NORDIC INVESTMENT BANK

FINANCING THE FUTURE

Financing your Purpose

Enabling a prosperous and sustainable Nordic-Baltic region

AAA/Aaa (**)
S&P / Moody's

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA
LAST UPDATE: April 29, 2021

Corporate ESG Performance
Prime
RATED BY ISS ESG

(**) Rating as published 12 April 2021 by Standard & Poor's and 27 April 2021 by Moody's

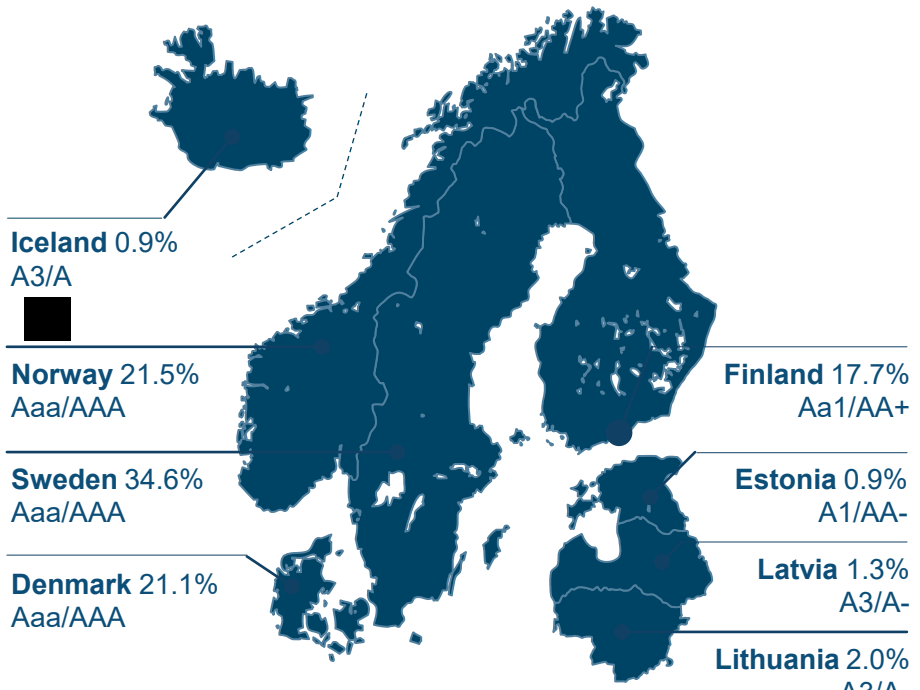
We are committed to a prosperous and sustainable Nordic-Baltic region

NIB - an International Financial Institution founded in 1975

NIB in brief

- **Long-term** view, operate **commercially** based on sound banking principles
- Mandate to enable **productivity** gains and facilitate **environmental** benefits
- Attractive **financing** terms based on NIB's **AAA/Aaa** rating (**)
- Proven **sustainability** track record, competences, and capabilities
- NIB **partners** with customers and other financing providers and sponsors
- **EUR 3-5 billion** in disbursements, **60 transactions** and **30 new clients** annually
- Leading issuer of **green bonds** in the Nordic-Baltic region
- **Solid** financial performance, **consistent** dividend policy, **low** loan losses
- Very high customer rating on **reputation** and **satisfaction** (*)

Nordic-Baltic ownership



The Coalition of Finance Ministers for Climate Action

(*) 2021 NIB externally conducted stakeholder survey

(**) Rating as published 12 April 2021 by Standard & Poor's and 27 April 2021 by Moody's

NIB: a bank on a mission

We finance projects and programs enabling productivity gains and benefiting the environment

DRINKING WATER & WATER TREATMENT

GREEN BUILDINGS

SUSTAINABILITY LINKED

SUSTAINABLE ENERGY

CLIMATE CHANGE MITIGATION

"54% of our customers view NIB as the leader in providing long-term debt in Nordic-Baltic region and 93% are interested in sustainability loans" (*)

RESEARCH & DEVELOPMENT

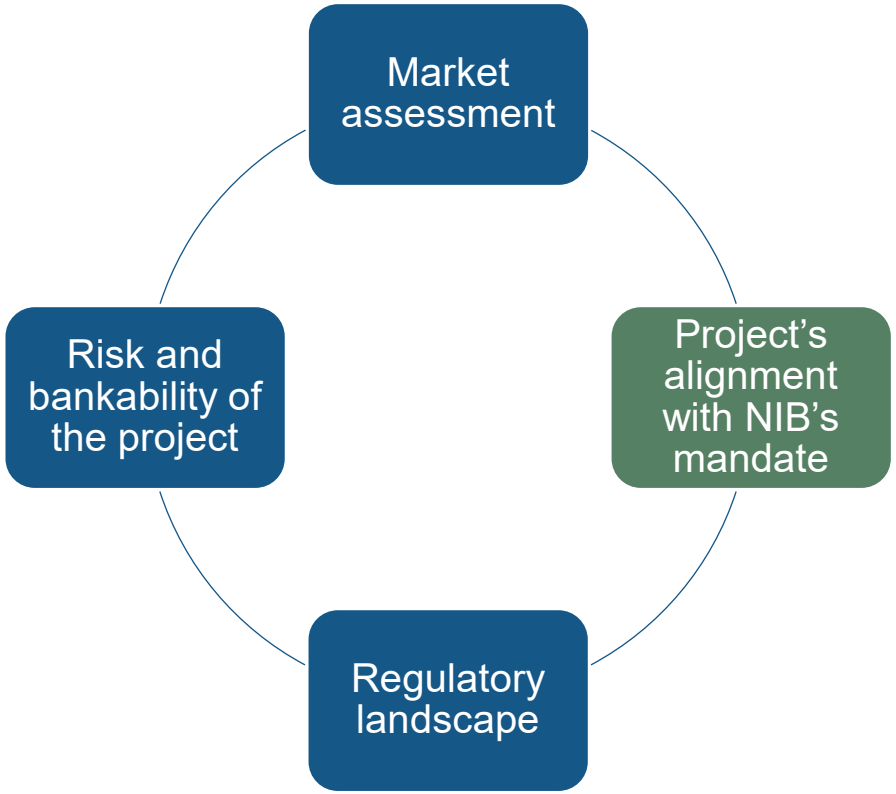
INFRASTRUCTURE

CAPITAL INVESTMENTS & ACQUISITIONS

PROJECT FINANCE

(*) 2021 NIB externally conducted stakeholder survey

How NIB would look at a “new” technology and sector



CCS could become a $200+bn market by 2030

CCS has so far not lived up to its expectations - its potential to mitigate climate change has been recognized for years, but deployment has been slow

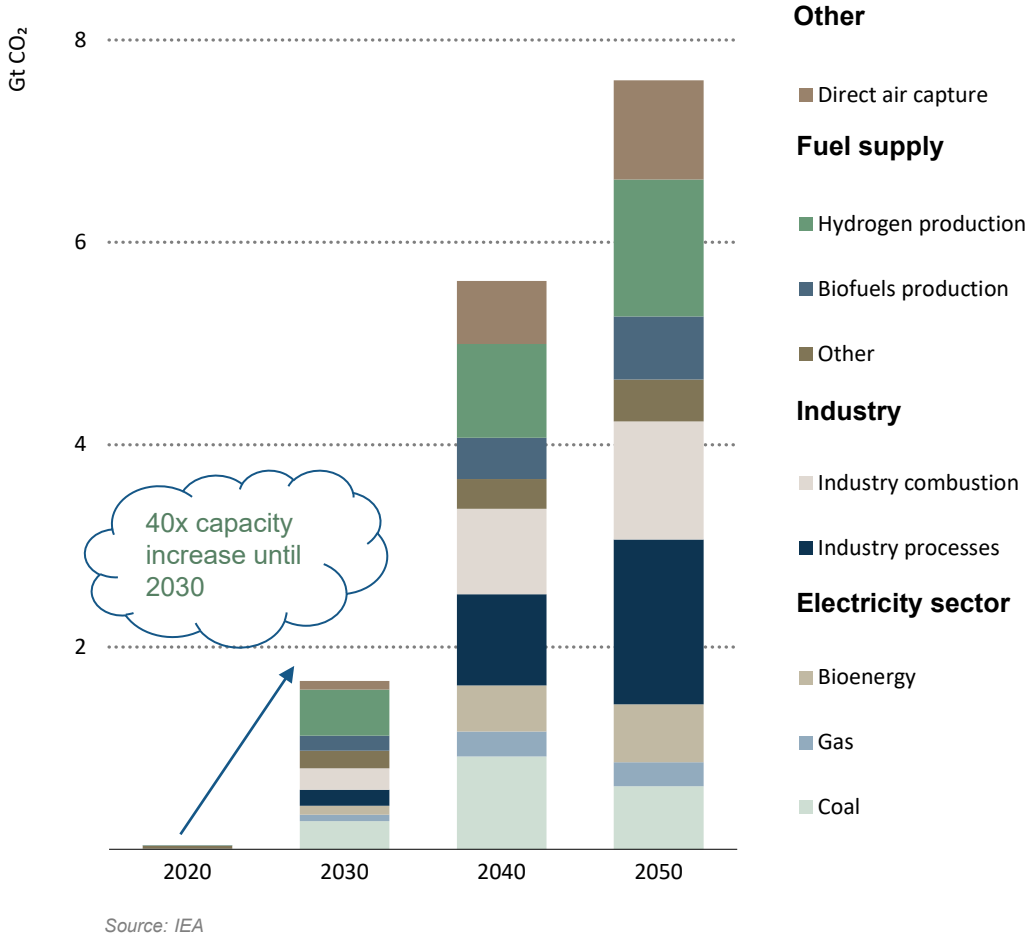
Stronger climate targets and investment incentives are injecting new momentum into CCS

Under the NZE Scenario, CCS capture capacity will surge from today's 40 Mt CO2 per year to **1,6 Gt CO2 per year in 2030.** In 2050 the capture capacity is projected to 7,6 Gt CO2.

To stay on track to reach NZE by 2050 by 2030 **annual investments of 205bn USD are needed** in CCS development *(IEA)*

Huge investment gap to bridge!

Global CO2 capture by source in the NZE



Source: IEA

Why could this time be different?

1. **Net-zero plans make CCS a necessity, not an option**

2. **New business models have emerged**
   - CCS projects have shifted from large, stand-alone facilities to the development of industrial hubs with shared CO2 transport and storage infrastructure
   - Set-ups enable economies of scale
   - Reduction of commercial risk and the cost of investing

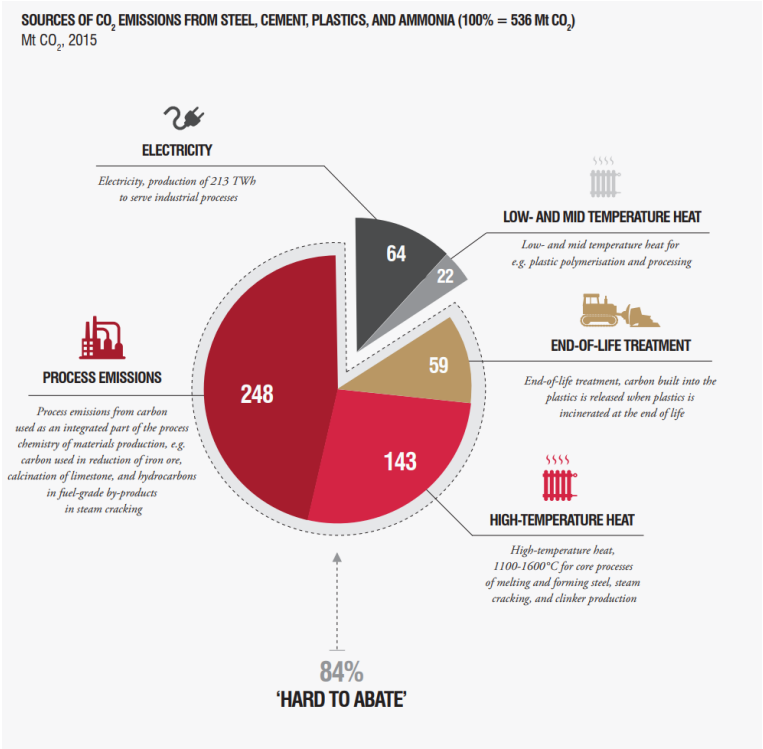
3. **The investment environment has improved**

4. **Rising carbon prices have increased viability of CCS**
   - With European ETS prices close to EUR 100, CCS across different types of both power- and industrial processes have become increasingly viable

5. **Cost curves are slowly decreasing**
   - New business models (above)
   - Learning by doing
   - Competition between vendors
   - Modularisation to reduce plant capital costs
   - Zero cost energy

CO2 emissions from the "hard-to-abate" sectors steel, plastics, ammonia and cement account for 20% of global CO2 emissions

→ CCS is key to reach net-zero emissions

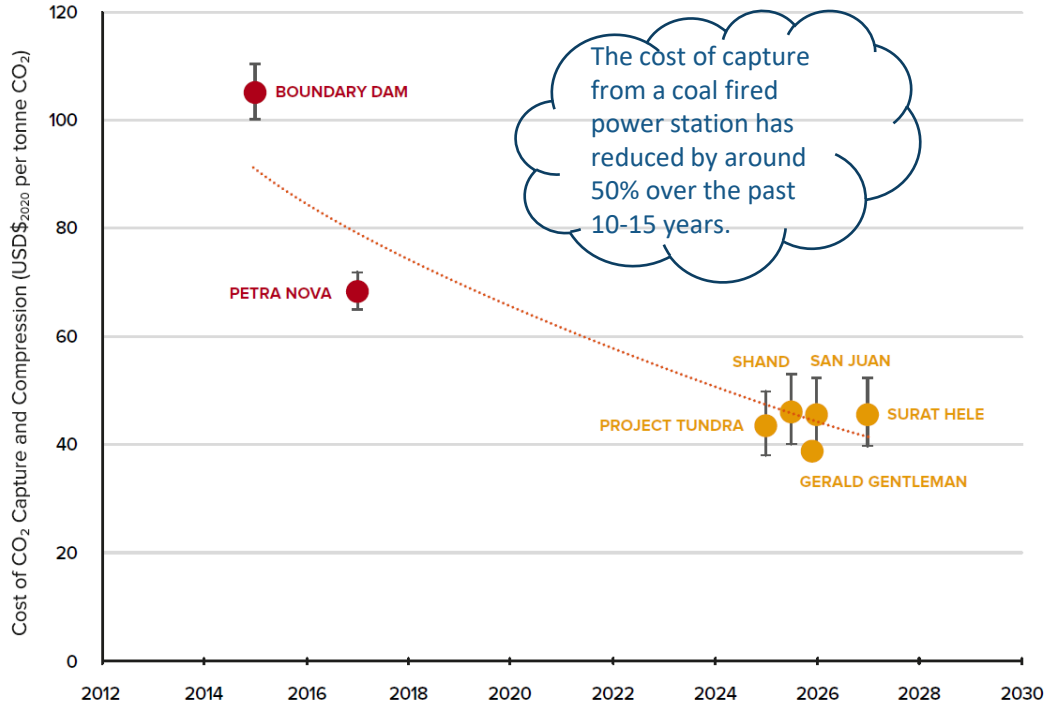


Source: Material Economics, Industrial Transformation 2050, Pathways to Net-Zero Emissions from EU Heavy Industry

Declining cost curves and increasing carbon prices make economics more attractive

Cost of capture is declining

Cost of CO2 capture and compression at commercial post-combustion CO2 capture facilities at coal-fired power plants



Source: Global CCS Institute, Technology readiness and cost of CCS

The price of carbon is increasing

Price of European carbon permits

NIB's view on CCS

- A part of the solution a but not a silver bullet
- The **origin** of the CO2 and the **application/economic activity** that the CCS is applied for are key
- Efficiency dimension (how much do we need to capture?)

Origin of carbon	Energy *(Electricity/Heat)*	Synthetic fuel *(Hydrogen, methanol, ammonia…)*	Industry *(Cement, steel, chemicals…)*
Coal/Oil			Process/product to be checked
Gas		"Blue hydrogen CCS" >90% capture	Process/product to be checked
Industrial side-stream		Process/product to be checked	Process/product to be checked
Waste/RDF *(Circular economy principles)*			
Biomass *(sourcing to be verified)*	BECCS	BECCS	

Carbon storage

- Geological storage with fixation
- Geological storage in reservoir
- Carbon Use - carbon fixed in long term products
- Enhanced Oil Recovery (EOR)

Policies to support CCS construction

- Financial and policy measures will be essential to achieve the required speed and extent of capacity growth required.
- In the **EU**, two key factors to boost adoption of CCS:
  1. **EU ETS carbon prices** have reached levels supporting many CCS applications
     - CO2 captured and stored will not considered as “emitted” under the ETS.
  2. **The EU Taxonomy’s** carbon intensity thresholds for “hard-to-abate” sectors (e.g. cement, steel, chemicals and natural gas) are not currently viable to reach without CCS
     - Attractive to investors if the integration of CCS can bring carbon intensities to below the taxonomy’s thresholds
     - Transportation, underground permanent geological storage of CO2, and R&D in direct air capture of CO2 are EU Taxonomy eligible activities

- Number of funds to support of **early pilot development**
  - **EU Innovation Fund-** four CCUS projects selected in the first funding call
  - **UK’s Carbon Capture and Storage Infrastructure Fund -** Targets of building four CCUS hubs by 2030
  - **Netherlands’ Sustainable Energy and Climate Fund-** committed up to EUR 2billion through its sustainable energy and climate fund to the Porthos CCUS hub at the Port of Rotterdam

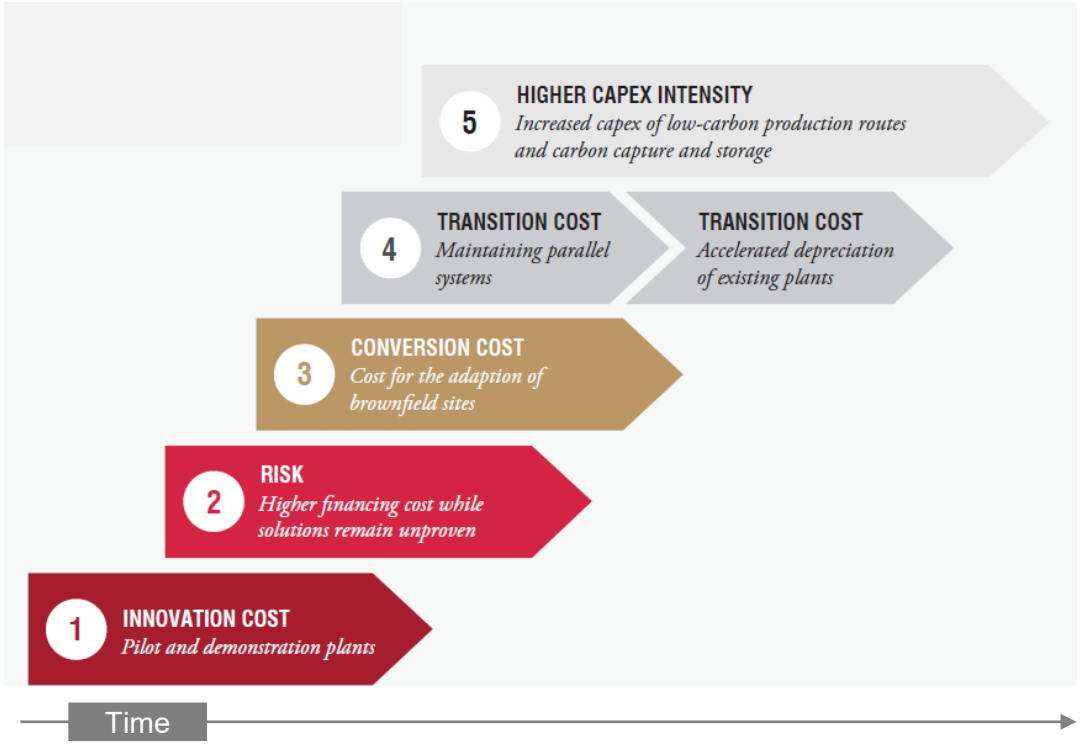
Making CCS Bankable

- Different stages of the market development require different approaches to financing
- Key considerations are:
  - Scale
  - Technology Risk
  - Off-taker risk

The **innovation stage** is higher **risk** and banks would look at this carefully

Risk-sharing is key during **early investment stages** (uncertainty about technical viability, availability and cost of new inputs, degrees of policy support)→ for bankability take a risk position on the counterparty instead of the project

Once a **technology and process is proven**, direct debt becomes feasible



Source: Material Economics, Industrial Transformation 2050, Pathways to Net-Zero Emissions from EU Heavy Industry

Thank you!

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