,676	-50,811	-46,184
Net loan losses (ECL lending activities)	-22,969	34,459	56,744
Adjustment to hedge accounting	21,951	-30,641	-51,157
Other adjustments to the period's profit	1,996	1,792	3,023
<b>Adjustments, total</b>	<b>7,370</b>	<b>7,509</b>	<b>18</b>
<b>Lending</b>			
Disbursements of loans	-1,547,271	-3,472,125	-4,818,897
Repayments of loans	1,424,013	1,285,517	1,867,353
Capitalisations, redenominations, index adjustments, etc.	731	715	430
<b>Lending, total</b>	<b>-122,527</b>	<b>-2,185,893</b>	<b>-2,951,115</b>
<b>Cash flows from operating activities, total</b>	<b>8,813</b>	<b>-2,059,293</b>	<b>-2,786,402</b>
<b>Cash flows from investing activities</b>			
<b>Placements and debt securities</b>			
Purchase of debt securities	-1,230,755	-2,139,812	-1,090,285
Sold and/or matured debt securities	1,100,461	1,477,319	786,599
Placements with credit institutions	-2,618,605	1,149,682	1,335,090
Other financial placements	-39	-	5,379
<b>Placements and debt securities, total</b>	<b>-2,748,938</b>	<b>487,189</b>	<b>1,036,783</b>

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements

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In thousands of euro	Jan-Sep 2021*	Jan-Sep 2020*	Jan-Dec 2020
<b>Other items</b>			
Acquisition of intangible assets	-1,060	-4,374	-4,872
Acquisition of tangible assets	-1,060	-3,861	-4,296
Change in other assets	-37,658	-3,459	1,684
<b>Other items, total</b>	<b>-39,778</b>	<b>-11,694</b>	<b>-7,484</b>
<b>Cash flows from investing activities, total</b>	<b>-2,788,716</b>	<b>475,495</b>	<b>1,029,299</b>
<b>Cash flows from financing activities</b>			
<b>Debts evidenced by certificates</b>			
Issues of new debt	6,132,245	6,946,067	7,540,409
Redemptions	-3,687,398	-3,183,097	-4,142,020
<b>Debts evidenced by certificates, total</b>	<b>2,444,847</b>	<b>3,762,970</b>	<b>3,398,389</b>
<b>Other items</b>			
Long-term placements from credit institutions		-8,435	-8,435
Change in swap receivables excluding fair value changes	25,488	78,736	-274,019
Change in swap payables excluding fair value changes	72,087	239,152	-248,028
Change in other liabilities	124,485	-1,318	-3,808
Dividend paid		-45,000	-45,000
<b>Other items, total</b>	<b>222,059</b>	<b>263,135</b>	<b>-579,290</b>
<b>Cash flows from financing activities, total</b>	<b>2,666,906</b>	<b>4,026,104</b>	<b>2,819,099</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS, NET</b>	<b>-112,997</b>	<b>2,442,307</b>	<b>1,061,996</b>
<b>Opening balance for cash and cash equivalents, net</b>	<b>1,546,591</b>	<b>471,700</b>	<b>471,700</b>
Exchange rate adjustments	8,431	-557,316	12,895
<b>Closing balance for cash and cash equivalents, net</b>	<b>1,442,026</b>	<b>2,356,691</b>	<b>1,546,591</b>
<b>Additional information to the statement of cash flows</b>			
Interest income received	153,921	264,464	315,144
Interest expense paid	-1,446	-116,714	-113,157

\* Unaudited figures, to be read in conjunction with NIB's 2020 audited financial statements

The accompanying notes are an integral part of these financial statements. 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.

# Notes to the interim financial statements

## Note 1: Net interest income

In thousands of euro	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Cash and cash equivalents	-13,769	-10,892	-10,735
Placements with credit institutions	-10,955	-7,634	-14,505
Debt securities	24,893	38,790	47,747
Loans outstanding	150,389	197,033	249,853
Other interest income	264	50	155
<b>Total, interest income</b>	<b>150,821</b>	<b>217,347</b>	<b>272,515</b>
<i>Of which, interest income from financial assets measured at amortised cost</i>	<i>147,463</i>	<i>201,551</i>	<i>254,355</i>
Short-term amounts owed to credit institutions	5,492	3,828	4,999
Long-term amounts owed to credit institutions		21	21
Short-term repurchase agreements		25	25
Debts evidenced by certificates	-284,492	-350,551	-448,733
Swap contracts and other interest expenses, net	280,145	281,507	376,714
<b>Total, interest expense</b>	<b>1,145</b>	<b>-65,170</b>	<b>-66,973</b>
<i>Of which, interest expense from financial liabilities measured at amortised cost</i>	<i>-9,900</i>	<i>-114,676</i>	<i>-121,316</i>
<b>Net interest income</b>	<b>151,966</b>	<b>152,177</b>	<b>205,543</b>

## Note 2: Net loss/profit on financial operations

In thousands of euro	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Financial instruments held at fair value, realised gains and losses	3,405	239	-4,985
Financial instruments held at fair value, unrealised gains and losses	133	861	12,959
Financial instruments held at amortised cost, realised gains and losses	24	-26	-21
Expected credit loss on financial placements	314	-219	-301
Adjustment to hedge accounting, unrealised gains and losses of fair value hedges	-21,951	30,641	51,157
<b>Net loss/profit on financial operations</b>	<b>-18,075</b>	<b>31,497</b>	<b>58,810</b>



## Note 3: Expected credit loss

In thousands of euro	STAGE 1	STAGE 2	STAGE 3	TOTAL
<b>Balance at 31 December 2019</b>	<b>28,575</b>	<b>13,682</b>	<b>80,031</b>	<b>122,287</b>
Transfer to Stage 1	47	-47	-	0
Transfer to Stage 2	-5,084	5,084	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	5,661	447	-	6,108
Amortisations and repayments	-2,436	-1,452	-	-3,888
Impact of remeasurment on existing assets	4,522	28,617	-681	32,458
Foreign exchange adjustments and other changes	-	-	-3,234	-3,234
<b>Net change income statement</b>	<b>2,710</b>	<b>32,649</b>	<b>-3,914</b>	<b>31,444</b>
<b>Balance at 30 September 2020</b>	<b>31,285</b>	<b>46,331</b>	<b>76,116</b>	<b>153,732</b>
Transfer to Stage 1	-47	47	-	0
Transfer to Stage 2	-128	128	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	2,822	677	-	3,498
Amortisations and repayments	-1,536	-734	-	-2,270
Impact of remeasurment on existing assets	19,353	1,865	-79	21,139
Foreign exchange adjustments and other changes	-	-	-3,492	-3,492
<b>Net change income statement</b>	<b>20,463</b>	<b>1,983</b>	<b>-3,571</b>	<b>18,875</b>
<b>Balance at 31 December 2020</b>	<b>51,747</b>	<b>48,314</b>	<b>72,545</b>	<b>172,606</b>
Transfer to Stage 1	1,547	-1,547	-	0
Transfer to Stage 2	-320	320	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	2,138	357	-	2,495
Amortisations and repayments	-2,109	-1,459	-328	-3,895
Impact of remeasurment on existing assets	-22,105	222	-	-21,883
Foreign exchange adjustments and other changes	-	-	4,343	4,343
<b>Net change income statement</b>	<b>-20,849</b>	<b>-2,107</b>	<b>4,015</b>	<b>-18,941</b>
<b>Balance at 30 September 2021</b>	<b>30,898</b>	<b>46,207</b>	<b>76,560</b>	<b>153,666</b>

### ECL - STATEMENT OF FINANCIAL POSITION

In thousands of euro	30 Sep 2021	30 Sep 2020	31 Dec 2020
Loans outstanding	151,167	150,193	169,105
Other receivables	1,783	1,763	1,682
Commitments (recorded in other liabilities)	439	1,266	1,228
Financial placements	277	510	592
<b>Total</b>	<b>153,666</b>	<b>153,732</b>	<b>172,606</b>

### ECL - STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Jan-Sep 2021	Oct-Sep 2020	Jan-Sep 2020
Net result on financial operations (Note 2)	314	-81	-219
Net loan losses (Note 4)	22,969	-22,285	-34,459
Foreign exchange gains and losses	-4,343	3,492	3,234
<b>Total recognised in income statement</b>	<b>18,941</b>	<b>-18,875</b>	<b>-31,444</b>

## Note 4: Net loan losses

In thousands of euro	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Change in expected credit loss on performing loans	22,641	-35,140	-57,504
Change in expected credit loss on non-performing loans	328	681	759
Decrease of provisions to cover realised loan losses	-	-	-
Realised loan losses	-	-	-
<b>Net loan losses</b>	<b>22,969</b>	<b>-34,459</b>	<b>-56,744</b>

There were no realised losses for the periods Jan-Sep 2021, Jan-Sep 2020 or Jan-Dec 2020.

## Note 5: Lending outstanding

In thousands of euro	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>Opening Balance</b>	<b>21,726,644</b>	<b>18,931,294</b>	<b>18,931,294</b>
Disbursements	1,646,323	3,481,587	4,852,828
Amortisations	-1,144,345	-979,542	-1,457,140
Prepayments	-279,668	-305,975	-410,212
Changes in expected credit losses	22,179	-34,188	-56,510
Foreign exchange movements	161,283	-583,715	-183,641
Fair value adjustments	853	3,352	3,173
Hedge accounting adjustments	-113,621	69,612	47,269
Other	-688	-704	-415
<b>Closing balance</b>	<b>22,018,961</b>	<b>20,581,721</b>	<b>21,726,644</b>
Loans outstanding	21,748,390	20,441,782	21,554,808
Labelled bonds and CPs	270,571	139,939	171,836
<b>Total Lending</b>	<b>22,018,961</b>	<b>20,581,721</b>	<b>21,726,644</b>

## Note 6: Debts evidenced by certificates

In thousands of euro	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>Opening Balance</b>	<b>29,071,696</b>	<b>26,673,647</b>	<b>26,673,647</b>
New debt issues	6,132,245	6,946,067	7,540,409
Amortisations	-3,555,672	-3,019,723	-3,979,655
Calls and buy backs	-123,614	-163,544	-163,544
Foreign exchange movements	823,762	-1,284,640	-1,324,792
Fair value adjustments	45	4,385	1,492
Hedge accounting adjustments	-499,388	446,222	322,961
Other	-6,575	169	1,178
<b>Closing balance</b>	<b>31,842,499</b>	<b>29,602,583</b>	<b>29,071,696</b>



## Note 7: Basis of preparation

This interim management statement is not presented in accordance with IAS 34 “Interim Financial Reporting” as it excludes a number of disclosures. The accounting policies and methods of computation are the same as described in Note 1 of NIB’s Financial Report 2020.

This report was approved by the Executive Committee on 14th October 2021.

### RATIO DEFINITIONS

$$\text{Equity/total assets} = \frac{\text{Total equity at reporting date}}{\text{Total assets at reporting date}}$$

$$\text{Profit/average equity} = \frac{\text{Annualised profit for the period}}{\text{Average equity for the period}}$$

$$\text{Cost/income} = \frac{\text{Total operating expenses for the period}}{\text{Total operating income for the period}}$$



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