



NORDIC  
INVESTMENT  
BANK

FINANCING  
THE  
FUTURE

Q3

# Interim Management Statement

JANUARY-SEPTEMBER 2022

[Unaudited]

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# President & CEO's comments January–September 2022

As the war in Ukraine continues and the energy crisis deepens, we have also seen the momentum to accelerate the green transition gather more pace. The need for action is urgent. The necessity for investment in new sources of energy and related research and development, partially explains the significant increase the Bank has seen in demand for NIB financing. During the nine-month period ended 30 September 2022, there was a total of EUR 2,613 million in new signed loans and EUR 2,883 million was disbursed (January–September 2021: EUR 880 million, EUR 1,646 million).

During times of turbulence, it is not uncommon that International Financial Institutions (IFIs) such as NIB experience higher demand. Uncertainty in the financial markets had already increased before the war with inflationary pressures and expectations for rate hikes from central banks. The increased activity also reflects the implementation of the new business strategy which the Board approved in 2021. We are also seeing strong mandate fulfilment with projects achieving a “good” or “excellent” mandate rating for 99% of the total amount of loans disbursed.

The new lending was distributed across various industries and countries and included sustainability linked loans (SLL) and a Covid-19 response loan, more details of which can be found [here](#).

To meet the demand for our financing, the Bank has raised EUR 8.1 billion in new funding by 30 September 2022, compared to EUR 6.1 billion in the same period in 2021. In the third quarter, NIB issued its second global USD benchmark for the year, a five-year USD 1.25 billion bond.

The net profit for the period January to September amounted to EUR 84 million compared to EUR 124 million in 2021. The decrease is mainly due to unrealised fair value losses on bonds in the liquidity buffer and lending labelled bonds. Net interest income and operational profit are better than planned. Further details regarding the financial performance can be found in the Operating and Financial Review on page 5-9.

In September, I had the pleasure together with the Bank’s senior management to meet with our counterparts at the European Investment Bank (EIB). We discussed a wide range of topics including the European Green Deal, the impact of the war in Ukraine, the energy crisis in Europe and the need to invest in new sources of energy and innovative technologies. The EIB and NIB have a good and long-standing relationship, with a number of co-financed and parallel financed projects. As IFIs, we have a stabilising role to play during crises. We feel our joint responsibility and are ready to support the efforts of our clients and member countries to deal with the current geopolitical and economic challenges.

**André Küüsvek, President & CEO**

# Highlights

During the nine month period ended 30 September 2022, the Bank has seen a significant increase in demand for NIB financing. There was a total of EUR 2,613 million in new signed lending and EUR 2,883 million was disbursed compared to EUR 880 million and EUR 1,646 million respectively, in the same period in 2021.

Among the new signed loans in the third quarter was a SEK 432.5 million [EUR 40.5 million] loan with Swedish real estate company Fabege AB for the construction of Scandinavia's first zero-energy hotel in Arenastaden, Solna. Other new signed loans will finance green construction, digitalisation, acquisitions and research and development.

The net profit for the nine-month period amounted to EUR 84 million compared to EUR 124 million in 2021. The decrease is mainly due to unrealised fair value losses on bonds in the liquidity buffer and lending labelled bonds. The underlying core earnings were better than expected with net interest income and commission fee income higher than in 2021. The ratios are impacted by the unrealised losses but costs are better than planned and supports profitability.

Due to the increased demand for NIB financing, the Bank has also increased its funding volume. By the end of September, the Bank had raised EUR 8.1 billion [January–September 2021: EUR 6.1 billion] in new funding. In the third quarter, NIB issued its second global USD benchmark for the year, a five-year USD 1.25 billion bond. NIB's funding plan for the whole of 2022 is EUR 8.0–9.0 billion.

The Bank is in a strong financial position as confirmed by our triple-A rating which was reaffirmed by Standard & Poor's and Moody's in April.

# Key figures and ratios

In millions of euro unless otherwise specified	Jan-Sep 2022*	Jan-Sep 2021*	Jan-Dec 2021
Net interest income	162	152	201
Profit before net loan losses	76	101	133
Net profit	84	124	159
Lending disbursed	2,883	1,646	2,440
New signed lending	2,613	880	1,852
Mandate fulfilment **	99%	98 %	97 %
Lending outstanding	22,608	22,019	22,313
Total assets	41,490	37,952	37,553
New debt issues	8,070	6,132	7,028
Debts evidenced by certificates	33,019	31,842	31,526
Total equity	4,022	3,971	3,999
Equity/total assets ***	9.7 %	10.5 %	10.6 %
Profit/average equity ***	2.8 %	4.2 %	4.1 %
Cost/income ***	33.8 %	27.0 %	27.9 %
Number of employees at period end	228	224	221

\* Unaudited figures, to be read in conjunction with NIB's 2021 audited financial statements

\*\* See page 9 for mandate fulfilment explanation

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

# Operating and financial review

## Total comprehensive income

### January–September 2022 compared to January–September 2021

#### NET PROFIT

The net profit for the period January–September 2022 amounted to EUR 84.4 million, compared to EUR 124.0 million in the same period last year. This is mainly due to higher unrealised fair value losses on bonds in the liquidity buffer and lending labelled bonds which is explained further under the section *Net loss/profit on financial operations* on page 6. Net interest income and net commission income were on the otherhand higher than in 2021 and better than planned. Total operating expenses increased by EUR 1.6 million to EUR 38.9 million. Net loan losses for the period is a positive amount of EUR 8.1 million compared to a positive amount of EUR 23.0 million in 2021. The third quarter of 2022 was a solid quarter with net profit of EUR 45.7 million.

#### NET INTEREST INCOME

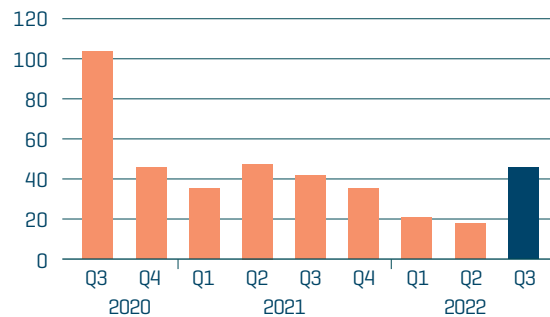
Net interest income for the period increased from EUR 152.0 million to EUR 161.9 million. Net interest income on lending activities increased by EUR 2.2 million from EUR 121.7 million to EUR 123.8 million due to higher loan volumes and margins. The net interest income on treasury activities of EUR 38.0 million was EUR 7.7 million higher than in the same period in 2021 as Treasury bond portfolios benefited from increases in the market interest rate level. Total net interest income in the third quarter of 2022 was higher than any quarter in the past two years.

#### NET FEE AND COMMISSION INCOME

Net fee and commission income for the period January–September 2022 was EUR 1.1 million higher than in 2021 due to the higher volume of loans signed and disbursed.

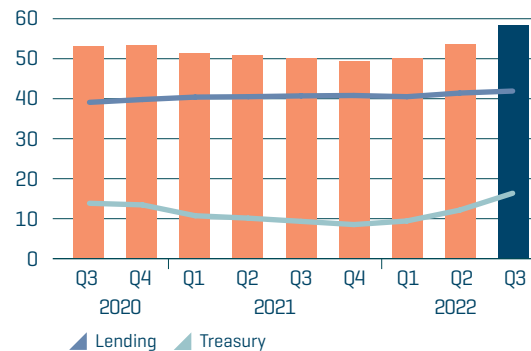
#### NET PROFIT FOR THE PERIOD

EUR m



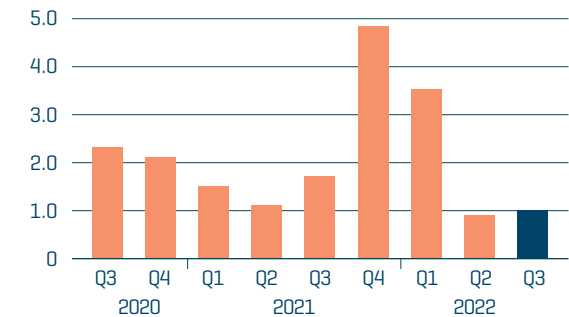
#### NET INTEREST INCOME

EUR m



#### NET COMMISSION INCOME AND FEES

EUR m



**NET LOSS/PROFIT ON FINANCIAL OPERATIONS**

The loss on financial operations amounted to EUR 51.9 million compared to a loss of EUR 18.1 million in the same period last year. This result includes realised net gains of EUR 4.5 million and unrealised net losses of EUR 56.4 million compared to realised net profits of EUR 3.4 million and unrealised net losses of EUR 21.5 million in 2021. Against a backdrop of rising inflation, fears of a recession and the turbulent geopolitical environment, risk aversion led to spread widening in financial markets throughout the first half of the year. This generated unrealised valuation losses on interest rate hedges, and on the liquidity buffer and lending labelled bond portfolios.

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. When the Bank holds the bonds to maturity, so that they are not sold based on the current exit market value, any valuation losses and gains will reverse, as the bonds will settle at par.

The unrealised valuation gains and losses on interest rate hedges mainly arise from the

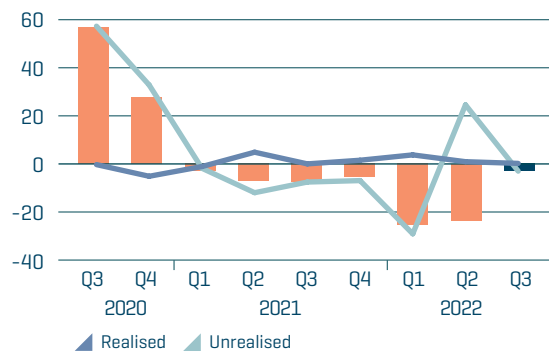
change of the interest rate spreads that are embedded in the Bank’s funding and lending transactions. When the Bank raises funds with fixed rates or offers borrowers fixed rate loans, it hedges the resulting interest rate risk using swaps, in which the fixed rate is swapped to the short-term money market floating rates referred to as the IBORs. Fair value hedge accounting is applied on the hedges of these fixed rate funding transactions and loans. 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 OIS rates and the relevant IBORs applicable to each 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.

**TOTAL OPERATING EXPENSES**

Total operating expenses amounted to EUR 38.9 million which is EUR 1.6 million higher than the same period in 2021 but better than plan. The decrease in depreciation of EUR 1.0 million is due to some assets reaching the end of their depreciable lives during 2022. The increase in personnel costs of EUR 1.2 million is mainly due to the annual inflation related adjustments. The increase in total administrative expenses of EUR 1.3 million compared to January–September 2021, was expected as the level of activities in the Bank increased when Covid restrictions eased.

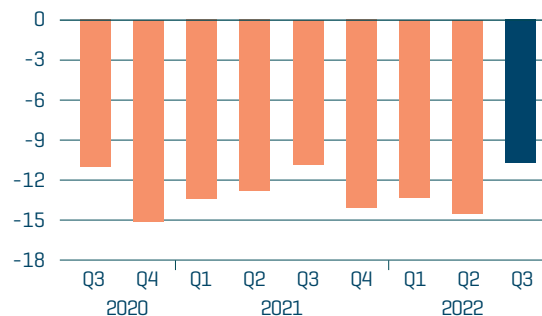
**NET LOSS/PROFIT ON FINANCIAL OPERATIONS**

EUR m



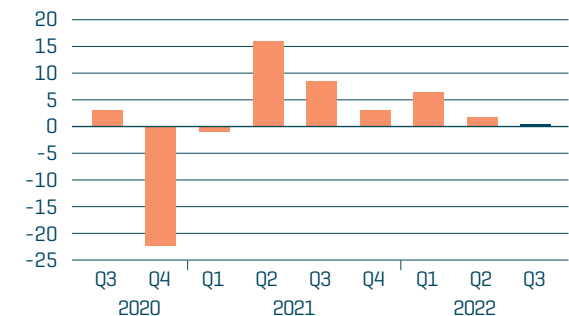
**TOTAL OPERATING EXPENSES**

EUR m



**NET LOAN LOSSES**

EUR m



**NET LOAN LOSSES**

During 2022, the Bank implemented a new and more sophisticated ECL model resulting in an increase in the ECL provisions of approximately EUR 20 million. As uncertainties regarding the economic outcome of Covid-19 diminished and considering that the model is now more robust, the management overlay of EUR 30 million from 2020 was released earlier in 2022. The net impact from the model change together with other movements resulted in a gain of EUR 14.8 million on performing loans. During the first half of 2022, the Bank recovered losses on a fully impaired loan of EUR 3.2 million. The Bank has fully impaired loans in Belarus and Russia which resulted in a loss of EUR 9.8 million. The overall impact for the January-September period was a reversal on loan loss provisions of EUR 8.1 million compared to a reversal of EUR 23.0 million in the same period in 2021.

The net loan losses for the period July-September 2022 was a positive amount of EUR 0.3 million compared to a positive impact of EUR 8.2 million in July-September 2021.

There have been no significant observed changes in the credit quality of the overall loan portfolio and apart from loans to Russia and Belarus, there were no new non-performing loans during the period.

During the first half of 2022, the Bank wrote off old loans of EUR 79.3 million, however this had no impact on net profit as these loans had been fully impaired some years ago.

**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 24.3 million for the nine-month period ending 30 September 2022 compared to a loss of EUR 14.1 million in the same period in 2021. This recorded loss was 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. These losses will reverse as the Bank intends to hold these transactions to maturity. During the first nine months of the year, the basis spread of some currencies has widened against the Euro.

For financial liabilities recorded at fair value through profit or loss, valuation changes due to changes in own credit spreads also need to be recorded in OCI. For the nine-month period ending 30 September 2022, the Bank recorded a positive impact from these changes of EUR 3.0 million compared to EUR 0.0 million in 2021.

The total comprehensive income for the period January-September 2022 amounted to EUR 63.1 million compared to EUR 109.8 million in the same period 2021.

# Financial position

## LENDING OUTSTANDING

The lending outstanding amounted to EUR 22,608.1 million. This comprises EUR 22,199.2 million of loans outstanding and investments of EUR 408.9 million in Lending labelled bonds. The total disbursements and investments during the period amounted to EUR 2,882.7 million, which is EUR 1,236.3 million higher than for the same period in 2021. More information regarding new signed loans can be found on our website [here](#).

Total lending outstanding, excluding exchange rate and valuation effects, increased from EUR 22,312.6 million at 31 December 2021 to EUR 23,852.2 million. The book value amounted to EUR 22,608.1 million due to foreign exchange movements and fair valuations/hedge accounting effects of EUR -267.4 million and EUR -635.6 million, respectively. The foreign exchange impact is mainly from the weakening of Nordic currencies against the Euro, partially offset by the strengthening of the USD. The fair value and hedge accounting adjustments are driven by changes in interest rates.

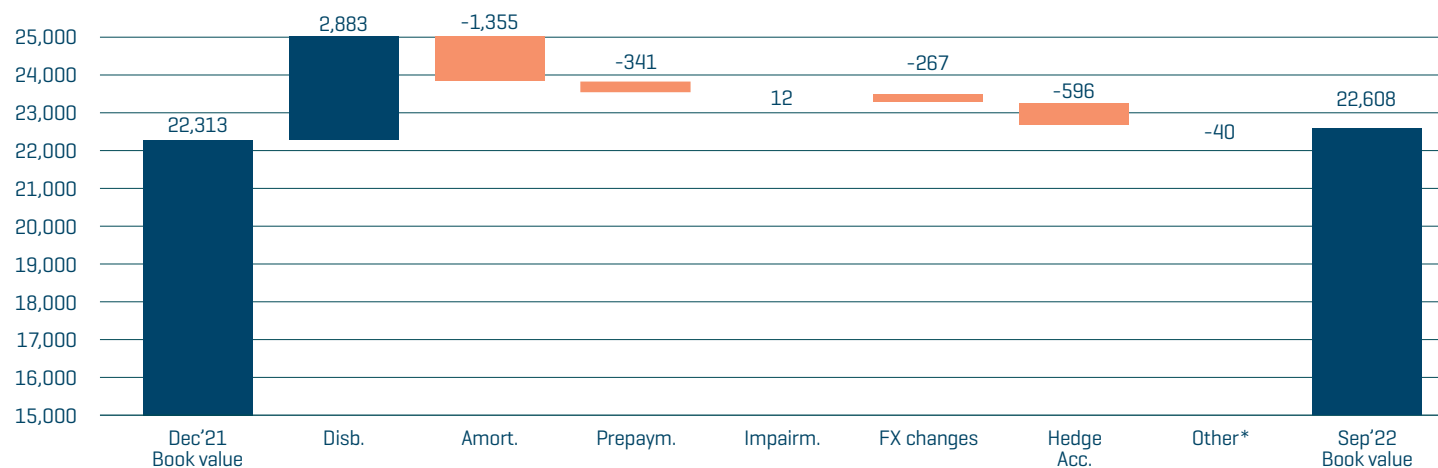
## LENDING HIGHLIGHTS

in EUR millions, unless otherwise specified	Jan-Sep* 2022	Jan-Sep* 2021	2021	2020	2019	2018
New signed loans excluding lending bonds	2,480	781	1,683	5,632	3,186	4,269
New lending labelled bonds	132	99	169	34	131	61
Total disbursements	2,883	1,646	2,440	4,853	2,676	4,047
Number of new signed loans in period	36	19	36	59	55	58
Number of new lending labelled bonds in period	7	10	14	4	9	3
Lending outstanding	22,608	22,019	22,313	21,727	18,931	19,065
Member countries	22,202	21,491	21,827	21,098	18,055	17,960
Non-member countries	471	679	635	798	996	1,222
Loan impairment provision	-65	-152	-150	-169	-119	-117

\* Unaudited figures, to be read in conjunction with NIB's 2021 audited financial statements

## DEVELOPMENT OF LENDING OUTSTANDING DURING 2022

EUR m



\* Fair valuation of lending assets held at FVTPL



### MISSION FULFILMENT

NIB's vision is for a prosperous and sustainable Nordic-Baltic region and the Bank has a dual mandate to provide lending that benefits the environment and/or improves productivity. All projects proposed for financing undergo an assessment of their potential impact on productivity and the environment of the member country area. The 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 nine-month period ended 30 September, projects achieving a "good" or "excellent" mandate rating accounted for 99% of the total amount of loans disbursed which exceeded the target of 90%.

### FUNDING

By the end of September 2022, the Bank had raised EUR 8,069.9 million in new funding compared to EUR 6,132.2 million in the first nine months of 2021. The strategy for 2022 is to complete benchmark transactions in US dollars and NEB benchmark issuance in Euros, complemented with other public and private issues in order to maintain a diversified global investor base and low funding costs. NIB's updated funding plan for 2022 is EUR 8.0-9.0 billion.

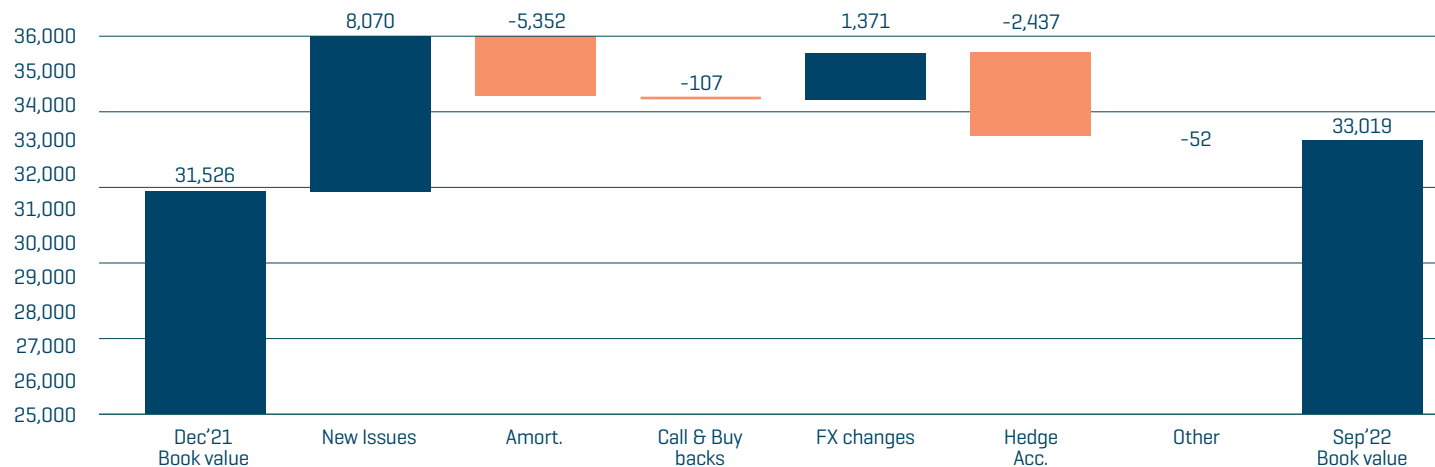
Some of the larger transactions during the first nine months of 2022 included a three-year GBP 500 million benchmark. This transaction has since been increased with a further GBP 300 million, taking the new total to GBP 800 million. The Bank also issued its inaugural NIB Environmental Bond denominated in Danish Kroner, an eight-year DKK 2 billion issuance. In accordance with the Bank's funding strategy, NIB issued its first global USD benchmark in March, a USD 1.25 billion issue with a maturity of 3 years. The second global USD benchmark was issued in August, a five-year USD 1.25 billion bond.

During the first nine months of the year the Bank has issued bonds in twelve different currencies. A full list of funding transactions can be found on our website at [Funding Transactions](#).

Total debts evidenced by certificates increased from EUR 31.5 billion to EUR 33.0 billion. During the year, the Bank has recorded significant foreign exchange movements due to the strengthening of USD offset somewhat by the weakening of the Nordic currencies against the Euro. The Bank has also recorded significant hedge accounting adjustments as interest rates rose. These hedge accounting adjustments offset the impact from the fair value changes of interest rate swaps used to hedge the interest rate risk.

### DEBT DEVELOPMENT DURING 2022

EUR m



# Financial statements

## Statement of comprehensive income

In thousands of euro	NOTE	Jan-Sep 2022*	Jan-Sep 2021*	Jan-Dec 2021
Interest income from financial assets measured at amortised cost		209,800	147,463	197,089
Interest income from financial assets measured at fair value		24,852	3,358	4,159
Interest expense		-72,769	1,145	145
Net interest income	1	161,883	151,966	201,393
Commission income and fees received		7,039	6,086	9,199
Commission expense and fees paid		-1,562	-1,699	-2,165
Net fee and commission income		5,477	4,387	7,034
Net loss/profit on financial operations	2	-51,893	-18,075	-23,663
Foreign exchange gains and losses		-305	36	13
Total operating income		115,162	138,314	184,777
Expenses				
General administrative expenses				
Personnel expenses		-23,181	-21,981	-29,182
Other administrative expenses		-10,369	-9,031	-12,766
Depreciation		-5,318	-6,302	-9,545
Total operating expenses		-38,868	-37,313	-51,493
Profit before loan losses		76,295	101,001	133,284
Net loan losses	3, 4	8,123	22,969	25,874
<b>Net profit for the period</b>		<b>84,418</b>	<b>123,970</b>	<b>159,158</b>
Other comprehensive income				
Items that will be reclassified to income statement				
Fair value hedges - valuation of cross currency basis spread		-24,279	-14,147	-21,612
Items that will not be reclassified to income statement				
Changes in own credit risk on liabilities recorded at fair value		2,970	-1	329
Total other comprehensive income		-21,309	-14,149	-21,283
<b>Total comprehensive income</b>		<b>63,109</b>	<b>109,822</b>	<b>137,876</b>

\* Unaudited figures, to be read in conjunction with NIB's 2021 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 2022*	30 Sep 2021*	31 Dec 2021
<b>ASSETS</b>				
Cash and cash equivalents		2,288,925	2,145,023	1,826,451
Financial placements				
Placements with credit institutions		4,898,007	4,510,345	3,881,023
Debt securities		8,758,484	8,014,173	8,291,062
Other		4,184	6,443	8,661
		13,660,675	12,530,961	12,180,747
Loans outstanding	5	22,199,228	21,748,390	21,975,146
Intangible assets		8,154	8,863	7,524
Tangible assets, property and equipment		33,557	36,229	35,632
Other assets				
Derivatives		2,675,884	1,212,915	1,254,828
Other assets		364,000	40,829	31,916
		3,039,884	1,253,745	1,286,744
Accrued interest and fees receivable		259,162	229,097	241,145
<b>TOTAL ASSETS</b>		<b>41,489,585</b>	<b>37,952,309</b>	<b>37,553,390</b>

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In thousands of euro	NOTE	30 Sep 2022*	30 Sep 2021*	31 Dec 2021
<b>LIABILITIES AND EQUITY</b>				
Liabilities				
Short-term amounts owed to credit institutions		1,257,641	702,998	751,697
Owed to credit institutions, total		1,257,641	702,998	751,697
Debts evidenced by certificates	6	33,019,432	31,842,499	31,525,985
Other liabilities				
Derivatives		2,616,651	989,920	1,052,474
Other liabilities		370,671	273,281	39,426
		2,987,321	1,263,201	1,091,900
Accrued interest and fees payable		203,444	173,029	185,171
Total liabilities		37,467,838	33,981,726	33,554,753
Equity				
		4,021,746	3,970,583	3,998,637
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>41,489,585</b>	<b>37,952,309</b>	<b>37,553,390</b>

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## Statement of changes in equity

In thousands of euro	PAID-IN CAPITAL	STATUTORY RESERVE	GENERAL CREDIT RISK FUND	PROFIT AVAILABLE FOR APPROPRIATION	CHANGES IN OWN CREDIT RISK ON LIABILITIES RECORDED AT FAIR VALUE	HEDGING RESERVE	TOTAL
<b>Equity at 31 December 2020</b>	<b>845,543</b>	<b>686,325</b>	<b>2,139,544</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
Total comprehensive income	0	0	0	123,970	-1	-14,147	109,822
Transactions with owners in their capacity as owners							
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>123,970</b>	<b>-3,377</b>	<b>13,882</b>	<b>3,970,583</b>
Profit for the period	-	-	-	35,188	-	-	35,188
Other comprehensive income	-	-	-	-	330	-7,465	-7,135
Total comprehensive income	0	0	0	35,188	330	-7,465	28,054
<b>EQUITY AT 31 DECEMBER 2021</b>	<b>845,543</b>	<b>836,884</b>	<b>2,153,680</b>	<b>159,158</b>	<b>-3,047</b>	<b>6,418</b>	<b>3,998,637</b>
Profit for the period	-	-	-	84,418	-	-	84,418
Other comprehensive income	-	-	-	-	2,970	-24,279	-21,309
Total comprehensive income	0	0	0	84,418	2,970	-24,279	63,109
Transactions with owners in their capacity as owners							
Dividends	-	-	-	-40,000	-	-	-40,000
Appropriation of profit	-	-	119,158	-119,158	-	-	0
<b>EQUITY AT 30 SEPTEMBER 2022</b>	<b>845,543</b>	<b>836,884</b>	<b>2,272,838</b>	<b>84,418</b>	<b>-76</b>	<b>-17,861</b>	<b>4,021,746</b>

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

# Cash flow statement

In thousands of euro	Jan-Sep 2022*	Jan-Sep 2021*	Jan-Dec 2021
<b>Cash flows from operating activities</b>			
Net loss/profit for the period	84,418	123,970	159,158
Adjustments:			
Unrealised gains/losses of financial assets and liabilities held at fair value	53,093	-20	-9,169
ECL non-lending activities	1,263	-314	-323
Depreciation and write-down in value of tangible and intangible assets	5,318	6,302	9,545
Change in accrued interest and fees (assets)	-18,016	3,100	-8,948
Change in accrued interest and fees (liabilities)	18,271	-2,676	10,584
Net loan losses (ECL lending activities)	-8,123	-22,969	-25,874
Adjustment to hedge accounting	2,052	21,951	37,966
Other adjustments to the period's profit	955	1,996	-104
Adjustments, total	54,812	7,370	13,676
<b>Lending</b>			
Disbursements of loans	-2,750,572	-1,547,271	-2,270,722
Repayments of loans	1,688,686	1,424,013	1,975,518
Capitalisations, redenominations, index adjustments, etc.	5,108	731	1,390
Lending, total	-1,056,778	-122,527	-293,815
<b>Cash flows from operating activities, total</b>	<b>-917,547</b>	<b>8,813</b>	<b>-120,980</b>
<b>Cash flows from investing activities</b>			
Placements and debt securities			
Purchase of debt securities	-2,104,814	-1,230,755	-2,191,647
Sold and/or matured debt securities	1,362,038	1,100,461	1,645,287
Placements with credit institutions	-863,546	-2,618,605	-2,002,565
Other financial placements	-26	-39	51
Placements and debt securities, total	-1,606,348	-2,748,938	-2,548,873

\* Unaudited figures, to be read in conjunction with NIB's 2021 audited financial statements  
The accompanying notes are an integral part of these financial statements.

In thousands of euro	Jan-Sep 2022*	Jan-Sep 2021*	Jan-Dec 2021
Other items			
Acquisition of intangible assets	-3,385	-1,060	-1,617
Acquisition of tangible assets	-273	-1,060	-1,810
Change in other assets	-7,518	-37,658	-1,431
Other items, total	-11,177	-39,778	-4,858
<b>Cash flows from investing activities, total</b>	<b>-1,617,525</b>	<b>-2,788,716</b>	<b>-2,553,732</b>
Cash flows from financing activities			
Debts evidenced by certificates			
Issues of new debt	7,742,933	6,132,245	7,027,535
Redemptions	-5,453,965	-3,687,398	-5,073,812
Debts evidenced by certificates, total	2,288,968	2,444,847	1,953,722
Other items			
Long-term placements from credit institutions	-	-	-
Change in swap receivables excluding fair value changes	75,101	25,488	92,626
Change in swap payables excluding fair value changes	22,723	72,087	147,890
Change in other liabilities	103,213	124,485	-2,491
Dividend paid	-40,000	-	-
Other items, total	161,037	222,059	238,025
<b>Cash flows from financing activities, total</b>	<b>2,450,005</b>	<b>2,666,906</b>	<b>2,191,747</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS, NET</b>	<b>-85,067</b>	<b>-112,997</b>	<b>-482,964</b>
Opening balance for cash and cash equivalents, net	1,074,754	1,546,591	1,546,591
Exchange rate adjustments	41,596	8,431	11,127
Closing balance for cash and cash equivalents, net	1,031,283	1,442,026	1,074,754
Additional information to the statement of cash flows			
Interest income received	216,636	153,921	192,300
Interest expense paid	-54,496	-1,446	9,696

\* Unaudited figures, to be read in conjunction with NIB's 2021 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 2022	Jan-Sep 2021	Jan-Dec 2021
Cash and cash equivalents	-6,320	-13,769	-17,446
Placements with credit institutions	-9,006	-10,955	-17,024
Debt securities	36,754	24,893	33,515
Loans outstanding	213,148	150,389	201,862
Other interest income	76	264	341
<b>Total, interest income</b>	<b>234,652</b>	<b>150,821</b>	<b>201,248</b>
<i>Of which, interest income from financial assets measured at amortised cost</i>	<i>209,800</i>	<i>147,463</i>	<i>197,089</i>
Short-term amounts owed to credit institutions	2,277	5,492	7,686
Long-term amounts owed to credit institutions	-	-	-
Short-term repurchase agreements	16	-	-
Debts evidenced by certificates	-354,794	-284,492	-382,637
Swap contracts and other interest expenses, net	279,732	280,145	375,096
<b>Total, interest expense</b>	<b>-72,769</b>	<b>1,145</b>	<b>145</b>
<i>Of which, interest expense from financial liabilities measured at amortised cost</i>	<i>-127,804</i>	<i>-9,900</i>	<i>-12,147</i>
<b>Net interest income</b>	<b>161,883</b>	<b>151,966</b>	<b>201,393</b>

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

In thousands of euro	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Financial instruments held at fair value, realised gains and losses	10,357	3,405	4,776
Financial instruments held at fair value, unrealised gains and losses	-53,093	133	9,169
Financial instruments held at amortised cost, realised gains and losses	-5,843	24	34
Expected credit loss on financial placements	-1,263	314	323
Adjustment to hedge accounting, unrealised gains and losses of fair value hedges	-2,052	-21,951	-37,966
<b>Net loss/profit on financial operations</b>	<b>-51,893</b>	<b>-18,075</b>	<b>-23,663</b>



## Note 3: Expected credit loss

In thousands of euro	Stage 1	Stage 2	Stage 3	Total
<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	-	-3,567
Impact of remeasurment on existing assets	-22,105	222	-328	-22,211
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>
Transfer to Stage 1	1,914	-1,914	-	0
Transfer to Stage 2	-	-	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	1,269	3	-	1,272
Amortisations and repayments	-728	-1,324	-	-2,052
Impact of remeasurment on existing assets	-1,251	-719	-163	-2,134
Foreign exchange adjustments and other changes	-	-	1,693	1,693
<b>Net change income statement</b>	<b>1,205</b>	<b>-3,955</b>	<b>1,530</b>	<b>-1,221</b>
<b>Balance at 31 December 2021</b>	<b>32,103</b>	<b>42,252</b>	<b>78,090</b>	<b>152,445</b>
Transfer to Stage 1	93	-93	-	0
Transfer to Stage 2	-933	933	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	11,134	31	-	11,165
Amortisations and repayments	-2,372	-2,250	-	-4,622
Impact of remeasurment on existing assets	3,923	-24,341	7,014	-13,404
Foreign exchange adjustments and other changes	-	-	4,408	4,408
<b>Net change income statement</b>	<b>11,845</b>	<b>-25,719</b>	<b>11,422</b>	<b>-2,453</b>
Realised losses	-	-	-79,331	-79,331
<b>Balance at 30 September 2022</b>	<b>43,948</b>	<b>16,532</b>	<b>10,181</b>	<b>70,661</b>

### ECL - STATEMENT OF FINANCIAL POSITION

In thousands of euro	30 Sep 2022	30 Sep 2021	31 Dec 2021
Loans outstanding	65,208	151,167	149,853
Other receivables	-	1,783	1,822
Commitments [recorded in other liabilities]	3,922	439	502
Financial placements	1,531	277	268
<b>Total</b>	<b>70,661</b>	<b>153,666</b>	<b>152,445</b>

### ECL - STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Jan-Sep 2022	Oct-Sep 2021	Jan-Sep 2021
Net result on financial operations [Note 2]	-1,263	9	314
Net loan losses [Note 4]	8,123	2,905	22,969
Foreign exchange gains and losses	-4,408	-1,693	-4,343
<b>Total recognised in income statement</b>	<b>2,453</b>	<b>1,221</b>	<b>18,941</b>

## Note 4: Net loan losses

In thousands of euro	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Change in expected credit loss on performing loans	15,137	22,641	25,383
Change in expected credit loss on non-performing loans	-7,014	328	491
Decrease of provisions to cover realised loan losses	-79,331	-	-
Realised loan losses	79,331	-	-
<b>Net loan losses</b>	<b>8,123</b>	<b>22,969</b>	<b>25,874</b>

In the period Jan-Sep 2022 the bank had realised losses of EUR 79,331 thousand which had no impact to the income statement as the loans were fully impaired in previous years. There were no realised losses for the periods Jan-Sep 2021 or Jan-Dec 2021.

## Note 5: Lending outstanding

In thousands of euro	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Opening Balance</b>	<b>22,312,579</b>	<b>21,726,644</b>	<b>21,726,644</b>
Disbursements	2,882,661	1,646,323	2,439,727
Amortisations	-1,354,629	-1,144,345	-1,534,556
Prepayments	-341,057	-279,668	-440,962
Changes in expected credit losses	11,544	22,179	25,148
Foreign exchange movements	-267,387	161,283	248,567
Fair value adjustments	-35,056	853	-1,477
Hedge accounting adjustments	-595,572	-113,621	-149,188
Other	-5,003	-688	-1,324
<b>Closing balance</b>	<b>22,608,080</b>	<b>22,018,961</b>	<b>22,312,579</b>
Loans outstanding	22,199,228	21,748,390	21,975,146
Lending bonds	408,852	270,571	337,433
<b>Total Lending</b>	<b>22,608,080</b>	<b>22,018,961</b>	<b>22,312,579</b>

## Note 6: Debts evidenced by certificates

In thousands of euro	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Opening Balance</b>	<b>31,525,985</b>	<b>29,071,696</b>	<b>29,071,696</b>
New debt issues	8,069,928	6,132,245	7,027,535
Amortisations	-5,351,638	-3,555,672	-4,763,800
Calls and buy backs	-106,851	-123,614	-299,348
Foreign exchange movements	1,371,500	823,762	1,222,213
Fair value adjustments	-56,745	45	-7,951
Hedge accounting adjustments	-2,437,271	-499,388	-720,310
Other	4,525	-6,575	-4,050
<b>Closing balance</b>	<b>33,019,432</b>	<b>31,842,499</b>	<b>31,525,985</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 2021.

This report was approved by the Executive Committee on 19th October 2022.

### 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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