



NORDIC
INVESTMENT
BANK

FINANCING
THE
FUTURE

Q2

Interim Financial Report

JANUARY–JUNE 2022

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President & CEO's comments January–June 2022

As the war rages on in Ukraine, the need for the Nordic and Baltic region to accelerate the green transition and become independent of Russian oil and gas has become even more urgent. This was also the message by Simon Kollerup, Minister for Industry, Business and Financial Affairs of Denmark when he chaired the Board of Governors meeting in May. He also highlighted NIB's role in making these goals a reality and in transforming the hard-to-abate sectors that must go green as well. At the meeting the Bank's 2021 annual financial statements and a dividend payment of EUR 40 million were approved.

It should be noted that the Bank has very limited direct exposure towards Russia and Belarus. NIB ceased financing new projects in Russia in 2014 and no new loans have been signed in Belarus since 2012. The indirect exposure to our borrowers continues to be closely monitored and we do not at this stage anticipate any significant impact on the credit quality of our loan portfolio. 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. NIB's credit rating, the highest possible from rating agencies, reflects the Bank's high asset quality, solid liquidity and capital adequacy, strong balance sheet and ownership.

During the first six months of 2022, the Bank has seen a substantial increase in demand for NIB financing. A total of EUR 2,203 million in new lending was agreed and EUR 2,142 million was disbursed compared to EUR 664 million and EUR 1,266 million respectively, in 2021. The increased activity can be attributed mainly to two things. Firstly, it is typical that during times of turbulence, International Financial Institutions 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. Secondly, the increased activity also reflects the implementation of the new business strategy which the Board approved in

2021. Our strategy execution is proceeding accordingly to plan in 2022 and has also been supported by client interactions initiated last year. Therefore, even in the changed external circumstances, we are already seeing a tangible impact of strategy implementation.

The new lending was distributed across various industries and countries and included sustainability linked loans (SLL), a Covid-19 response loan and NIB's first purchase of a bond eligible under the Minimum Requirement for own funds and Eligible Liabilities (MREL) issued by a financial institution, more details of which can be found [here](#).

To meet the demand for our financing, the Bank has raised EUR 5.5 billion in new funding in the first half of 2022. Amongst other transactions, NIB issued its inaugural NIB Environmental Bond (NEB) denominated in Danish Kroner (DKK). The eight-year DKK 2 billion bond was mainly invested by domestic ESG focused investors. The Bank has now issued a total of EUR 6.2 billion in environmental bonds under its NEB Framework since 2011.

The net profit for the period January to June amounted to EUR 39 million compared to EUR 82 million in 2021. The decrease is mainly due to unrealised fair value losses on financial instruments used for hedging purposes. However, 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.

As stated previously, we 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 first six months of 2022, the Bank has seen a significant increase in demand for NIB financing. A total of EUR 2,203 million in new lending was agreed and EUR 2,142 million was disbursed compared to EUR 664 million and EUR 1,266 million respectively, in 2021.

The net profit for the six-month period amounted to EUR 39 million compared to EUR 82 million in 2021. This decrease in profit is mainly due to higher unrealised losses on financial instruments used for hedging purposes. The underlying profit was better than expected with net interest income and commission fee income higher than in 2021.

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.

Also in April, NIB purchased its first bond eligible under the Minimum Requirement for own funds and Eligible Liabilities (MREL) issued by a financial institution. In the first half of 2022, NIB also did more sustainability linked loans following up on the first loans done of this type in 2021.

During the first half of 2022, NIB qualified as one of the first implementing partners to the InvestEU programme, a EUR 26.2 billion European Union guarantee aimed at mobilising over EUR 372 billion in additional investments to support sustainable investment, innovation, and job creation in Europe during 2021-2027. NIB expects to participate in the InvestEU programme with a total lending capacity of up to EUR 480 million initially and is currently negotiating the EU guarantee terms with the European Commission.

On 5 May, the annual meeting of the Board of Governors for NIB approved the Bank's annual accounts for 2021 and a payment of EUR 40 million dividends.

Key figures and ratios

In millions of euro unless otherwise specified	Jan-Jun 2022*	Jan-Jun 2021*	Jan-Dec 2021
Net interest income	104	102	201
Profit before net loan losses	31	68	133
Net profit	39	82	159
Lending disbursed	2,142	1,266	2,440
Lending agreed	2,203	664	1,852
Mandate fulfilment **	98%	98%	97%
Lending outstanding	22,616	22,260	22,313
Total assets	39,884	38,319	37,553
New debt issues	5,540	4,855	7,028
Debts evidenced by certificates	32,898	32,084	31,526
Total equity	3,976	3,936	3,999
Equity/total assets ***	10.0 %	10.3 %	10.6 %
Profit/average equity ***	1.9 %	4.2 %	4.1 %
Cost/income ***	47.6 %	28.1 %	27.9 %
Number of employees at period end	226	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 26 for ratio definitions

Operating and financial review

Total comprehensive income

January–June 2022 compared to January–June 2021

NET PROFIT

The net profit for the period January–June 2022 amounted to EUR 38.7 million, compared to EUR 82.5 million, in the same period last year. Total operating income decreased from EUR 94.1 million to EUR 58.9 million mainly due to unrealised fair value losses on financial instruments used for hedging purposes which is explained further under the section *Net loss/profit on financial operations*. Total operating expenses increased by EUR 1.6 million to EUR 28.1 million. Net loan losses for the period resulted in a positive amount of EUR 7.8 million compared to a positive amount of EUR 14.8 million in 2021.

interest income on lending activities increased by EUR 1.0 million from EUR 80.9 million to EUR 81.9 million due to higher loan volumes and margins. The net interest income on treasury activities of EUR 21.7 million was EUR 0.7 million higher than in 2021 due to increases in the market interest rate level.

NET FEE AND COMMISSION INCOME

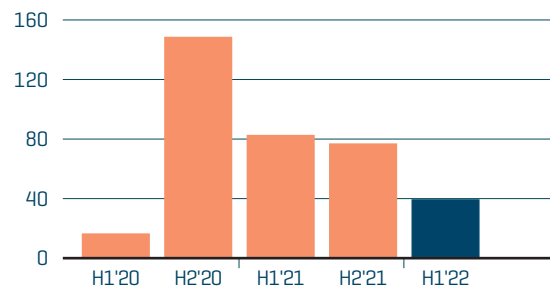
Net fee and commission income for the period January–June 2022 was EUR 1.8 million higher than in 2021 due to the higher volume of loans agreed and disbursed.

NET INTEREST INCOME

Net interest income for the period increased from EUR 101.9 million to EUR 103.6 million. Net

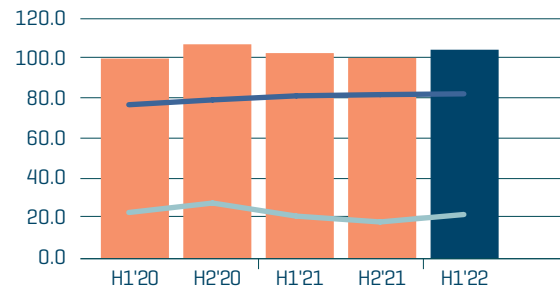
NET PROFIT FOR THE PERIOD

EUR m



NET INTEREST INCOME

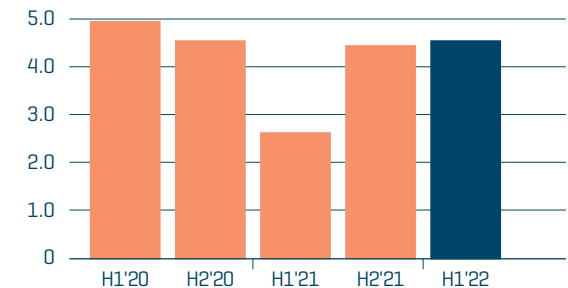
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▲ Lending ▲ Treasury

NET COMMISSION INCOME AND FEES

EUR m



NET LOSS/PROFIT ON FINANCIAL OPERATIONS

The loss on financial operations amounted to EUR 48.9 million compared to a loss of EUR 10.4 million in the same period last year. This result includes realised net gains of EUR 4.4 million and unrealised net losses of EUR 53.4 million compared to realised net profits of EUR 3.5 million and unrealised net losses of EUR 13.9 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 the Liquidity and Lending 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. 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 are expected to 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. 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 are not expected to be realised as the transactions will settle at par.

TOTAL OPERATING EXPENSES

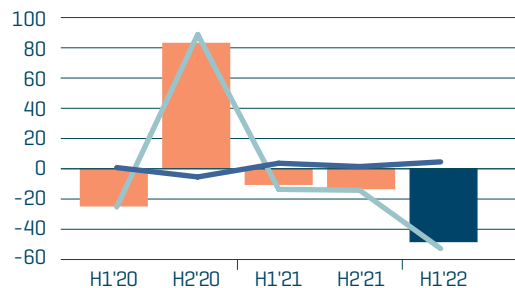
Total operating expenses amounted to EUR 28.1 million, an increase of EUR 1.6 million compared the corresponding period in 2021. Personnel costs increased by EUR 0.6 million and the administrative expenses of EUR 7.5 million were as expected higher than the 2021 level of EUR 6.6 million, as activities have increased due to the easing of Covid restrictions.

NET LOAN LOSSES

Following the outbreak of Covid-19, the global operating environment deteriorated and as a result, the Bank adjusted the macro-financial scenarios used to calculate the expected credit loss [“ECL”] provision. Due to uncertainties regarding the robustness of the ECL model in such a stressed environment, management applied an additional overlay of EUR 30 million. During 2021, the macro-financial scenarios improved, resulting in a decrease of the ECL provision,

NET PROFIT ON FINANCIAL OPERATIONS

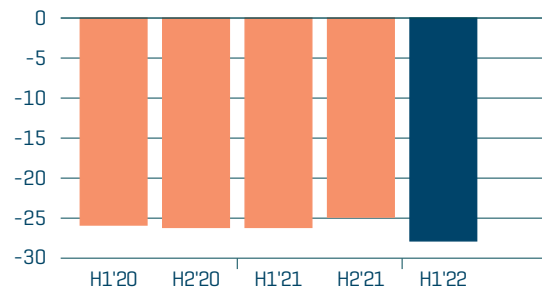
EUR m



▲ Realised ▲ Unrealised

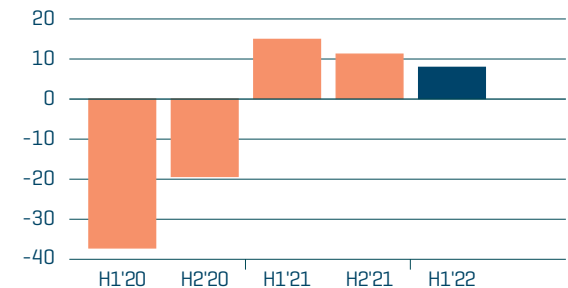
TOTAL OPERATING EXPENSES

EUR m



NET LOAN LOSSES

EUR m



however the overlay was maintained.

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 has been released. 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 also recovered losses on a fully impaired loan and the Bank fully impaired loans in Belarus and Russia which resulted in a net loss of EUR 7.0 million on non-performing loans. The net result was a reversal on loan loss provisions of EUR 7.8 million.

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 22.8 million for the first half of 2022 compared to a loss of EUR 8.4 million 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. During the first half of the year, the basis spread of many 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 need to be recorded in OCI. For the six-month period ending 30 June 2022, the Bank recorded a positive impact from these changes of EUR 1.0 million compared to EUR 1.5 million in 2021.

The resulting total comprehensive profit for the period amounted to EUR 17.0 million, compared to EUR 75.7 million in 2021.

Financial position

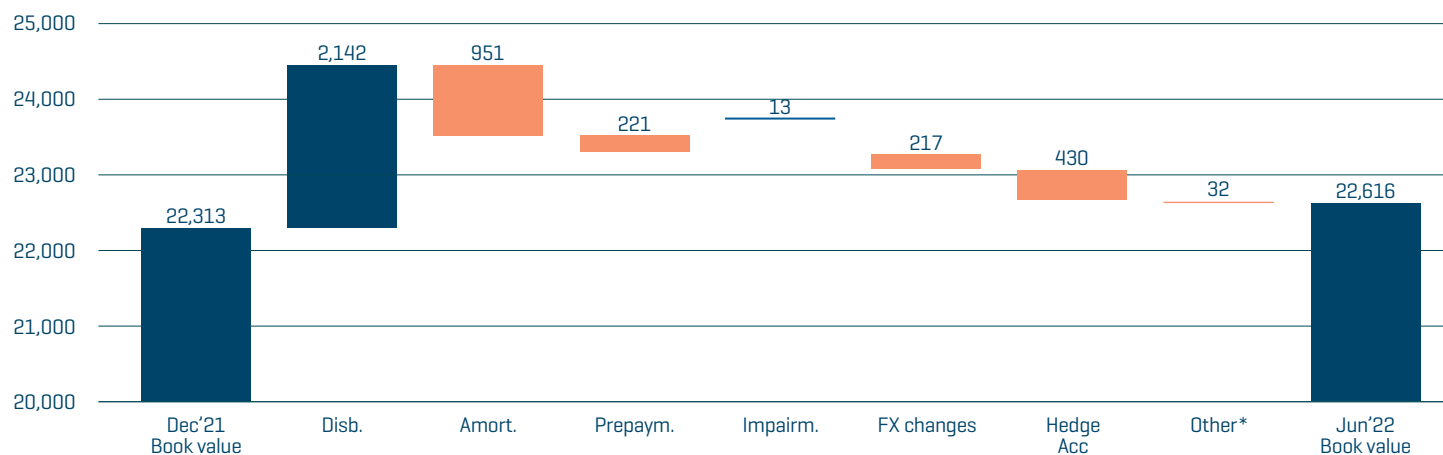
LENDING OUTSTANDING

The lending outstanding amounted to EUR 22,615.8 million. This comprises EUR 22,219.8 million of loans outstanding and investments of EUR 395.9 million in Lending Bonds. The total disbursements and investments during the period amounted to EUR 2,141.6 million, which is EUR 875.2 million higher than for the same period in 2021. 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 22,312.6 million at 31 December 2021 to EUR 23,294.6 million. The book value amounted to EUR 22,615.8 million due to foreign exchange movements and fair valuations/hedge accounting effects of EUR -217.0 million and EUR -461.8 million, respectively.

DEVELOPMENT OF LENDING OUTSTANDING DURING 2022

EUR m



* Fair valuation of lending bonds and hedging accounting.

LENDING HIGHLIGHTS

In millions of euro unless otherwise specified	Jan-Jun* 2022	Jan-Jun* 2021	2021	2020	2019	2018
Loans agreed excluding green bond investments	2,095	586	1,683	5,632	3,186	4,269
Green bond investments	108	78	169	34	131	61
Total disbursements	2,142	1,266	2,440	4,853	2,676	4,047
Number of loan agreements in period	31	13	36	59	55	58
Number of green bond investments in period	6	8	14	4	9	3
Lending outstanding	22,616	22,260	22,313	21,727	18,931	19,065
Member countries	22,187	21,714	21,827	21,098	18,055	17,960
Non-member countries	493	702	635	798	996	1,222
Loan impairment provision	-64	-157	-150	-169	-119	-117

* Unaudited figures, to be read in conjunction with NIB's 2021 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 2022, projects achieving a “good” or “excellent” mandate rating accounted for 98% of the total amount of loans disbursed which exceeded the target of 90%.

FUNDING

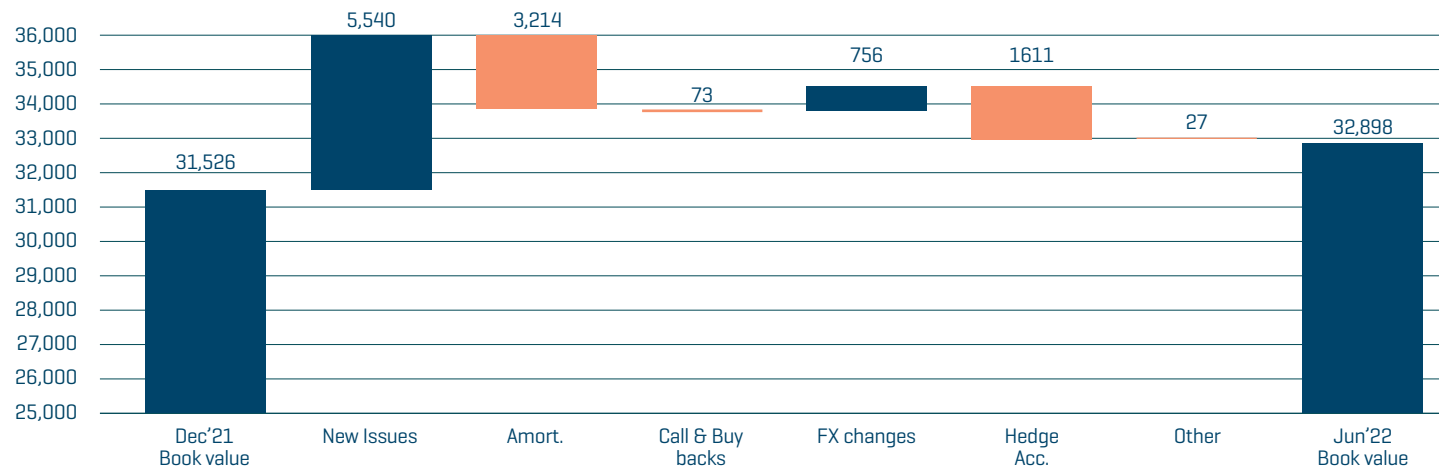
By the end of June, the Bank had raised EUR 5,540.4 million in new funding compared to EUR 4,854.9 million in the first half of 2021. The strategy for 2022 is to complete benchmark transactions in US dollars and Euros, complemented with other public and private issues in order to maintain a diversified portfolio of currencies and a global investor base. The Bank will also continue issuing NiB Environmental Bonds. NiB’s updated funding plan for 2022 is EUR 8.0-9.0 billion.

On 11 January, NiB priced its first transaction of the year, a three-year GBP 500 million benchmark. The transaction has since been increased with a further GBP 200 million, taking the new total to GBP 700 million. On 20 January, the Bank issued its inaugural NiB Environmental Bond denominated in Danish Kroner. The eight-year DKK 2 billion bond was mainly invested by domestic ESG focused investors. The Bank has now issued a total of EUR 6.2 billion in environmental bonds under its NEB Framework since 2011. On 29 March NiB issued its first global USD benchmark for the year of USD 1.25 billion with a maturity of 3 years.

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

DEBT DEVELOPMENT DURING 2022

EUR m



Financial statements

Statement of comprehensive income

In thousands of euro	NOTE	Jan-Jun 2022*	Jan-Jun 2021*	Jan-Dec 2021
Interest income from financial assets measured at amortised cost		117,645	99,867	197,089
Interest income from financial assets measured at fair value		11,303	3,233	4,159
Interest expense		-25,358	-1,249	145
Net interest income	[2]	103,590	101,851	201,393
Commission income and fees received		5,464	3,745	9,199
Commission expense and fees paid		-1,007	-1,098	-2,165
Net fee and commission income		4,456	2,647	7,034
Net loss/profit on financial operations	[3]	-48,941	-10,386	-23,663
Foreign exchange gains and losses		-158	13	13
Total operating income		58,947	94,125	184,777
Expenses				
General administrative expenses				
Personnel expenses		-16,288	-15,653	-29,182
Other administrative expenses		-7,451	-6,580	-12,766
Depreciation		-4,313	-4,190	-9,545
Total operating expenses		-28,053	-26,423	-51,493
Profit before loan losses		30,895	67,701	133,284
Net loan losses	[4] [5]	7,834	14,791	25,874
Net profit for the period		38,729	82,492	159,158
Other comprehensive income				
Items that will be reclassified to income statement				
Fair value hedges - valuation of cross currency basis spread		-22,762	-8,356	-21,612
Items that will not be reclassified to income statement				
Changes in own credit risk on liabilities recorded at fair value		1,031	1,521	329
Total other comprehensive income		-21,731	-6,835	-21,283
Total comprehensive income		16,998	75,657	137,876

* 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 Jun 2022*	30 Jun 2021*	31 Dec 2021
ASSETS				
Cash and cash equivalents		3,161,596	2,633,953	1,826,451
Placements with credit institutions		3,522,497	3,988,069	3,881,023
Debt securities		8,713,306	7,988,134	8,291,062
Other		4,262	6,532	8,661
		12,240,065	11,982,735	12,180,747
Loans outstanding	[6]	22,219,843	22,009,213	21,975,146
Intangible assets		6,676	9,891	7,524
Tangible assets, property and equipment		34,213	36,099	35,632
Other assets				
Derivatives		1,928,003	1,225,676	1,254,828
Other assets		62,300	193,179	31,916
		1,990,303	1,418,855	1,286,744
Accrued interest and fees receivable		231,704	227,836	241,145
TOTAL ASSETS		39,884,400	38,318,581	37,553,390

* 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	NOTE	30 Jun 2022*	30 Jun 2021*	31 Dec 2021
LIABILITIES AND EQUITY				
Liabilities				
Short-term amounts owed to credit institutions		780,295	708,453	751,697
Owed to credit institutions, total		780,295	708,453	751,697
Debts evidenced by certificates	[7]	32,897,859	32,084,082	31,525,985
Other liabilities				
Derivatives		1,909,908	1,051,061	1,052,474
Other liabilities		137,733	362,087	39,426
		2,047,641	1,413,149	1,091,900
Accrued interest and fees payable		182,971	176,480	185,171
Total liabilities		35,908,765	34,382,163	33,554,753
Equity		3,975,635	3,936,418	3,998,637
TOTAL LIABILITIES AND EQUITY		39,884,400	38,318,581	37,553,390

* 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 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	COST OF HEDGING RESERVE	TOTAL
Equity at 31 December 2020	845,543	686,325	2,139,544	164,695	-3,376	28,030	3,860,761
Profit for the period	-	-	-	82,492	-	-	82,492
Other comprehensive income	-	-	-	-	1,521	-8,356	-6,835
Total comprehensive income	0	0	0	82,492	1,521	-8,356	75,657
Transactions with owners in their capacity as owners							
Appropriation of profit	-	150,559	14,136	-164,695	-	-	0
Equity at 30 June 2021	845,543	836,884	2,153,680	82,492	-1,855	19,674	3,936,418
Profit for the period	-	-	-	76,666	-	-	76,666
Other comprehensive income	-	-	-	-	-1,192	-13,256	-14,448
Total comprehensive income	0	0	0	76,666	-1,192	-13,256	62,218
EQUITY AT 31 DECEMBER 2021	845,543	836,884	2,153,680	159,158	-3,047	6,418	3,998,637
Profit for the period	-	-	-	38,729	-	-	38,729
Other comprehensive income	-	-	-	-	1,031	-22,762	-21,731
Total comprehensive income	0	0	0	38,729	1,031	-22,762	16,998
Transactions with owners in their capacity as owners							
Dividends	-	-	-	-40,000	-	-	-40,000
Appropriation of profit	-	-	119,158	-119,158	-	-	0
EQUITY AT 30 JUNE 2022	845,543	836,884	2,272,838	38,729	-2,016	-16,344	3,975,635

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

Cash flow statement

In thousands of euro	Jan-Jun 2022*	Jan-Jun 2021*	Jan-Dec 2021
Cash flows from operating activities			
Net profit for the period	38,729	82,492	159,158
Adjustments:			
Unrealised gains/losses of financial assets and liabilities held at fair value	56,762	1,923	-9,169
ECL non-lending activities	1,337	-240	-323
Depreciation and write-down in value of tangible and intangible assets	4,313	4,190	9,545
Change in accrued interest and fees (assets)	9,441	6,464	-8,948
Change in accrued interest and fees (liabilities)	-2,207	-1,305	10,584
Net loan losses (ECL lending activities)	-7,834	-14,791	-25,874
Adjustment to hedge accounting	-4,748	12,361	37,966
Other adjustments to the period's profit	4,480	664	-104
Adjustments, total	61,544	9,266	13,676
Lending			
Disbursements of loans	-2,034,557	-1,188,037	-2,270,722
Repayments of loans	1,165,627	803,858	1,975,518
Capitalisations, redenominations, index adjustments, etc.	3,257	141	1,390
Lending, total	-865,672	-384,038	-293,815
Cash flows from operating activities, total	-765,399	-292,280	-120,980
Cash flows from investing activities			
Placements and debt securities			
Purchase of debt securities	-1,685,055	-1,012,796	-2,191,647
Sold and/or matured debt securities	1,057,490	774,782	1,645,287
Placements with credit institutions	412,666	-1,999,874	-2,002,565
Other financial placements	-26	-19	51
Placements and debt securities, total	-214,926	-2,237,908	-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-Jun 2022*	Jan-Jun 2021*	Jan-Dec 2021
Other items			
Acquisition of intangible assets	-1,762	-674	-1,617
Acquisition of tangible assets	-132	-231	-1,810
Change in other assets	-2,162	-31,600	-1,431
Other items, total	-4,057	-32,505	-4,858
Cash flows from investing activities, total	-218,983	-2,270,413	-2,553,732
Cash flows from financing activities			
Debts evidenced by certificates			
Issues of new debt	5,515,846	4,728,674	7,027,535
Redemptions	-3,283,974	-2,034,024	-5,073,812
Debts evidenced by certificates, total	2,231,872	2,694,650	1,953,722
Other items			
Long-term placements from credit institutions			-
Change in swap receivables excluding fair value changes	56,065	2,284	92,626
Change in swap payables excluding fair value changes	21,919	12,825	147,890
Change in other liabilities	5,649	227,344	-2,491
Dividend paid	-40,000	-	-
Other items, total	43,633	242,453	238,025
Cash flows from financing activities, total	2,275,505	2,937,103	2,191,747
CHANGE IN CASH AND CASH EQUIVALENTS, NET	1,291,123	374,410	-482,964
Opening balance for cash and cash equivalents, net	1,074,754	1,546,591	1,546,591
Exchange rate adjustments	15,424	4,500	11,127
Closing balance for cash and cash equivalents, net	2,381,301	1,925,500	1,074,754
Additional information to the statement of cash flows			
Interest income received	138,390	107,461	192,300
Interest expense paid	-27,559	-390	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: Segment information

In thousands of euro	LENDING	ASSET AND LIABILITY MANAGEMENT	PORTFOLIO MANAGEMENT	TREASURY TOTAL	TOTAL
Net interest income	81,919	11,101	10,570	21,671	103,590
Commission income and fees received	5,235	228	-	228	5,464
Commission expense and fees paid	-10	-996	-1	-997	-1,007
Net profit on financial operations	-16,617	2,422	-34,746	-32,324	-48,941
Foreign exchange gains and losses	0	-158	0	-158	-158
Operating expenses	-16,857	-7,837	-3,359	-11,196	-28,053
Net loan losses	7,834	-	-	0	7,834
Profit for period ended 30 June 2022	61,505	4,759	-27,535	-22,776	38,729

In thousands of euro	LENDING	ASSET AND LIABILITY MANAGEMENT	PORTFOLIO MANAGEMENT	TREASURY TOTAL	TOTAL
Net interest income	80,926	12,033	8,892	20,925	101,851
Commission income and fees received	3,683	62	0	62	3,745
Commission expense and fees paid	-25	-1,067	-7	-1,074	-1,098
Net profit on financial operations	2,334	-18,567	5,846	-12,721	-10,386
Foreign exchange gains and losses	0	13	0	13	13
Operating Expenses	-17,294	-6,391	-2,739	-9,130	-26,423
Net loan losses	14,791	0	0	0	14,791
Profit for period ended 30 June 2021	84,415	-13,916	11,992	-1,924	82,492

In thousands of euro	LENDING	ASSET AND LIABILITY MANAGEMENT	PORTFOLIO MANAGEMENT	TREASURY TOTAL	TOTAL
Net interest income	162,443	22,205	16,745	38,951	201,393
Commission income and fees received	9,003	195	0	195	9,199
Commission expense and fees paid	-48	-2,108	-9	-2,117	-2,165
Net profit on financial operations	4,852	-37,955	9,440	-28,515	-23,663
Foreign exchange gains and losses	0	13	0	13	13
Operating expenses	-33,768	-12,407	-5,317	-17,725	-51,493
Net loan losses	25,874	-	-	0	25,874
Profit for year ended 31 December 2021	168,356	-30,056	20,859	-9,197	159,158

Note 2: Net interest income

In thousands of euro	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Cash and cash equivalents	-7,176	-9,722	-17,446
Placements with credit institutions	-7,657	-6,153	-17,024
Debt securities	21,686	17,263	33,515
Loans outstanding	122,019	101,492	201,862
Other interest income	76	220	341
Total, interest income	128,948	103,100	201,248
<i>Of which, interest income from financial assets measured at amortised cost</i>	<i>117,645</i>	<i>99,867</i>	<i>197,089</i>
Short-term amounts owed to credit institutions	2,051	3,252	7,686
Long-term amounts owed to credit institutions	-	-	-
Short-term repurchase agreements	33	-	-
Debts evidenced by certificates	-219,472	-181,451	-382,637
Swap contracts and other interest expenses, net	192,030	176,949	375,096
Total, interest expense	-25,358	-1,249	145
<i>Of which, interest expense from financial liabilities measured at amortised cost</i>	<i>-37,832</i>	<i>-9,893</i>	<i>-12,147</i>
Net interest income	103,590	101,851	201,393

Note 3: Net loss/profit on financial operations

In thousands of euro	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Financial instruments held at fair value, realised gains and losses	4,392	3,529	4,776
Financial instruments held at fair value, unrealised gains and losses	-56,762	-1,810	9,169
Financial instruments held at amortised cost, realised gains and losses	19	17	34
Expected credit loss on financial placements	-1,337	240	323
Adjustment to hedge accounting, unrealised gains and losses of fair value hedges	4,748	-12,361	-37,966
Net loss/profit on financial operations	-48,941	-10,386	-23,663

Note 4: Expected credit loss

In thousands of euro	STAGE 1	STAGE 2	STAGE 3	TOTAL
Balance at 31 December 2020	51,747	48,314	72,545	172,606
Transfer to Stage 1	1,572	-1,572	-	0
Transfer to Stage 2	-139	139	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	1,434	357	-	1,791
Amortisations and repayments	-1,008	-1,071	-	-2,080
Impact of remeasurment on existing assets	-14,986	477	-233	-14,742
Foreign exchange adjustments and other changes	-	-	2,297	2,297
Net change income statement	-13,127	-1,671	2,065	-12,733
Balance at 30 June 2021	38,620	46,643	74,610	159,873
Transfer to Stage 1	1,890	-1,890	-	0
Transfer to Stage 2	-181	181	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	1,973	3	-	1,976
Amortisations and repayments	-1,828	-1,712	-	-3,540
Impact of remeasurment on existing assets	-8,371	-974	233	-9,112
Foreign exchange adjustments and other changes	-	-	3,247	3,247
Net change income statement	-6,517	-4,391	3,480	-7,429
Balance at 31 December 2021	32,103	42,252	78,090	152,445
Transfer to Stage 1	-	-	-	0
Transfer to Stage 2	-945	945	-	0
Transfer to Stage 3	-	-	-	0
New assets originated or disbursed	9,604	29	-	9,632
Amortisations and repayments	-1,345	-2,076	-	-3,421
Impact of remeasurment on existing assets	5,619	-25,341	9,788	-9,934
Foreign exchange adjustments and other changes	-	-	1,528	1,528
Net change income statement	12,933	-26,443	11,316	-2,195
Realised losses	-	-	-79,331	-79,331
Balance at 30 June 2022	45,036	15,808	10,075	70,919

ECL - STATEMENT OF FINANCIAL POSITION

In thousands of euro	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans outstanding	63,626	157,118	149,853
Other receivables	0	1,735	1,822
Commitments (recorded in other liabilities)	5,687	668	502
Financial placements	1,605	352	268
Total	70,919	159,873	152,445

ECL - STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Jan-Jun 2022	Jul-Dec 2021	Jan-Jun 2021
Net result on financial operations (Note 3)	-1,337	84	240
Net loan losses (Note 5)	7,834	11,083	14,791
Foreign exchange gains and losses	-4,302	-3,739	-2,297
Total recognised in income statement	2,195	7,429	12,733

Note 5: Net loan losses

In thousands of euro	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Change in expected credit loss on performing loans	14,848	14,558	25,383
Change in expected credit loss on non-performing loans	-7,014	233	491
Decrease of provisions to cover realised loan losses	-79,331	-	-
Realised loan losses	79,331	-	-
Net loan losses	7,834	14,791	25,875

In the period Jan-Jun 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-Jun 2021 or Jan-Dec 2021.

Note 6: Lending outstanding

In thousands of euro	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Opening Balance	22,312,579	21,726,644	21,726,644
Disbursements	2,141,646	1,266,429	2,439,727
Amortisations	-951,166	-681,933	-1,534,556
Prepayments	-221,462	-121,925	-440,962
Changes in expected credit losses	13,020	14,230	25,148
Foreign exchange movements	-217,032	153,670	248,567
Fair value adjustments	-28,412	332	-1,477
Hedge accounting adjustments	-430,192	-97,743	-149,188
Other	-3,201	-117	-1,324
Closing balance	22,615,780	22,259,588	22,312,579
Loans outstanding	22,219,843	22,009,213	21,975,146
Lending bonds	395,937	250,375	337,433
Total Lending	22,615,780	22,259,588	22,312,579

Note 7: Debts evidenced by certificates

In thousands of euro	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Opening Balance	31,525,985	29,071,696	29,071,696
New debt issues	5,540,371	4,854,884	7,027,535
Amortisations	-3,213,664	-2,019,914	-4,763,800
Calls and buy backs	-72,827	-9,786	-299,348
Foreign exchange movements	755,668	574,776	1,222,213
Fair value adjustments	-29,060	494	-7,951
Hedge accounting adjustments	-1,611,130	-385,041	-720,310
Other	2,516	-3,027	-4,050
Closing balance	32,897,859	32,084,082	31,525,985

Note 8: Classification of financial instruments

In thousands of euro	AMORTISED COST (AC)	FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	DERIVATIVES FOR HEDGING	TOTAL
Financial assets				
Cash and cash equivalents	2,575,886	585,710	-	3,161,596
Financial placements with credit institutions	2,376,847	1,145,650	-	3,522,497
Debt securities	2,467,038	6,246,268	-	8,713,306
Other financial placements		4,262	-	4,262
Loans outstanding	22,212,547	7,296	-	22,219,843
Derivatives	-	1,320,976	607,027	1,928,003
Total 30 June 2022	29,632,318	9,310,162	607,027	39,549,507
Financial liabilities				
Short-term amounts owed to credit institutions	780,295	-	-	780,295
Debt securities issued	32,427,630	470,229		32,897,859
Derivatives	-	67,175	1,842,733	1,909,908
Total 30 June 2022	33,207,925	537,405	1,842,733	35,588,062

In thousands of euro	AMORTISED COST (AC)	FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	DERIVATIVES FOR HEDGING	TOTAL
Financial assets				
Cash and cash equivalents	1,353,320	1,280,633	-	2,633,953
Financial placements with credit institutions	8,217	3,979,851	-	3,988,069
Debt securities	1,794,003	6,194,131	-	7,988,134
Other financial placements	-	6,532	-	6,532
Loans outstanding	21,995,473	13,740	-	22,009,213
Derivatives	-	435,224	790,452	1,225,676
Total 30 June 2021	25,151,014	11,910,112	790,452	37,851,577
Financial liabilities				
Short-term amounts owed to credit institutions	708,453	-	-	708,453
Debt securities issued	31,614,655	469,427	-	32,084,082
Derivatives	-	318,728	732,333	1,051,061
Total 30 June 2021	32,323,108	788,155	732,333	33,843,596

In thousands of euro	AMORTISED COST (AC)	FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	DERIVA- TIVES FOR HEDGING	TOTAL
Financial assets				
Cash and cash equivalents	1,122,221	704,230	-	1,826,451
Financial placements with credit institutions	588,525	3,292,498	-	3,881,023
Debt securities	1,949,519	6,341,544	-	8,291,062
Other financial placements	-	8,661	-	8,661
Loans outstanding	21,965,507	9,639	-	21,975,146
Derivatives	-	606,132	648,696	1,254,828
Total 31 Dec 2021	25,625,771	10,962,705	648,696	37,237,172
Financial liabilities				
Short-term amounts owed to credit institutions	751,697	-	-	751,697
Debt securities issued	31,053,233	472,751	-	31,525,985
Derivatives	-	193,898	858,576	1,052,474
Total 31 Dec 2021	31,804,931	666,650	858,576	33,330,156

Note 9: Fair value of financial assets and liabilities

In thousands of euro	30 Jun 2022		30 Jun 2021		31 Dec 2021	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets						
Cash and cash equivalents	3,161,596	3,161,596	2,633,953	2,633,953	1,826,451	1,826,451
Financial placements with credit institutions	3,522,497	3,522,497	3,988,069	3,988,069	3,881,023	3,881,228
Debt securities	8,713,306	8,623,907	7,988,134	8,026,013	8,291,062	8,322,816
Other financial placements	4,262	4,262	6,532	6,532	8,661	8,661
Loans outstanding	22,219,843	21,938,680	22,009,213	22,297,076	21,975,146	22,245,361
Derivatives	1,928,003	1,928,003	1,225,676	1,225,676	1,254,828	1,254,828
Total	39,549,507	39,178,945	37,851,577	38,177,318	37,237,172	37,539,346
Financial liabilities						
Short-term amounts owed to credit institutions	780,295	780,295	708,453	708,453	751,697	751,697
Debt securities issued	32,897,859	32,905,290	32,084,082	32,126,072	31,525,985	31,569,951
Derivatives	1,909,908	1,909,908	1,051,061	1,051,061	1,052,474	1,052,474
Total	35,588,062	35,595,493	33,843,596	33,885,586	33,330,156	33,374,122

LEVEL OF FAIR VALUE MEASUREMENT FOR FINANCIAL INSTRUMENTS

In thousands of euro	30 Jun 2022			30 Jun 2021			31 Dec 2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets									
Cash and cash equivalents	3,161,596	-	-	2,633,953	-	-	1,826,451	-	-
Financial placements with credit institutions	-	3,522,497	-	-	3,988,069	-	-	3,881,228	-
Debt securities	8,614,711	-	9,196	8,011,686	-	14,327	8,311,225	-	11,591
Other financial placements	-	-	4,262	-	-	6,532	-	-	8,661
Loans outstanding	-	21,931,375	7,305	-	22,283,333	13,744	-	22,235,716	9,645
Derivatives	-	1,898,451	29,552	-	1,167,118	58,558	-	1,211,303	43,525
Total	11,776,307	27,352,322	50,315	10,645,639	27,438,519	93,161	10,137,676	27,328,247	73,423
Financial liabilities									
Short-term amounts owed to credit institutions	77	780,218	-	-	708,543	-	-	751,697	-
Debt evidenced by certificates	-	32,260,495	644,795	-	31,438,516	687,556	-	30,954,592	615,358
Derivatives	-	1,532,317	377,591	-	735,021	316,040	-	659,025	393,449
Total	77	34,573,030	1,022,386	0	32,881,990	1,003,596	0	32,365,315	1,008,807

CHANGES IN FAIR VALUES CATEGORISED AT LEVEL 3

In thousands of euro	Financial assets				Financial liabilities			
	DEBT SECURITIES	OTHER FINANCIAL PLACEMENTS	LOANS OUTSTANDING	DERIVATIVE ASSETS	LEVEL 3, TOTAL ASSETS	DEBT EVIDENCED BY CERTIFICATES	DERIVATIVE LIABILITIES	LEVEL 3, TOTAL LIABILITIES
31 December 2020	16,561	8,907	14,777	68,652	108,896	684,615	281,153	965,768
New trades	-	19	-	-	19	50,732	657	51,389
Matured, buy backs and calls	-	-	-	-	0	-28,089	-6,901	-34,990
Amortisation	-2,468	-	-2,034	-10,743	-15,245	-	-	0
Capitalisations	-	-	-	-	0	-	11,404	11,404
Inflation adjustments	-	-	1,245	-1,298	-52	1,298	-1,245	52
Changes in fair values	235	-2,394	265	163	-1,731	-2,015	226	-1,788
Exchange rate adjustments	-	-	-510	1,784	1,274	-18,985	30,746	11,761
30 June 2021	14,327	6,532	13,744	58,558	93,161	687,556	316,040	1,003,596
New trades	-	-70	-	84	13	2,460	-1,037	1,423
Matured, buy backs and calls	-	-	-	-211	-211	-21,273	-5,175	-26,448
Amortisation	-2,836	-	-2,092	-3,112	-8,040	-54,162	-	-54,162
Capitalisations	-	-	-	994	994	2,076	20,033	22,109
Inflation adjustments	-	-	469	-5,317	-4,848	-7,912	-469	-8,381
Changes in fair values	99	2,200	218	-4,794	-2,276	9,636	28	9,664
Exchange rate adjustments	-	-	-2,693	-2,678	-5,371	-3,024	64,028	61,005
31 December 2021	11,591	8,661	9,645	43,525	73,423	615,358	393,449	1,008,807
New trades	-	26	-	-	26	130,720	4,380	135,100
Matured, buy backs and calls	-	-	-	-4,634	-4,634	-84,610	-3,692	-88,302
Amortisation	-2,354	-	-2,392	-9,581	-14,327	-35,299	-	-35,299
Capitalisations	-	-	-	-	0	3,836	10,915	14,751
Inflation adjustments	-	-	650	-8,604	-7,955	-8,604	-650	-9,254
Changes in fair values	-41	-4,426	92	-24,668	-29,043	-56,189	63	-56,126
Exchange rate adjustments	-	-	-690	33,515	32,825	79,583	-26,874	52,709
30 June 2022	9,196	4,262	7,305	29,552	50,315	644,795	377,591	1,022,386

Note 10: Basis of preparation

These interim financial statements are presented in accordance with IAS 34 "Interim Financial Reporting". The accounting policies and methods of computation are the same as described in Note 1 of NIB's Financial Report 2021. The International Accounting Standards Board (IASB) has amended a number of standards, however they have not had any significant impact on the Bank's financial statements.

There have been no material changes in relation to transactions with related parties compared to those described in Note 25 "Related party disclosures" in the 2021 IFRS financial statements.

RATIO DEFINITIONS

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

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

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

HELSINKI, 25 AUGUST 2022

Ole Hovland
[Chair of the Board]

Julie Sonne

Merle Wilkinson
[Deputy Chair of the Board]

Pekka Morén

Esther Finnbogadóttir

Līga Kļaviņa

Jurgita Uzieliene

Hans Lindblad

André Kүүsvek
[President & CEO]

Review Opinion

To the Board of Directors of Nordic Investment Bank

Report on Review of Interim Financial Report

INTRODUCTION

We have reviewed the interim financial report of Nordic Investment Bank consisting of statement of financial position as of June 30, 2022 and the related statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial report in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report does not present fairly, in all material respects, the financial position of the entity as at June 30, 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34.

Helsinki, 25 August 2022

Ernst & Young Oy	Ernst & Young AB
Authorized Public	Authorized Public
Accountant Firm	Accountant Firm

Terhi Mäkinen	Mona Alfredsson
Authorized Public	Authorized Public
Accountant	Accountant



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