

Strong results for 2004

The year 2004 was an eventful and positive year for the Nordic Investment Bank (NIB). The financial results for the year were the best in the Bank's history. New lending maintained a fairly strong level despite sluggish investment demand.

NIB's profit for 2004 amounted to EUR 172 million, compared with EUR 151 million in 2003, representing an increase of 13.9%. Net interest income rose to EUR 163 million in 2004, up from EUR 155 million in 2003. At year-end, total assets amounted to EUR 16.4 billion (2003: 16.7). Net liquidity amounted to EUR 2,876 million (2,744). The Board of Directors proposes that EUR 55 million (41.3) be paid as dividends to the Bank's owners 2004—the Nordic countries—for the financial year 2004.

Disbursements of new loans reached EUR 1,348 million (1,841) and new loan agreements amounted to EUR 1,657 million (1,859). Loans outstanding totalled EUR 10,279 million (10,522) at year-end. The decline was due to lower levels of disbursements, higher amounts of prepayments of loans and the weakening of the USD exchange rate.

The volume of new borrowing amounted to EUR 1,808 million (3,258). Callable bonds from earlier issues that were not called, in the amount of EUR 676 million, can be added to the new borrowing. Thus total annual funding amounted to EUR 2,484 million. Borrowing outstanding amounted to EUR 12,355 million (13,087) at the end of 2004. The Bank successfully launched its third global benchmark issue of USD 1 billion in the five-year segment.

The quality of the Bank's portfolios, taken as a whole, continues to be very high. During 2004, specific provisions for possible loan losses were recognised in the Profit and Loss Account with a sum of only EUR 0.7 million. Reversals of specific provisions recognised in previous years totalled EUR 4.5 million. A total of EUR 1 million for provisions for possible loan losses has been deducted from the Bank's loans outstanding.

Three new member countries

Membership in NIB was broadened on 1 January 2005, when the three Baltic countries became full members of the Bank. On 11 February 2004, representatives of the Nordic and Baltic countries' governments signed the new Agreement on NIB. The Agreement was ratified by all eight countries during 2004. Accordingly, Estonia, Latvia and Lithuania became members of NIB on an equal footing with NIB's five founding members: Denmark, Finland, Iceland, Norway and Sweden. Membership of the Baltic countries in NIB represents an important milestone in the Bank's history.

Lending to manufacturing industry and infrastructure

NIB participated in the financing of 38 investment projects and loan programmes in the Nordic countries. Manufacturing industry accounted for one third and the energy sector for one fourth of the disbursements in the Nordic region during the year. The Bank made loan disbursements to energy investments in all five Nordic countries. Lending to the energy sector in Iceland was especially important, as NIB participated in financing of this country's major power plant projects, both in water and geothermal energy production.

At year-end 2004, the Bank had loans outstanding in 30 countries outside the Nordic area. During the year the Bank entered into 30 new international loan agreements. The international lending was mostly focused on financing of infrastructure investments, particularly within the sectors of energy, transportation and communications. Lending activities in the Baltic countries focused particularly on environmental and infrastructure projects.

NIB can provide loans and guarantees for projects outside the member countries under a special loan facility called the Project Investment Loan facility, PIL, with special guarantees from the Bank's

owners. On 1 July 2004, the Bank's PIL facility was increased from EUR 3,300 million to EUR 4,000 million. The increase of the facility provides a greater scope for the Bank to grant loans to countries that are not members of NIB.

Environmental projects

Financing environmental investment is one of the cornerstones of NIB's lending operations. During the year, 26 new environmental loans for a total of EUR 300 million were granted. Of the loans disbursed during the period, 17% were environmental loans.

NIB has undertaken an active role in the Northern Dimension Environmental Partnership (NDEP). In July 2004, NIB assumed the chairmanship of the Steering Group for the NDEP. NIB is responsible for preparing and coordinating seven of the NDEP's thirteen environmental projects. The Bank continued expanding its activities in Northwest Russia within the framework of the Partnership. Among these projects, NIB launched the disbursements of loans for environmental investments to industrial enterprises in the private sector in the area surrounding the Ladoga and Onega lakes. A number of loans were granted to projects within the pulp and paper industry in this area.

New President and CEO

In September, the Bank's Board of Directors appointed Johnny Åkerholm the Bank's new President and Chief Executive Officer. He takes up his position on 1 April 2005. He succeeds Jón Sigurðsson, who has been NIB's President and CEO since April 1994.

NIB's Financial Statements for 2004 are published on 15 March 2005 on <http://annual.nib.int>

Key figures

(in EUR million)	2004	2003
Net interest income	163	155
Profit	172	151
Loans disbursed	1,348	1,841
Loans agreed	1,657	1,859
Loans outstanding	10,279	10,522
New debt issues	1,808	3,258
Debts evidenced by certificates	12,355	13,087
Net liquidity	2,876	2,744
Total assets	16,363	16,666
Equity/assets ratio (%)	10.9	9.9
Profit/average equity (%)	10.1	9.5
Number of employees	147	147

NIB is a multilateral financial institution owned by eight member countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Bank finances private and public projects within and outside the member countries. NIB has the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's.

For further information, please call Mr Jón Sigurðsson, President and CEO, on +358 9 18 001, or Ms Jamima Löfström, Information Manager, on +358 9 1800 291 or +358 40 581 7208.

www.nib.int