



# Allocation and Impact Report 2021

for Íslandsbanki's Sustainable Financing Framework





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## Foreword

Dear reader,

It is with much pleasure that we present our second Allocation and Impact Report for Íslandsbanki's Sustainable Financing Framework. 2021 was the first full year of implementing the framework and throughout this period we have deepened our understanding of how to drive positive change through the Bank's operations. Sustainable lending more than doubled year-on-year, signaling our continued commitment to integrating environmental and social issues into Íslandsbanki's core activities.

In 2021, Sustainable Financing Framework categories in use rose from 7 to 11 out of the 18 categories defined. The biggest growth was in MSC certified fisheries and processing plants which account for 34% of the total, while green and social lending account for 50% and 16%, respectively, as of year-end 2021.

This report gives an overview of the estimated impact of the eligible assets financed under Íslandsbanki's Sustainable Financing Framework. Notably, sustainable lending in 2021 led to an estimated 16,800 tonnes of CO<sub>2</sub> equivalent in avoided greenhouse gas emissions, a near three-fold increase from 2020.



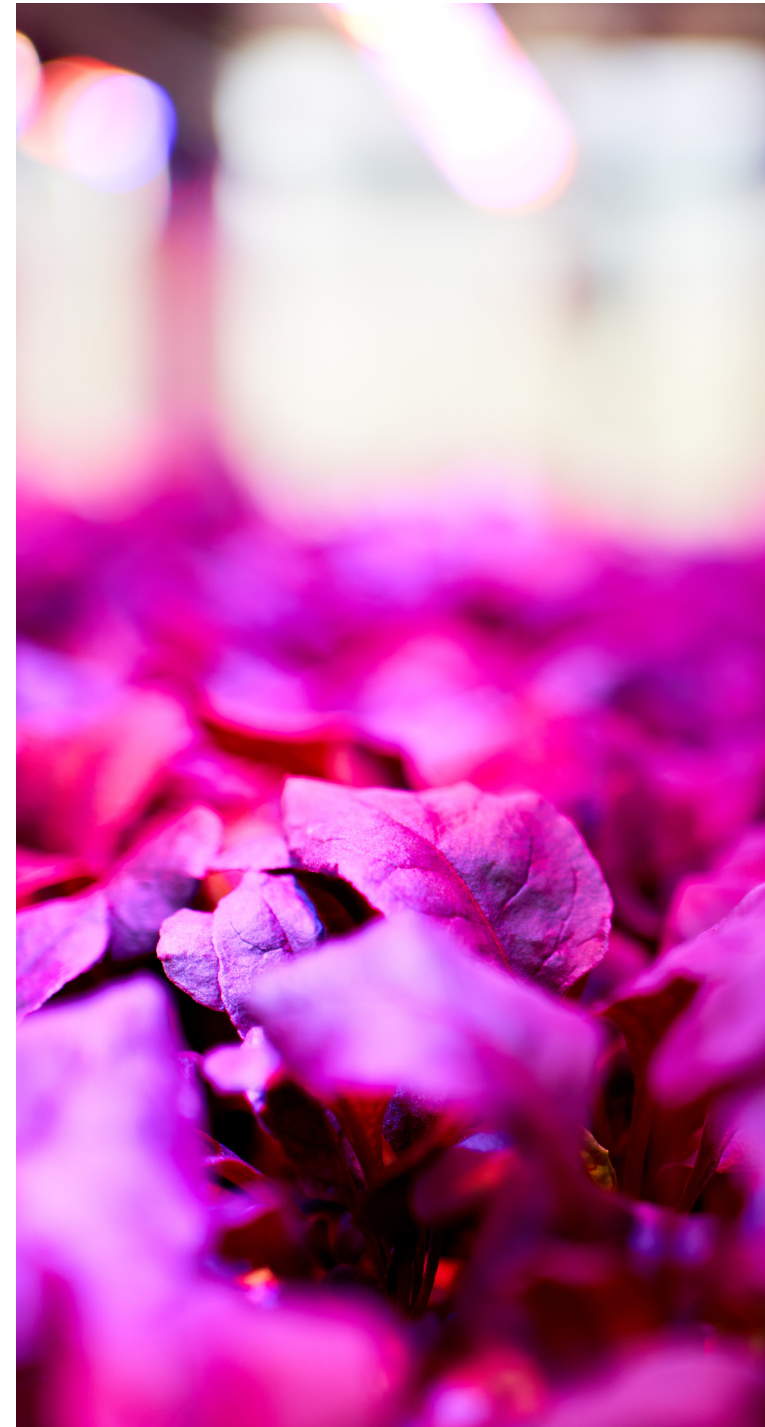
Whilst we are proud of the progress already made, we realize there is still a lot of work to be done. Our experience thus far has shown that growth in sustainable assets beyond pre-existing sustainable assets has been slower than expected. In order to meet our goal of increasing the share of sustainable corporate loans, we therefore must reinforce our efforts to empower, educate and encourage our customers on their sustainability journey. That is the most important and impactful way we can help fight climate change and accelerate social progress.

Íslandsbanki has set clear sustainability objectives through 2025 and we are looking forward to the road ahead. Among our key goals for 2022 is to increase our customers' access to and awareness of sustainable saving options, to work more closely with suppliers on emission reduction targets and to further encourage inclusion of women and disadvantaged target groups through our products and services.

Happy Reading,

A handwritten signature in black ink, reading 'Birna Einarsson'.

Birna Einarsson  
CEO of Íslandsbanki and Chair of the  
Sustainability Committee





# 1. Introduction

# Íslandsbanki's approach to sustainability

Íslandsbanki is a role model when it comes to sustainability in the Icelandic business community. It is a catalyst for positive change, moving Iceland forward by empowering its customers to succeed.

## Sustainability Policy and goals

The Bank intends to contribute to sustainable development in the Icelandic economy and support the Icelandic Government's Climate Action Plan, while also supporting the UN Sustainable Development Goals.

The Bank has defined seven main sustainability goals to be achieved by 2025, and has published concrete sub-goals to be achieved in 2022.

Among the Bank's goals for 2022 is to present officially validated science-based targets for financed emissions and to disclose scope 1, 2 and 3 GHG emissions for 2021 to the Carbon Disclosure Project (CDP).

## Selected milestones in 2021

- Highest ESG rating of all Icelandic companies by Reitun, Icelandic rating agency.
- First Icelandic bank to announce net zero commitment by 2040.
- Awarded the Ministry for the Environment and Natural Resources' environmental prize in 2021, for outstanding work on environmental affairs.
- Recognised for excellence in corporate governance every year since 2014.
- Received the Equality Scale by the Icelandic Association of Business Women every year since 2018.

## Cooperation and commitments

Through the years, Íslandsbanki has considered it important to participate in international commitments and support domestic cooperative efforts in the area of sustainability.

Major commitments include:



Sustainability Policy and goals

Sustainability timeline

Cooperation on sustainability

# Sustainable Financing Framework Governance

Robust governance has been established to ensure that strict standards are in place from day one.

The Framework is based on the Green and Social Bond Principles (2018, 2020), as well as the Sustainability Bond Guidelines (2018) issued by the International Capital Markets Association and has a Second Party Opinion from Sustainalytics.



Second Party Opinion by



Sustainable Financing Framework

## Governance

Íslandsbanki has established a Sustainability Committee chaired by the CEO and manned by the CFO, Head of Sustainability, senior representatives from business departments, risk management and Treasury.

The Sustainability Committee is responsible for the evaluation and selection of eligible projects in accordance with the Framework, formal allocation of proceeds of Sustainability Instruments to the pool, as well as reviewing the Allocation and Impact report.

The Sustainability Committee is the gatekeeper for ensuring eligibility of projects and Framework credibility. Only loans and investments approved by the Committee can be entered into the Sustainability Registry which keeps track of Eligible Assets on a portfolio basis.

In February 2021, audit firm Ernst and Young provided a limited assurance of Íslandsbanki's allocation process in connection with the Bank's allocation reporting for 2020.

Bank's allocation reporting for 2020

## Steps in the allocation process

- 1 Business unit identifies a sustainable project that fits Íslandsbanki's Sustainable Financing Framework criteria
- 2 All potential sustainability loans undergo Íslandsbanki's normal robust standard credit process which ensures compliance with regulations, internal policies and guidelines\*
- 3 A proposal is prepared explaining why the loan, borrower (in the case of pure play) or product is aligned with Eligibility criteria
- 4 The proposal is presented to the Sustainability Committee which approves (or rejects) the eligibility of the project
- 5 Approved projects are entered into the Sustainability Registry
- 6 Sustainability Committee keeps track of Eligible Assets and ensures a review is performed at least annually in connection with impact reporting
- 7 The qualifying assets are included in the Impact Report and constitute the Eligible Assets Pool of the Sustainable Financing Framework

# Eligible project categories: link to SDGs & climate priorities

The Sustainable Financing Framework supports the Bank's sustainability goals and, in turn, Iceland's Climate Action Plan (CAP). The CAP is the nation's main instrument to fulfill its Paris Agreement commitments, specifically its emissions reduction goals for 2030. It also aspires to help reach Iceland's stated goal of carbon neutrality by 2040.

Íslandsbanki's Sustainable Financing Framework consists of a green category for environmental issues, a blue category for sustainable projects in maritime-related industries and a special category for projects that support social development.

Both the green and blue categories are based on the Green Bond Principles. In addition the Bank is investigating the possibility to adhere to the UN Global Compact Reference Paper on Blue Bonds, as well as closely monitoring any new developments for further guidelines or principles for Blue Bonds.

Iceland's 2020 Climate Action Plan

Green project categories		SDGs	Iceland's 2020 Climate Action Plan
G1	Clean Transportation	9, 11, 13	A. Land transport / H. Aviation and heavy industry
G2	Eco-efficient and circular economy adapted products, production technologies and processes	12, 13	E. Agriculture / F. Waste management / H. Aviation and heavy industry
G3	Energy efficiency	7, 9, 12, 13	C. Energy production and small industry
G4	Pollution prevention and control	9, 12, 13	A. Land transport / D. F-gases and chemical use
G5	Renewable energy	7, 9, 13	C. Energy production and small industry
G6	Green buildings	9, 11, 13	C. Energy production and small industry
G7	Environmentally sustainable management of living natural resources and land use, and terrestrial biodiversity conservation	11, 15	E. Agriculture / I. Land-Use
G8	Sustainable waste management	9, 12, 13	F. Waste management
G9	Information & communications technology	9	
Blue project categories			
B1	Eco-efficient and circular economy adapted products, production technologies and processes	12, 13, 14	F. Waste management
B2	Pollution prevention and control	9, 12, 14	B. Ships and ports / D. F-gases and chemical use / F. Waste management
B3	Clean Transportation	9, 11, 13, 14	B. Ships and ports
Social project categories			
F1	Government defined company support	1, 8, 9	
F2	Affordable housing	1, 10, 11	
F3	Education and vocational training	4, 10, 11	
F4	Financial support for MSMEs	8, 9, 11	
F5	Equality, diversity and empowerment	5, 10	
F6	Affordable basic infrastructure	9, 11	



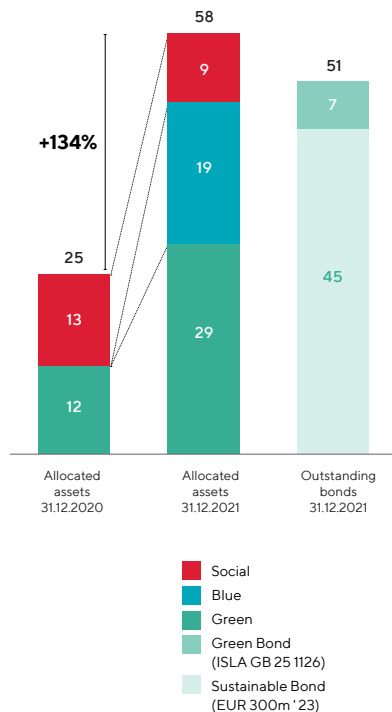
## **2. Allocation and Impact Reporting**

# Allocation and use of proceeds

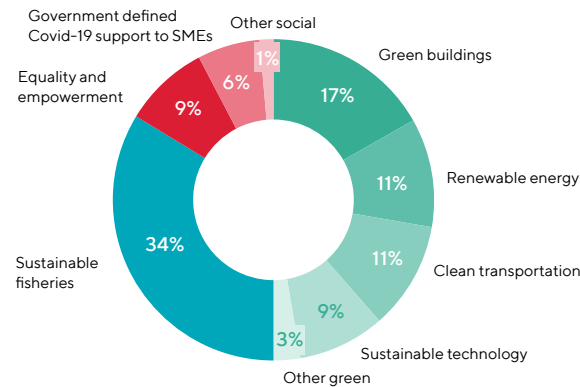
Sustainable assets grew by 134% in 2021 and amounted to ISK 58 billion compared to outstanding sustainable bonds of ISK 51 billion. Categories in use increased from 7 to 11 out of the 18 defined in the Sustainable Financing Framework. The biggest growth was in fisheries which now account for 34% of the total, while green and social lending accounted for 50% and 16%, respectively.

## Sustainability instruments and allocation at year-end 2021

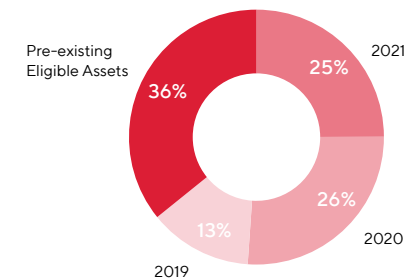
ISK billion



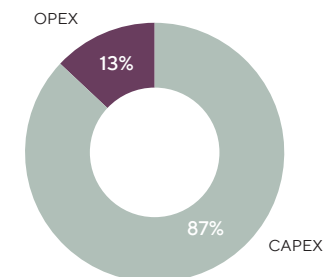
## Use of proceeds by SFF category at year-end 2021<sup>1</sup>



## Use of proceeds by origination year at year-end 2021<sup>2</sup>



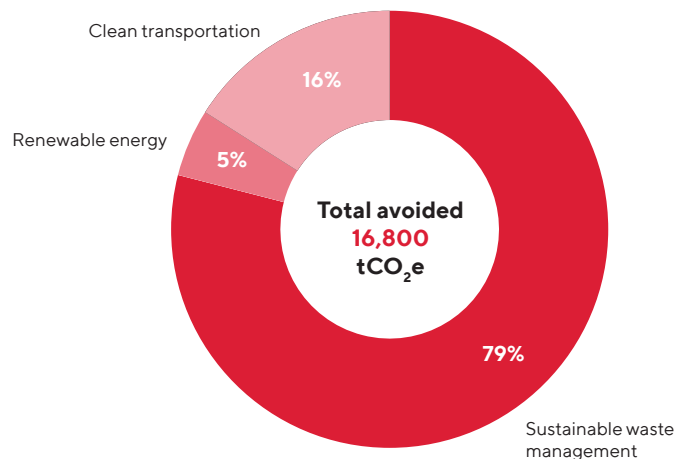
## Capital expenditures vs. operational expenditures



# Summary of environmental and social impact in 2021

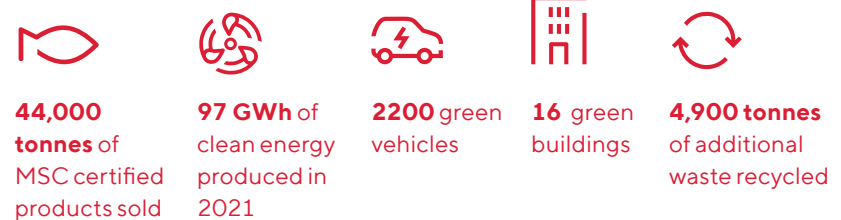
Avoided emissions from sustainable lending increased by nearly 200% YoY.

## Avoided greenhouse gas emissions in 2021



Estimated avoided emissions increased overall between years, from 5,800 tCO<sub>2</sub>e in 2020 to 16,800 tCO<sub>2</sub>e in 2021. Sustainable waste management contributed most to this growth as output increased in 2021 from the financed biogas and composting plant. Clean vehicles and hydropower plants also grew year-on-year, however avoided emissions reported in 2021 lowered for hydropower plants due to methodological change between years.

## Additional environmental impact indicators



## Government defined company support related to COVID-19



## Additional social impact indicators



# Impact linked to the Sustainable Development Goals

This impact report for Íslandsbanki's Sustainable Financing Framework covers 11 project categories that contribute to a range of SDGs in various ways.

Clean Transportation G1																	
Renewable energy G5																	
Green buildings G6																	
Certified organic farm G7																	
Sustainable waste management G8																	
Information and communications technology G9																	
Sustainable seafood products B1																	
Government defined company support R1																	
Affordable housing R2																	
Education and vocational training R3																	
Equality, diversity and empowerment R5																	



### **3. Impact assessment by category**



# Clean transportation

Clean vehicles financed nearly doubled year-on-year.

## Activity in 2021

The number of clean vehicles financed by Íslandsbanki rose from 1,200 to 2,200 between years, a near two-fold increase.

The growth followed the Bank's 2020 introduction of a new green car loan product to its retail and corporate customers at discounted interest rates<sup>1</sup> and exceeded Iceland's 67% year-on-year growth in electric car sales.

The green car loan product covers lending for clean vehicles that emit below the defined threshold of 50 gCO<sub>2</sub>/km, infrastructure such as charging stations and electric bikes.

	ISK m	Share of funding
Clean vehicles	6,230	100%
Charging stations	2	100%
Electric bikes	29	100%

## Methodology

For the category "clean transportation", alternative fossil fuel vehicles are assumed to be replaced representing the same size category and year of build. The WLTP emission factors are provided by the manufacturers. The methodology used for these impact calculations are based on or recommended by relevant international guidelines and Standards<sup>2</sup>.


	Number of	tCO <sub>2</sub> e
Clean vehicles	2,186	2,763
Charging stations	13	
Electric bikes	99	

## Calculated Impact

The bulk of funding towards clean transportation is to finance clean vehicles 99.5% - the rest is for infrastructure and electric bikes. The annual impact of the 2,186 clean vehicles included in the Sustainable Financing Framework is 2,763 tCO<sub>2</sub>e.

 **This is equivalent to 8,450 roundtrip airline seats between Reykjavík and London**

Impact of each ISK m is therefore 0.44 tCO<sub>2</sub>e.

 **This is equivalent to 1.4 roundtrip airline seats from Reykjavík to London**

<sup>1</sup> Before June 2020 the Bank had already financed a number of electric and green cars, although no specific discount was provided. These are included in the allocation and impact report as long as they fulfil the criteria of emission below the defined threshold of ≤50/34 gCO<sub>2</sub>/km (WLTP/NEDC). <sup>2</sup> The International Financial Institution; Green Bonds: Working Towards a Harmonized Framework for Impact Reporting, and, International Financial Institution; Approach to GHG Accounting for Renewable Energy Projects (2015), International Capital Market Association's & Green Bond Principles' Handbook on Harmonized Framework for Impact Reporting (June 2019), the European Union's Technical Expert Group on Sustainable Finance Report on EU Green Bond Standard (June 2019), and the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting (February 2020).



# Renewable energy

Two small hydropower plants were added to the renewable energy category in 2021.

## Activity in 2021

Eight small hydropower plants with capacities ranging from 370 kW–9.9 MW are included in the renewable energy category. With two plants added in 2021, clean energy produced increased from 87 GWh to 97 GWh between years.

All electricity generation projects are subject to the latest technical EU taxonomy screening criteria of direct emissions <100 gCO<sub>2</sub>/kWh.

According to Icelandic legislation, all hydropower and geothermal projects must follow the Icelandic Law on Environmental Impact Assessment<sup>1</sup> and the national Master Plan for Nature Protection and Energy Utilisation<sup>2</sup>.

	ISK m	Share of funding
Hydropower plants	6,332	100%

## Methodology

The methodology for the "renewable energy" project category impact calculations is recommended by relevant international guidelines and standards<sup>3</sup> using the most recent benchmark emission factor for Iceland as published by the Environment Agency of Iceland at 10.5 gCO<sub>2</sub>e/kWh<sup>4</sup>. The benchmark accounts for emissions resulting from land use change by the reservoirs created by hydropower plants.

## Calculated Impact

The total estimated avoided GHG emissions is 1.018 tonnes CO<sub>2</sub>e in 2021.



*This is equivalent to 3,100 roundtrip airline seats between Reykjavik and London*

Impact of each ISK m invested is therefore 0.16 tCO<sub>2</sub>e.



*This is equivalent to one airline seat from Reykjavik to London*

## Impact indicators

Capacity of renewable energy plants in MW per year	25
Clean energy produced (GWh) in 2021	97
Estimated avoided GHG emissions (tonnes CO <sub>2</sub> e) per year <sup>5</sup>	867

<sup>1</sup> Icelandic Law on Environmental Impact Assessment (106/2000) which is aligned with the European Directive 85/337/EEC. <sup>2</sup> See: <https://www.ramma.is/english> <sup>3</sup> Accounting for Renewable Energy Projects (2015) and the International Capital Market Association's & Green Bond Principles' Handbook on Harmonized Framework for Impact Reporting (June 2019). <sup>4</sup> Please note that this factor changed year-on-year from 43 gCO<sub>2</sub>e/kWh to 10.5 gCO<sub>2</sub>e/kWh. This explains why estimated avoided emissions decreased between 2020 and 2021 although clean energy production increased from 87 GWh to 97 GWh. <sup>5</sup> Calculated using the 2020 benchmark for GHG emission intensity of electricity generation in Iceland, estimated at 10.5 gCO<sub>2</sub>/kWh by the Environment Agency of Iceland.



# Green buildings

Eco-efficient buildings grew from one to 16 in 2021.




Eligible projects in the green building category rose from one in 2020 to six in 2021. Included are three large commercial buildings which are currently in use and carry the BREEAM in-use very good certification.

Other projects eligible in this category involve the renovation of an office building to meet the standards of the Nordic Swan Ecolabel and the construction of a Swan labeled residential development. Once completed, the latter project will offer twelve eco-efficient homes for sale to the general public.



Buildings and construction account for 37% of global energy-related CO<sub>2</sub> emissions<sup>1</sup>. Funding eco-efficient buildings is therefore one of the most impactful uses of green financing.

## Estimated impact of Íslandsbanki's share of funding<sup>2</sup>

	Certification	Units	Size (m <sup>2</sup> )	ISK m	Share of funding
Certified commercial buildings in use		3	83,000	9,371	85%
Renovated office buildings		1	600	180	100%
Residential building (under construction)		12	750	136	75%
<b>Total</b>		<b>16</b>	<b>84,000</b>	<b>9,688</b>	<b>85%</b>



## Renovating buildings for greater eco-efficiency

ARKÍ is one of the largest architecture firms in Iceland and is committed to growing the share of sustainable buildings on the market. The firm has been central to designing environmentally certified new builds in Iceland. ARKÍ also became one of the first firms in the Nordics to renovate their office building in accordance with the Nordic Swan ecolabel, completed in 2021.

The project received funding under Íslandsbanki's Sustainable Financing Framework which includes environmentally certified renovation measures in addition to eco-efficient new builds.

Renovating existing buildings presents great opportunities to minimize negative impact on the environment and human health, without the emissions associated with building new.

In January 2021, Íslandsbanki started offering green mortgage loans with interest rate discounts and cancellation of lending fees for owners of environment-friendly housing.

<sup>1</sup> See <https://www.economist.com/leaders/2022/06/16/the-property-industry-has-a-huge-carbon-footprint-heres-how-to-reduce-it> <sup>2</sup> A benchmark for building emissions in Iceland is currently being developed.  
<sup>15</sup> Once available, Íslandsbanki will report on the estimated reduced/avoided GHG emissions (tonnes CO<sub>2</sub>e) per year from the green buildings financed as per its Sustainable Financing Framework.



# Sustainable waste management

## Activity in 2021

One loan has been approved into the sustainable waste management category for the construction of a biogas and composting plant. The project is aligned with Iceland's Climate Action Plan<sup>1</sup> which includes action to improve waste management, more specifically a ban on the landfilling of biodegradable waste and the imposition of a landfill tax.

	ISK m	Share of funding
Biogas and composting plant	836	34%

## Impact assessment

The plant started operating in the second half of 2020. Biogas production has been successful, accounting for the total of avoided emissions under this category in 2021, whilst the production of compost has been delayed and is not expected to start until late 2022. Avoided emissions under this category are expected to rise once compost production takes off.

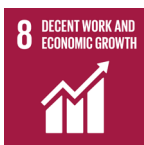
## Estimated impact of Íslandsbanki's share of funding<sup>2</sup>

	2021
Additional waste recycled (tonnes per year)	4,900
Estimated avoided GHG emissions (tonnes CO <sub>2</sub> e)	13,200

## Methodology

In the impact calculations for the biogas and composting plant under this category, biogas produced from waste is assumed to replace fossil fuels. The avoided emissions from recycling the two types of waste used in the production which would otherwise have been landfilled and composted, respectively, are also considered.





# Information and communications technology

## Impact assessment

Loans extended by the Bank under the information and communications technology category have financed 2,000 kilometres of fibre optic cable being laid around Iceland. Fibre optic cables offer the fastest and most energy efficient broadband technology available in Iceland. The cables provide an estimated 31,000 households with high-quality internet service and are 12 times more efficient at transmitting data than copper-based cables<sup>1</sup>.

### Iceland's optical fibre utilisation highest in Europe

For three years in a row, Iceland has ranked first in Europe for household utilisation of optical fibre. As of September 2021, 78.4% of Icelandic households used the service to access the internet. Only 10% of homes around the country remain unconnected and works are planned to reduce this number in 2022.

Source: Fibre to the Home Council Europe

The widespread connectivity of fibre optic internet achieved in Iceland also gives thousands of workers the option of reducing their carbon footprint by partially or fully working from home.

	ISK m	Share of funding
Fibre optic broadband	5,055	28%

### Estimated impact of Íslandsbanki's share of funding

Impact indicators	km
Cables laid	2,000





# Certified organic farming

## Activity in 2021

One eligible project is included in this category for the 2021 report. The organic farm supported uses 100% renewable energy, no pesticides and its produce leaves only 26% of the carbon footprint of comparable produce grown abroad and exported to Iceland.

## Impact assessment

	Units	ISK m	Share of funding
Certified organic farm supported	1	719	100%





# Sustainable seafood products<sup>1</sup>

The seafood industry is one of the pillars of the Icelandic economy. A healthy ocean and thriving fish stocks are key to Iceland's future prosperity.

Five seafood companies have been approved into the blue project category for eco-efficient products as of year-end 2021. In 2021, around 36,000 tonnes of MSC certified fish were caught by the financed companies and around 8,000 tonnes of sustainable seafood were produced.

Four out of the five seafood companies were granted "pure play" loans. A pure play company in the blue category is a company deriving over 90% of its revenue from MSC certified products, as defined by Íslandsbanki's Sustainable Financing Framework.



MSC certification is a way of showing that a fishery meets international best practice for sustainable fishing. In order to attain MSC certification, an independent body must assess and confirm a fishery's activity minimizes impact on ecosystems, that its level of fishing ensures enough fish are left in the ocean and that relevant laws are complied with.

## Estimated impact of Íslandsbanki's share of funding

	ISK m	MSC certified product sold (tonnes)	Certified products of total products sold	Share of funding
Sustainable seafood processing plants	1,800	8,000	100%	100%
Fisheries	17,600	36,000	96%	93%
Total	19,500	44,000	97%	94%



## Creating value through the utilisation of seafood by-products

Utilisation of cod liver has a long history in Iceland. Since having been used to produce fish oil in 18th century Icelandic homes, the utilisation of by-product cod liver has seen major progress. Around 85-90% of all cod liver from Icelandic vessels is used to produce canned liver and cod liver oil. The remaining unused liver is from freezing trawlers, making it difficult to process for the above purposes.

Seafood processing company Akraborg sources cod liver from fisheries all around Iceland to produce high quality MSC certified canned liver and liver pate. Akraborg has become one of the largest canning companies for fish liver in the world, producing 3,000 tonnes annually (22.4 million cans) of product. In 2021, Akraborg became one of the first companies eligible for loans in the blue category of Íslandsbanki's Sustainable Financing Framework.



# Education and vocational training

Two loans have been made under the education and vocational training category towards the construction and renovation of kindergartens. Eligible projects under the category include the construction or rehabilitation of educational establishments as well as training programmes related to vulnerable groups and other subjects important to social sustainability<sup>1</sup>.

	Early childhood education
Amount ISK m	441
Share of funding	100%
Number of buildings	2
Number of students reached	266

## Investing in childcare holds hands with greater gender equality

The impact of quality childcare is wide reaching, from supporting the learning and development of children to the advancement of women in the workforce.

In Iceland, less than one in ten children get a place in kindergarten right at the end of paid parental leave and parents are left to bridge the gap. Women are far more likely than men to end up filling the care gap. Investing in and increasing the supply of childcare supports gender equality by giving parents a choice of when to return to work.

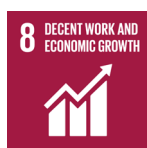
Independent provider of early childhood education The Hjalli model received financing under Íslandsbanki's Sustainable Financing Framework in 2021, providing 266 young children with early childhood education. The Hjalli model is known for its curriculum rooted in equality, training children in all human qualities regardless of gender.

Sources: The Icelandic National Broadcasting Service; Icelandic Ministry of Education and Children; The Hjalli model



# Other social project categories

Eligible assets in the social project categories include government defined company support, affordable housing and loans to gender balanced companies.



## Government defined company support

440 small and medium-sized companies have received COVID-19 support loans. The loans are accessible to SMEs that have sustained a substantial loss of revenue as a result of the COVID-19 pandemic.

	SME lending
Amount ISK m	3,600
Number of companies supported	440
Average loan size (ISK m)	8.3



## Affordable housing

60 units of social housing for low income families and individuals were financed under the category affordable housing.

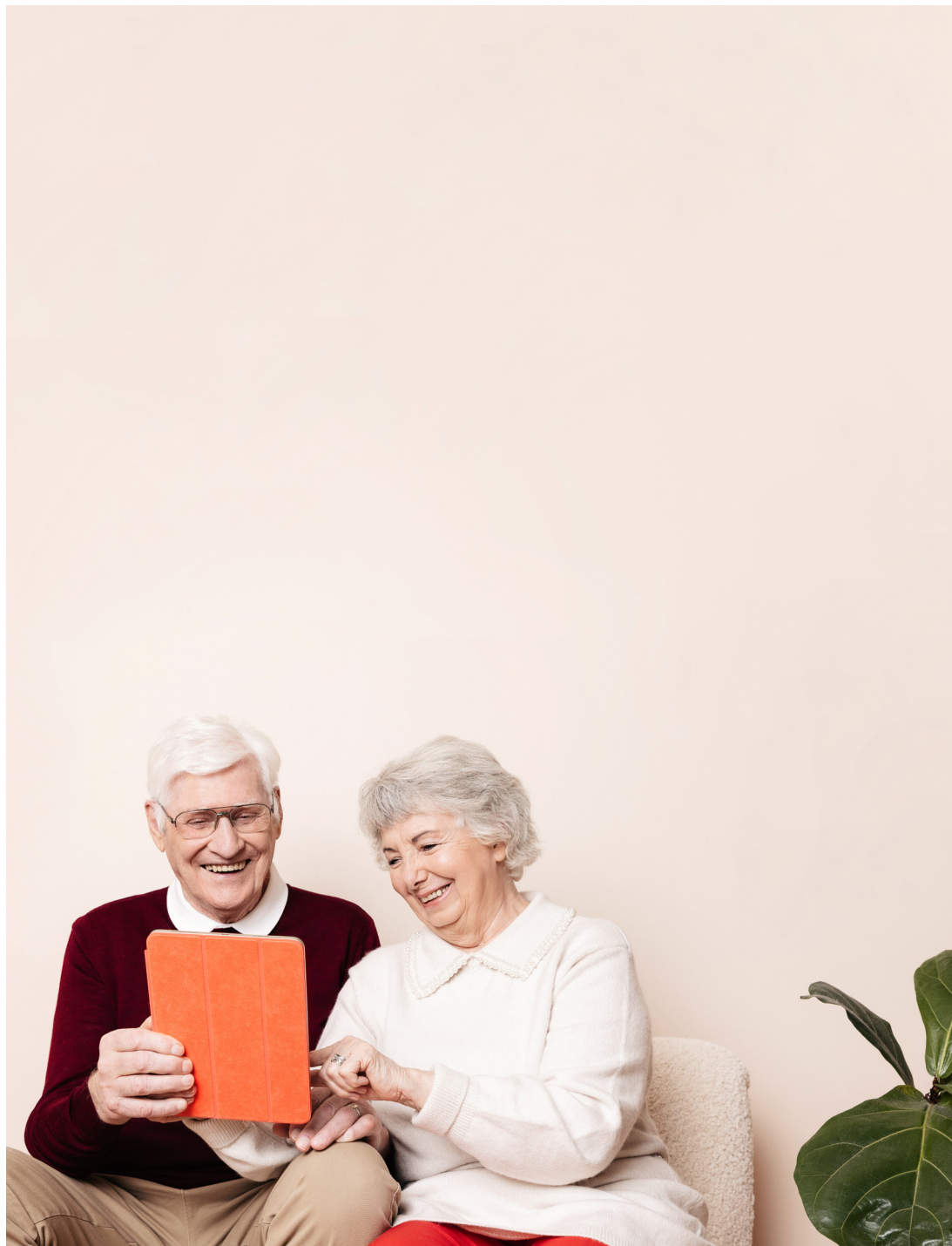
	Social housing
Amount ISK m	366
Share of funding	100%
Number of dwellings	60



## Equality, diversity and empowerment

30 loans have been made to gender balanced companies. Under the equality, diversity and empowerment category, loans are accessible to enterprises with gender balanced management and/or owners belonging to a disadvantaged target group<sup>1</sup>.

	Gender balanced companies
Amount ISK m	4,988
Share of funding	100%
Number of loans to gender balanced companies	30



# Appendices

# Overview of Allocation and Impact of Eligible Projects

Allocation to Eligible Projects				Selected impact indicators												
	Amount out-standing 31.12.2021	Share of funding	Share of capex <sup>3</sup>	Avoided green-house gas emissions <sup>4</sup>	Clean vehicles <sup>5</sup>	Clean energy produced	Green building	Additional waste recycled	Fiber optic cables laid	MSC certified products sold	Companies supported <sup>6</sup>	Dwellings	Students reached	Loans to gender balanced companies	Avoided green-house gas emissions per million ISK	Avoided green-house gas emissions per million EUR <sup>7</sup>
	ISK million	%	%	tCO <sub>2</sub> e	number of	GWh	number of	tonnes	km	tonnes	number of	number of	number of	number of	tCO <sub>2</sub> e	tCO <sub>2</sub> e
Clean Transportation	6,259	100%	100%	2,763	2,186										0.4	65
Renewable energy	6,332	100%	100%	867		97									0.1	20
Green buildings <sup>1</sup>	9,688	85%	100%				16									
Certified organic farm	719	100%	100%													
Sustainable waste management	836	34%	100%	13,202				4,900							15.8	2331
Information and communications technology <sup>2</sup>	5,055	28%	100%						2,000							
Sustainable seafood products	19,468	94%	94%							44,000						
Government defined company support	3,636	n.a.	0%								440					
Affordable housing	366	100%	100%									60				
Education and vocational training	431	100%	100%										266			
Equality, diversity and empowerment	4,988	n.a.	82%											30		
<b>Total</b>	<b>57,778</b>		<b>90%</b>	<b>16,832</b>												

1. A benchmark for building emissions in Iceland is currently being developed. Once available, Islandsbanki will report on the estimated reduced/avoided GHG emissions (tonnes CO<sub>2</sub>e) per year from the green buildings financed as per its sustainable financing framework. 2. No benchmark is available for GHG emissions from using copper-based broadband technology in Iceland. Estimated avoided emissions in this category are therefore omitted from the report. 3. Share of capex = how much of Islandsbanki's share of funding finances capital expenditures. 4. Calculated using the average GHG emission intensity of electricity generation in Iceland. The Icelandic benchmark emission factor for 2020 is estimated to be 10,5 gCO<sub>2</sub> e/kWh. 5. 5. In addition 13 charging stations and 99 electric bikes were funded. 6. Average loan size ISK 8.3 m 7. EUR/ISK=147,6 on 31.12.2021.

# Overview of Sustainability Instruments

Íslandsbanki had two sustainable bond issues that fall under the Sustainable Financing Framework outstanding with a total volume of ISK 51bn as of 31.12.2021.

	EUR 300m notes due November 2023	ISK 2.7bn notes due November 2025
<b>Issue code</b>	<b>EUR 300m' 23</b>	<b>ISLA GB 25 1126</b>
<b>ISIN</b>	XS2259867039	IS0000032498
<b>Format</b>	Senior unsecured	Senior unsecured
<b>Maturity</b>	20.11.2023	26.11.2025
<b>Volume</b>	EUR 300m	ISK 2,700m
<b>Coupon and issue spread</b>	0.5% (MS+100bp)	3.50%
<b>Type of bond</b>	Sustainable Bond	Green Bond
<b>Use of proceeds</b>	Sustainable projects	Green Projects
<b>Documentation</b>	GMTN Programme	ISK Bond Programme
<b>Final terms</b>	Series 30 Final Terms EUR due Nov 2023	ISLA GB 25 1126
<b>Press Release when issued</b>	<a href="https://www.islandsbanki.is/en/news/islandsbanki-is-sues-the-first-sustainable-bond-by-an-icelandic-bank">https://www.islandsbanki.is/en/news/islandsbanki-is-sues-the-first-sustainable-bond-by-an-icelandic-bank</a>	<a href="https://www.islandsbanki.is/en/news/islandsbanki-is-sues-the-first-green-bond-by-an-icelandic-bank">https://www.islandsbanki.is/en/news/islandsbanki-is-sues-the-first-green-bond-by-an-icelandic-bank</a>
<b>Outstanding amount 31.12.2020</b>	ISK 46,944m	ISK 2,709m
<b>Outstanding amount 31.12.2021</b>	<b>ISK 44,657m</b>	<b>ISK 6,603m</b>

Any proceeds of Sustainability Instruments that remain unallocated to Sustainability Loans or Assets are temporarily held in Íslandsbanki's liquidity portfolios in accordance with the Sustainable Financing Framework.



#### Disclaimer

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