

NIB's updated Statutes enter into force on 29 July 2020

The Nordic and Baltic owner countries of the Nordic Investment Bank (NIB) have approved amendments to update the Bank's Statutes to ensure continued adherence with sound banking principles. The changes will enter into force on 29 July 2020.

The banking industry has undergone significant changes since the last financial crisis in terms of capital and risk management and regulatory oversight. In order to adapt NIB to these developments and to secure its strong position for the future, the owner countries have updated the Bank's Statutes.

The statutory changes expand NIB's financing capabilities and ensure efficient control of its operations. The more agile framework increases NIB's flexibility and allows for more efficient allocation of financing to projects that improve productivity and benefit the environment.

Sound and comprehensive policies for capital and risk management ensure bondholders that NIB also in the future will maintain the highest possible issuer credit rating and obtain funds from the capital markets on advantageous terms, which is essential for the implementation of the mandate.

The approved changes to the Statutes include:

- Replacing the current statutory gearing limit with a risk-based comprehensive framework for capital and liquidity management in accordance with sound banking principles and introducing minimum requirements for capital, liquidity and leverage.
- Discontinuing the special loan facilities for Project Investment Loans (PIL) and Environmental Investment Loans (MIL). The outstanding amounts under the PIL and MIL facilities, as well as new lending of this type, will become part of NIB's ordinary lending.
- Improving institutional governance, clarifying the role of the Bank's Control Committee and the external auditors and strengthening the role of the Chairmanship of the Control Committee.
- Allowing for equity participations as a new form of financing for the Bank in addition to loans and guarantees. However, this would require a unanimous pre-approval of the Board of Directors and is subject to limits based on available capital.

The Agreement on NIB dated 11 February 2004 and the Amending Agreement dated 28 February 2020, with the amended Statutes annexed, are available [here](#).

You can read about the changes [here](#).

In addition, more comprehensive provisions regarding the capital and liquidity management have been included in a new document "[Principles for Capital and Liquidity Management](#)". The Principles will provide a tool for NIB's owners through the Board of Governors, to fine tune the capital and liquidity management framework and limits introduced in the Statutes. The Board of Governors consists of ministers of finance, industry, business and economic affairs in NIB's Nordic and Baltic owner countries.

"We seek to strengthen NIB in achieving its mandate and efficient use of capital while supporting its highest possible triple-A credit rating. This is especially important now given the challenges caused by the unprecedented COVID-19 crisis. With the statutory changes, we are confident the Bank will continue to be relevant and deliver impact that increases sustainability and prosperity of the Nordic-Baltic region," says Vilius Šapoka, Minister of Finance of Lithuania and the Chairman of NIB's Board of Governors.

NIB is an international financial institution owned by eight member countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The Bank finances private and public projects in 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.

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