

**GENERAL INFORMATION ABOUT THE SELLING AND REGISTRATION OF  
INDEXED BONDS OF NORDIC INVESTMENT BANK  
(NIB) – (NORRAENI FJARFESTINGARBANKINN)  
Class I 2002**

**1. Information about the issuer:**

<b>The Issuer</b>	Nordic Investment Bank (NIB or Norræni fjárfestingarbankinn), Fabianinkatu 34, FIN-00171, Helsinki, Finland.
<b>Listing particulars</b>	Bunadarbanki Islands hf., ID No. 490169-1219, Austurstraeti 5, 155 Reykjavik, Iceland, and NIB confirm the correctness of information contained in this listing prospectus which is presented in accordance with Article 6 of Annex IV to Regulation No. 434/1999, on public listing of securities on a stock exchange.
<b>Authorized issuance</b>	The issue of the bonds was authorised pursuant to a general resolution of the Board of Directors of NIB on December 13 2001.
<b>Operations of issuer</b>	NIB was established pursuant to an agreement between the five Nordic countries on December 4, 1975. The establishing agreement was replaced by a new agreement signed by the member countries on October 23, 1998, ratified by them in 1998 and the first part of 1999 (in Iceland by Parliamentary Resolution on December 19, 1998) and effective from July 18, 1999. The statutory purpose of NIB according to section 1 is to make loans and issue guarantees in accordance with sound banking principles and taking into account socio-economic considerations, to carry into effect investment projects of interest to the Nordic countries and other countries which receive such loans and guarantees.

**2. General information about the bonds:**

<b>Perquisites</b>	No special perquisites accompany the bonds.
<b>Yield and selling rate at date of sale</b>	5,82% which equals selling rate being 0,9366.
<b>Assignments</b>	The bonds shall be registered in the name of bondholders, transferable in accordance with the rules of the Icelandic Securities Depository Ltd. and Icelandic Law.
<b>General</b>	<p>The total nominal value of the issued bonds is ISK 3,000,000,000 – ISK three thousand million 00/100. The number of issued bonds is 300. The last amortization repayment date is August 1<sup>st</sup>, 2017. Prescription for amortization and interest payments is in accordance with Law No. 14/1905, about debts expiring and becoming void, and other rights to submit claims.</p> <p>Documentation regarding the bonds will be in the English language but the terms and conditions of the bonds as well as all relevant agreements regarding the issuance of the bonds will be governed by Icelandic laws.</p>

**3. Terms and condition of the bonds:****1. Form, Title and****Denomination**

The bonds are issued in electronic format according to Icelandic Law no. 131/1997, on electronic registration of title to securities, Icelandic regulation no. 397/2000, on electronic registration of title to securities in a central

securities depository, and the rules of the Icelandic Securities Depository Ltd. The bonds are registered in the name of bondholders, transferable in accordance with the rules of the Icelandic Securities Depository Ltd. and Icelandic Law. Each recorded and registered bondholder will be deemed to be and may be treated, to the fullest extent permitted by applicable law, as the absolute owner of such bond for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such bond shall be overdue. The electronic bonds issued on the basis of the primary bond are in the denomination of ISK 10,000,000 – Icelandic Krona tenmillion 00/100. Any reference to “Icelandic Krona” or “ISK” is to the lawful currency of the Republic of Iceland.

## **2. Status**

The bonds constitute direct and unsecured obligations of NIB ranking *pari passu* without any preference among themselves and equally with all other unsecured indebtedness (other than subordinated indebtedness) of NIB from time to time outstanding.

## **3. Index**

(a) The amounts due in respect of interest and on amortization of the bonds are linked to the Icelandic Consumer Price Index (CPI), which was established in accordance with Icelandic Law no. 12/1995. The CPI is calculated every month by Statistics Iceland. The calculation is based on a survey of prices on the first two weekdays of each month. Statistics Iceland has a release calendar and the CPI is published monthly on Statistics Iceland’s website ([www.statice.is](http://www.statice.is)), on the Iceland Stock Exchange and in *Lögbirtingablaðið* – The Official Gazette.

(b) For the purposes of the bonds terms and conditions the following shall apply:

- (i) “Index” means, subject to provisions about changes below, the Icelandic Consumer Price Index published monthly by Statistics Iceland on Statistics Iceland’s website ([www.statice.is](http://www.statice.is)), the Iceland Stock Exchange and in *Lögbirtingablaðið* – The Official Gazette – (standing in May 1988 at 100) or any index which may replace the same.
- (ii) Any reference to the Index applicable to a particular month shall, subject to provisions about changes below, be construed as a reference to the Index published in the month next preceding the month to which it is applicable.
- (iii) The “Index Ratio” applicable to any month means, subject to provisions about changes below, the Index applicable to such month divided by the “Base Index”, namely (and subject as provided in (c) below) 223.0, being the Index published in July 2002 and applicable to August 2002.

(c) If at any time the Index shall be changed by the substitution of a new base therefor (so that the base of 100 ceases to be the index for May 1988 or such other date or month as may already have been substituted), then with effect from the date or month as from and including which such substitution takes effect:

- (i) The definition of Index in (b) above shall be deemed to refer to the new date or month in substitution for May 1988, or, as the case may be, for such other date or month as aforesaid; and
- (ii) The definition of Base Index in (b) above shall be amended in such manner as in the opinion of the Paying Agent (Búnaðarbanki Íslands hf., as defined below) after consultation with NIB, is most appropriate to implement such change.

(d) If the Index ceases to be published or calculated or any change is made which, in the opinion of the Paying Agent, constitutes a fundamental change in the rules governing the Index and if the Paying Agent recommends for the

purposes of the bonds one or more adjustments to the Index or a substitute index, with or without adjustments, the Index shall be adjusted as so recommended or, as the case may be, shall be replaced by the substitute index so recommended, as so adjusted, if so recommended, and references to the Index shall be construed accordingly. Prior to making any such recommendations as to adjustments to the Index or a substitute index the Paying Agent shall consult with NIB and shall have regard to any relevant decree issued by the Committee composed as per Article 1, paragraph 2, of Icelandic Law no. 12/1995.

(e) In the absence of wilful default, bad faith or manifest error, the determinations by the Paying Agent pursuant to these Conditions shall be final and binding.

#### **4. Interest**

(a) The bonds bear interest calculated in accordance with (b) below, from and including August 1<sup>st</sup>, 2002 (the “Interest Commencement Date”) to but excluding August 1<sup>st</sup>, 2017 payable annually in arrear on August 1<sup>st</sup> (the “Interest Payment Date”) in each year. As used herein, “Interest Period” means each period from and including an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to but excluding the next succeeding Interest Payment Date (in the case of the first Interest Period, the first Interest Payment Date). Interest will accrue only on the Principal Amount Outstanding (as defined below) of each bond unless, payment of the Annual Amortization Amount (as defined below) is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue, as well after as before any judgment, on the Annual Amortization Amount up to but excluding the date on which, payment in full of the amount due is made.

(b) Interest on the bonds will be calculated by the Paying Agent and will be linked to the Index in accordance with the following provisions:

(i) Interest Rate

The rate of interest expressed as a percentage per annum payable on the bonds for each Interest Period will be **4.75** per cent (the “Interest Rate”).

(ii) Interest Amount

The amount of interest payable in respect of each bond for each Interest Period shall be the amount arrived at by applying the Interest Rate to the Principal Amount Outstanding (as defined below) of such bond and multiplying that result by the Index Ratio applicable to the month in which such Interest Period ends (calculated to the nearest Krona (rounded down where necessary)).

(iii) Accrual of Interest

Whenever it is necessary to compute an amount of interest in respect of any bond for a period of less than a full year such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

#### **5. Amortization, Purchase and Cancellation**

(a) Amortization

The bonds will be repaid with 15 equal amortizations (the “Annual Amortization Amount”), once a year on August 1<sup>st</sup> (the “Payment Date”), for the first time on August 1<sup>st</sup>, 2003. The Annual Amortization Amount in relation to each bond shall therefore be ISK 666,666.66 – Icelandic Krona sixhundredsixtysixthousandsixhundredsixtysix 66/100. The amount payable shall be the amount arrived at by multiplying the Annual Amortization Amount by the Index Ratio applicable on the relevant Payment Date, to be calculated by the Paying Agent (calculated to the nearest Icelandic Krona (rounded down where necessary)). For the purposes of these terms and conditions “Principal Amount Outstanding” means in relation to each bond on any date, the nominal amount of such bond (being ISK 10,000,000) less the aggregate of Annual

Amortization Amounts due and payable (wether or not paid) with respect to such bond from the issue date to but excluding such date of determination.

*(b) Purchase*

NIB may at any time purchase bonds at any price in the open market or otherwise. Bonds purchased as aforesaid by NIB may be held or resold or, at the discretion of NIB, may be cancelled.

**6. Prescription**

Claims against NIB for amortization payments will become void unless made within a period of ten years from the due date and claims for interest payments will become void unless made within four years from the due date.

**7. Payments**

(a) All payments of interest and amortization amounts due in respect of the bonds will be made in Icelandic Krona and will be based on and made in accordance with the information provided by the Icelandic Securities Depository Ltd. to account operators who will arrange for the payment of the amounts due to the ISD accounts of the bondholders. Neither NIB nor the Paying Agent will be held responsible and will have no obligation to pay additional interest on arrears, if a bondholder on the due date has not received payment for reasons not attributable to NIB or the Paying Agent, such as if a bank account is not connected with the bondholder's ISD account or if the electronic bonds for some reason are in an ISD account in the custody of the Icelandic Securities Depository Ltd.

(b) If the due date for payment of any amortization amount or interest in respect of any bond is not a Business Day (as defined below), payment shall not be made of the amount due until the next following Business Day and the bondholders shall not be entitled to any interest or other sums in respect of any such postponed payment. For this purpose, "Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business in Reykjavik, Iceland.

(c) Each payment on or in respect of a bond will be subject to any fiscal or other laws and regulations applicable thereto.

(d) NIB reserves the right at any time to vary or terminate the appointment of the Paying Agent and/or to appoint another paying agent and approve any change in the office through which the Paying Agent acts. Notice of such termination or appointment and of any change in the offices of the Paying Agent shall be published in accordance with Condition 12, i.e. Notices.

**8. Taxation**

Tax-related treatment of the bonds follows current tax laws at each time. According to Article 3 of Icelandic Law No. 94/1996, concerning tax on capital revenues, the Paying Agent is obliged to withhold taxes on interest revenues. The bonds are exempted from stamp duty in accordance with Article 9 in the agreement regarding NIB entered into by the Nordic countries.

**9. Events of Default**

If one or more of the following events (hereinafter referred to as "Events of Default") shall have occurred and be continuing, that is to say:

- (i) NIB shall fail to pay any amortization amount or interest payable in respect of the bonds on the due date for payment thereof and for 30 days thereafter; or
- (ii) NIB shall fail to perform or observe any other term, undertaking or agreement contained on the bonds and such failure shall continue for 60 days after notice thereof shall have been given to NIB at its principal office by the holder of any bond;

then in any such event the holder of any bond may thereafter by written notice to the Paying Agent effective upon receipt thereof by the Paying Agent, declare such bond to be forthwith due and payable whereupon the same shall become

immediately due and payable at the Principal Amount Outstanding multiplied by the applicable Index Ratio, together with interest accrued to the date of actual payment, without presentation, demand, protest or other notice of any kind, all of which NIB hereby expressly waives, unless prior to the time when the Paying Agent receives such notice all Events of Default in respect of all the bonds shall have been remedied. For this purpose, the Index applicable to the Index Ratio shall be whichever is the highest of i) the Index applicable to the month in which notice is given, ii) the Index applicable to the month in which payment is made by NIB to the Paying Agent and notice thereof is given to the bondholders in accordance with Condition 12 (i.e. Notices), and iii) the most recent Index published prior to the date on which payment is so made and notice so given.

**10. Paying Agent** Búnaðarbanki Íslands hf., Austurstraeti 5, 155 Reykjavik, Iceland, has been appointed as paying agent (the “Paying Agent”). The Paying Agent acts solely as an agent of NIB and assumes no obligations towards or relationships of agency or trust for or with the holders of the bonds, except that any funds received by the Paying Agent for the payment of the bonds shall be held by it in trust for the persons entitled thereto until expiration of the relevant period of prescription.

**11. Further Issues** NIB may from time to time without the consent of the bondholders create and issue further securities either having the same terms and conditions as the bonds in all respects (or in all respects except for the first payment of amortization or interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the bonds) or upon such terms as NIB may determine at the time of their issue. References in these conditions to the bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the bonds.

**12. Notices** All notices to holders of the bonds will be deemed to have been duly given if published once in a leading Icelandic newspaper (which is expected to be the *Morgunblaðið*). Such notices shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper in which publication is required.

**13. Governing Law** The bonds are governed by, and shall be construed in accordance with, Icelandic laws. NIB submits to the jurisdiction of the Icelandic courts in any matter arising out of the issue of, or relating to, the bonds and waives any objection to proceedings in such courts on the ground that such proceedings have been brought in an inconvenient forum or otherwise. Accordingly, disputes arising in respect of the bonds may be submitted to the District Court of Reykjavík, Iceland, pursuant to the provisions of Chapter XVII of Icelandic Law no. 91/1991. This submission is made for the benefit of each of the bondholders. Legal proceedings may also be brought against NIB in any other competent court of any of the Nordic countries.

#### **4. Selling, registration, and market making:**

**Selling and terms of sale**

Sale of the bonds commenced on July 15<sup>th</sup>, 2002 and lasted until July 31<sup>st</sup>, 2002. Selling and delivery of the bonds took place against cash payment.

**Underwriter**

Bunadarbanki Islands hf., Austurstraeti 5, 155 Reykjavik, Iceland, undertook to ensure the selling of this issue and has fulfilled its obligations in that respect.

**Selling Restrictions**

The bonds have not and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or

benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Accordingly, neither Bunadarbanki Islands hf., nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the bonds and it and they have complied and will comply with the offering restrictions requirement of Regulation S with respect to the bonds.

Bunadarbanki Islands hf. has acknowledged that it may not, directly or indirectly, offer, sell or deliver any bonds or distribute or publish any offering material in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

**Supervision of selling and listing**

Bunadarbanki Islands hf., Austurstraeti 5, 155 Reykjavik, Iceland, supervises the listing and selling of the bonds.

**Purpose of sale**

The purpose of the sale of this bonds issue is to generate proceeds intended for general business of NIB.

**Net proceeds**

Through the issuance of the bonds and sale thereof, NIB has received net proceeds of ISK 2,809,808,548.

**Listing on ICEX**

Kaupholl Islands hf. (ICEX - Iceland Stock Exchange) has agreed to list the bonds on the Iceland Stock Exchange on August 6<sup>th</sup>, 2002, given that the bonds fulfill every requirement. The bonds are in the total nominal value of ISK 3,000,000,000 and the title of the class is "Class 1 2002". The identifying mark of the bonds in the ICEX trade system is NIB 02 1. The ISIN-number of the bonds is IS0000007128.

**Market making**

Bunadarbanki Islands hf. will be a market maker in the secondary market for the bonds in this issue and has obligated itself to quote, on Iceland Stock Exchange's electronic trading, system bid and ask offers for at least ISK 100,000,000 in nominal value. Bid and offer quotes will be governed by maximum pricspread of 0.50% at marketvalue. Bunadarbanki Islands hf. will renew its offer within ten minutes after execution of transaction until the total transacted volume of each day reaches ISK 500,000,000 – ISK fivehundredmillion 00/100 – at nominal value.

**Documents regarding the listing**

This listing prospectus and other data referred to in this listing prospectus are available at Bunadarbanki Islands hf., Austurstraeti 5, 155 Reykjavik, Iceland. Information about NIB is also available at the NIB website under [www.nib.int](http://www.nib.int).