

NIB issues USD 500m benchmark Environmental Bond

On 23 September 2014, the Nordic Investment Bank (NIB) launched its inaugural USD 500 million benchmark environmental bond. The transaction proceeds will be used to finance projects with a positive impact on the environment in the Nordic countries. The security from the triple-A supranational has received a strong response in the capital market.

- NIB issues Environmental Bond to finance projects with a positive impact on the environment in the Nordic Baltic countries
- Very strong response from socially responsible investors worldwide
- Longest USD denominated green bond benchmark from a SSA issuer to date

This benchmark bond of USD 500mn is the largest issue under the NIB Environmental Bond program. With a maturity of 7 years, it also is the longest USD-denominated green bond benchmark from a SSA issuer to date. The bond pays a semi - annual coupon of 2.25% p.a. BofA Merrill Lynch, Crédit Agricole CIB and SEB jointly acted as the lead managers of the transaction.

The deal further promotes the Bank's sustainable investment offering. The rapidly growing order book reflects the keen interest in the deal representing the market's commitment to the values of socially responsible investment. Within a short period of time, the order book reached over USD 800 million, attracting strong demand predominantly from investors with an interest in supporting climate-friendly projects within their investment mandates.

The transaction was placed with 39 investors including AP2, Blackrock, CalSTRS, Calvert, Omega Global Investors on behalf of Local Government Super, Mirova, Praxis Intermediate Income Fund, State Street Global Advisors (SSgA) and UBS Treasury. Very strong support came from investors focused on socially responsible investing, who bought over 85% of the bonds. The distribution by investor type was as follows: 30% with Central Banks and Official Institutions, 41% with Banks, 28% with Fund Managers and 1% with Pension and Insurance companies. In terms of geographical distribution, 52% of the bonds were placed with accounts in EMEA, 24% with Asia & Pacific, and 24% with Americas.

“The success of the deal proves there is a substantial demand for environmental bonds, a market NIB has been active in since 2011. A growing number of fixed-income investors choose to target environmental challenges and support projects with a positive environmental impact. The investors in the NIB Environmental Bond are supporting environmental projects in the Nordic-Baltic region and benefitting from the Bank's triple-A credit rating”, **says Henrik Normann, President & CEO of NIB.**

As an international financial institution with an explicit environmental mandate, NIB finances the implementation of projects within renewable energy production, energy efficiency in buildings, biofuel- and electricity-based transport, and wastewater treatment.

“With this transaction the Bank was able to attract a large number of socially responsible investors. Over a third of the investors bought NIB for the first time in the primary market, so we are very happy to broaden our investor base”, **says Jens Hellerup, Head of Funding and Investor Relations at NIB.**

“A number of highs for this transaction, but most notably the longest SSA Green bond in USD to date which helps to match liabilities more closely with typically longer dated green assets and which is helpful to the wider development of this market. This cause was furthered by another key success, with over 85% going to environmentally minded investors. In short, a fantastic result for NIB and the market”, **says Martin Mills, Head of Green DCM EMEA at BofA Merrill Lynch.**

“This inaugural USD Environmental Bond launched today has allowed NIB to position themselves on this fast growing segment of the capital markets and to diversify their distribution towards ESG investors with an impressive 85% placed with such accounts. It also marks a further development of the Green Bond sector in USD as it is the longest benchmark launched in that sector, offering investors a tenor that is better aligned with the maturity of the projects it finances”, **says Pierre Blandin, Global Head of SSA DCM at Crédit Agricole CIB.**

“NIB’s entrance into the Benchmark Green Bond market is yet another proof of the potential private capital has to address climate investments. That NIB decided to, despite a very solid infrastructure, to support the system where academics verify the Green Credentials allows investors to standardise their screening process and illustrate NIBs role in setting and supporting financial infrastructure”, **says Christopher Flensburg, Head of Sustainable products and Product Development at SEB.**

Transaction Summary:

Issuer: Nordic Investment Bank ("NIB")

Amount: USD 500 million

Settlement date: September 30, 2014

Maturity date: September 30, 2021

Issue price: 99.339%

Issue yield: 2.353% (equivalent to a spread of +11.6 basis points over the 2.00% U.S. Treasury due August 2021)

Coupon: 2.250% semi-annual (full first coupon on March 30, 2015)

Denomination: Minimum USD 200,000, increments of USD 1,000 thereafter

Listing: Luxembourg Stock Exchange

Joint-Lead Managers: BofA MERRILL LYNCH, CREDIT AGRICOLE CIB and SEB

ISIN: US45905UNJ96

The projects co-funded with proceeds from the NIB Environmental Bond programme are presented on the Bank’s website: http://www.nib.int/capital_markets/environmental_bonds

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