

Responsible Banking Progress Statement for PRB Signatories



Summary template

Íslandsbanki 2025

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Íslandsbanki's strategy and aim is to make the Bank a model of exemplary operations in the Icelandic business community and a catalyst for positive social action, moving Iceland forward by empowering its customers to succeed. Financial health is a formal part of Íslandsbanki's policy, with the aim to promote financial health to our customers.</p> <p>The Bank has around a third of the market share of the segment it operates within. The segment includes individual banking, business banking, corporate and investment banking and IS Funds. Íslandsbanki has for the past years worked with various national and international organizations. The Bank finds it important to take part in international commitments and to support the national cooperation forum in the field of sustainability. Íslandsbanki is a member of UN Global Compact, PCAF, TCFD, UN Principles for Responsible Investing (IS Funds), Festa Center for Sustainability, Iceland SIF and UN Principles for Responsible Banking (UN PRB). The Bank places emphasis on the following UN Development goals:</p> <ul style="list-style-type: none"> • 4 Quality Education • 5 Gender Equality • 9 Industry, Innovation and Infrastructure • 13 Climate Action 	<p>The carbon footprint and intermediate targets related to the Bank's net-zero ambition can be found in the Bank's Road to net zero report. The Bank's climate objectives are presented in accordance with the guidelines from the NZBA, with the aim of supporting the goals of the Paris Convention and Iceland's ambitious climate targets. One of the Bank's 2026 goals is to start the process of setting a confirmed scientific target for total short- and medium-term emissions.</p> <p>The carbon footprint of Íslandsbanki's balance sheet is estimated annually based on the PCAF methodology. The Bank has published goals for 64% of the loan portfolio and 78% of total emissions with baseline year 2019.</p> <p>Íslandsbanki had several sustainability goals for 2025 related to climate change. The Bank finished integrated sustainability risk into the Bank's risk model for corporate lending and thereby having sustainability risk affecting the pricing of the Bank's loans.</p> <p>The Bank's financed emissions show that the carbon footprint of the loan portfolio and assets under management is significantly higher than the carbon footprint of the Bank's operations. Encouraging, educating and supporting our customers on their sustainability journey is therefore of the most importance and is the most impactful way we can contribute to action on</p>	<p>Íslandsbanki's purpose is to empower its customers to be a force for good, and to create value for the future in a sustainable way. Therefore, the Bank places emphasis on sustainability in dialogue with the Bank's customers. The Bank had 25 meetings with corporate customers with the purpose of discussing sustainability matters and net-zero aims.</p> <p>At the end of the year 2025, 88% of all credit risk had been assessed from the perspective of ESG risk factors, same as last year. This assessment is used to provide an overview of the most material sustainability related risks within the Bank's loan portfolio. Business- and credit managers use the assessment to engage with customers about sustainability risks and opportunities. Íslandsbanki has also published four sector guidelines that provide information and guidance on sustainability for various sectors. By engaging with customers on sustainability, the Bank believes it provides them with good service as well as decreasing sustainability risk within its portfolio.</p> <p>The Bank's Sustainable funding grew by 40% at the end of year 2025 and amounted to ISK177 billion. Green loans were 90% of sustainable loans and social loans 10%. Biggest reason for the growth was following the development of an assessment model for Íslandsbanki's mortgage portfolio set to identify energy efficient properties.</p>

	<p>climate change.</p> <p>In 2025 the Bank set forth a new five-year focus areas along with targets for 2026.</p> <p>Focus areas to 2030:</p> <ul style="list-style-type: none"> - Net-zero emissions and transition - Financial health of customers - Own workforce, diversity and inclusion - Clear and strong governance - Reporting disclosure and education 	
<p>Links & references</p> <p><u>Link to annual and sustainability report</u> Page 23 – 25 Personal, Business, Corporate and Investment Banking Page 37 – Working towards a sustainable future Page 50 – Financial health <u>Sustainability Policy</u></p>	<p>Links & references</p> <p><u>Link to annual and sustainability report</u> Page 39-40 – Double materiality assessment Page 44 – Financed emissions Page 46 – On the road to net-zero loan portfolio Page 58 – Sustainability targets further ahead Page 47 – Carbon-neutral operations and <u>Road to net zero 2022.pdf</u></p>	<p>Links & references</p> <p><u>Link to annual and sustainability report</u> Page 38 – Sustainability milestones in 2025 Page 41 – Sustainable Funding Framework Page 53 – Cooperation and dialogue with customers <u>Sustainable Funding Framework • Íslandsbanki Sector guidelines</u></p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Íslandsbanki continuously engages with various stakeholders such as employees, customers and suppliers on sustainability topics.</p> <p>In 2025 Íslandsbanki continued working on double materiality assessment, engaging employees from all over the Bank in workshops and discussions as well as various stakeholders with interviews.</p> <p>The Code of conduct for suppliers was updated in 2024 and the percentage of suppliers who have officially certified that they followed the suppliers code of conduct is 88%</p> <p>Íslandsbanki engaged with customers on their own sustainability journey, discussing sustainability and net-zero aims.</p>	<p>Clearly defined sustainability-related roles and responsibilities ensure regular follow-up and strengthen the Bank's capacity to respond to challenges and opportunities associated with sustainability. The Board of Íslandsbanki approves the Bank's sustainability policy and targets and determines the Bank's sustainability-related risk appetite.</p> <p>The Board Corporate Governance and Human Resources Committee, a sub-committee of the Board, assists the Board in monitoring, discussing, and implementing the sustainability policy, including the implementation of the Sustainable Funding Framework and the formulation of sustainability targets, as well as monitoring compliance with the policy. The Board is updated regularly on sustainability developments, and key sustainability metrics are a part of its monthly risk dashboard.</p> <p>The CEO is the owner of the sustainability policy, and the Executive Committee is responsible for the implementation of sustainability targets and for ensuring that the relevant rules and procedures within their departments are in line with the policy.</p> <p>The Sustainability Committee is a formal forum for reviewing and discussing matters related to the Bank's sustainability strategy formulation and the Bank's commitments regarding sustainability.</p> <p>The Bank's Sustainability council includes employees from various departments within the Bank. It held four meetings in 2025 to discuss sustainability matters, developments and opportunities.</p> <p>Sustainability is integrated in the Bank's role. Further, Íslandsbanki's strategy emphasizes financial health, as well as physical and mental health. The bank encourages its employees to contribute to</p>	<p>This year, selected disclosures in the Bank's Annual and Sustainability Report have been reviewed and received a limited assurance by KPMG ehf. The assurance also covers this publicly disclosed information on Íslandsbanki's PRB commitments.</p> <p>Íslandsbanki submitted measurements of the carbon footprint from the Bank's operations as well as its loan and asset portfolio for 2024 to the Climate Disclosure Project (CDP). Íslandsbanki's Pillar 3 report for 2025 contains a separate chapter on sustainability and climate risk based on international Task Force on Climate-related Financial Disclosures (TCFD) criteria for the 5th year in a row.</p> <p><u>Additional relevant reports:</u> Pillar 3 ESG Factbook Road-to-net-zero 2022 Sector guidelines Human resources strategy Sustainability Policy</p>

	<p>charitable causes. Employees can dedicate one workday per year to a good cause through the Bank's Helping Hand program. Íslandsbanki places strong emphasis on ensuring equality, diversity, and human rights by welcoming all customers and employees.</p> <p>To ensure sustainability awareness and knowledge within the Bank, the Bank hosts workshops and offers educational materials. In 2025 10 workshops and open educational meetings were held for employees. The Bank offers employees educational material online as well.</p>	
<p>Links & references</p> <p>Link to annual and sustainability report</p> <p>Page 38 – Sustainability milestones in 2025</p> <p>Page 39-40 Double materiality assessment</p> <p>Page 50 – Financial health</p>	<p>Links & references</p> <p>Link to annual and sustainability report</p> <p>Page 38 – Sustainability milestones in 2025</p> <p>Page 50 – Financial health</p> <p>Page 53 – Sound governance practices</p> <p>Page 54 – Employee participation and sustainability culture</p> <p>Human Resources Strategy</p> <p>Sustainability Policy</p>	<p>Links & references</p> <p>Link to pillar 3 report</p> <p>Link to annual and sustainability report</p> <p>Road to net zero 2022.pdf</p> <p>Sustainable Funding Framework • Íslandsbanki Sector guidelines</p> <p>Human Resources Strategy</p> <p>Sustainability Policy</p> <p>ESG Factbook</p>

