Principles for Dividend

Adopted by the Board of Governors of the Nordic Investment Bank
on 22 March 2024 with entry into force as of 1 April 2024

PRINCIPLES FOR DIVIDEND

These are the Principles for Dividend ("**Principles**") of the Nordic Investment Bank (the "**Bank**" or "**NIB**"). Established principles enhance the predictability and transparency for a dividend-paying entity. They are linked to the evaluation of the Bank's risk profile (which for NIB is the ICAAP[1]), availability of its current and future financial resources, business planning (especially profitability), and capital planning.

1 DIVIDEND STATEMENT

NIB is a mandate driven bank whose vision is a prosperous and sustainable Nordic-Baltic region. To fulfil its objective, the Bank is required to be financially strong. Having an AAA/Aaa credit rating based on an appropriate level of capital and liquidity is fundamental to the Bank's operations and for the Bank to acquire funding on attractive terms.

NIB aims to distribute between 20 and 30 per cent of net profit as dividends on an annual basis to its owners. This target level of dividends is a fair balance between the statutory requirement allowing the formation of reserves and a reasonable return on capital. The dividend payout ratio of net profit must take into consideration both the mandate of the Bank and that it is not profit-maximising.

Deviations from the 20 to 30 per cent range may occur when the Bank is required to stay within capitalisation and leverage thresholds and limits set by the Board of Directors, during times of high uncertainty or a macro-financial downturn, and/or when the dividend payout compromises the Bank's ability to meet the priorities of its owners.

Exemptions to dividend distributions shall be made in cases where paying dividends would:

- risk triggering the Bank's Capital and Liquidity Recovery Plan due to risk of inadequate capitalisation and/or leverage;
- compromise the Bank's ability to fulfil its statutory requirements[2] with respect to capitalisation and/or leverage; or
- compromise the Bank's ability to respond to the priorities of its owners.

2 DIVIDEND CONSIDERATIONS

These Principles should be read in conjunction with the Bank's Statutes, which state that:

- in its operations, the Bank shall aim for a profit allowing the formation of reserves and reasonable return on the subscribed authorised capital;
- the Bank shall have adequate capital and liquidity management in accordance with sound banking principles;
- the Bank's paid-in capital and accumulated reserves shall exceed its internally assessed capital requirement covering the nature and level of the risks to which the Bank is or might be exposed;
- the Bank shall maintain a liquidity reserve necessary for continuing its operations for a period of six months under a severe stress scenario; and
- to prevent the risk of excessive leverage, the Bank's paid-in capital and accumulated reserves shall exceed an amount corresponding to 7 per cent of its total exposure.

[1] Internal Capital (and Liquidity) Adequacy Assessment Process.
[2] Inclusive of the Board of Governors' Principles for Capital and Liquidity Management.

These Principles should furthermore be read in conjunction with the following:

- the Principles for Capital and Liquidity Management, as adopted by the Board of Governors, which requires the Bank's risk-based capital ratio to exceed 100 per cent;
- the Capital and Liquidity Recovery Plan and its trigger levels, as adopted by the Board of Directors; and
- relevant thresholds and limits set by the Board of Directors.

Although profit maximisation is not the Bank's objective, a sustainably profitable business is vital to ensure it can fulfil its statutory requirements inter alia, with respect to capitalisation and leverage. A sustainably profitable business that delivers a return to its owners will also have a positive impact on investors, capital markets, and the Bank's credit rating. The potential impact to the Bank's credit rating shall therefore always be evaluated as part of the discussions to set and recommend any dividend. A strong financial and capital position moreover supports the Bank's growth, thereby enabling it to expand its impact and deliver on its vision.

The Bank has established a structure for its capitalisation (economic capital ratio) and leverage (leverage ratios) metrics, with predefined monitoring thresholds and limits. The payment of dividends shall not compromise the Bank's ability to stay within these thresholds and limits.

3 GOVERNANCE AND ANNUAL PROCESS

In accordance with Section 10 of the Statutes and these Principles, the Board of Governors, after a proposal by the Board of Directors, shall decide upon the allocation of the surplus between the reserve fund and dividends.

The President makes a proposal on dividends to the Board of Directors based on the latest risk profile of the Bank, capital and liquidity adequacy measures, leverage ratios, and business planning and capital planning for the upcoming years, including the estimated net profit.

The President's proposal is first presented to the Board of Directors for discussion based on the supporting analysis and expressed as a share of net profit. The final dividend proposal is presented by the Board of Directors to the Board of Governors based upon the audited annual financial statements that are approved for publication.

The dividend amount is approved by the Board of Governors at its annual meeting, concurrently with the approval of the audited annual financial statements.