



# On the road to net-zero

Financed emissions in 2021  
and initial sector-specific  
emission reduction targets  
(according to PCAF and  
NZBA guidelines)

October 2022





# Table of contents



3

4

11

22

29

## Foreword from Birna Einarsdóttir, CEO



Last year we set out a bold goal – achieving net-zero emissions by 2040. Setting such a long-term ambition without knowing our precise starting point or the path towards the goal might seem somewhat intrepid.

But after careful consideration and discussion in the sustainability committee, the management team and the Board Room, we felt we had no choice. Articulating such an ambition was surely just a matter of time, and the earlier we said it out loud, the more pressure we would put on ourselves to figure out ways to deliver on this big promise.

We are proud to be the only Icelandic founding members of the industry-led, UN-convened Net-Zero Banking Alliance (NZBA). The alliance brings together banks worldwide, representing over 40% of global

banking assets and will allow us to learn from others and contribute with our lessons and experience.

This publication is an important step on that journey, as we now publish our initial sector-specific emission reduction targets covering 61% of total lending and 71% of total emissions. On the following pages, we also publish our financed emission estimates for 2021, including, for the first time, assets under the management of Iceland Funds, Íslandsbanki's asset management subsidiary.

Iceland has a very different starting point, with 85% of energy coming from renewable sources and geothermal heating of most houses – while at the same time being highly reliant on aviation and maritime shipping due to the geographical location of our island. The only energy production Íslandsbanki finances is hydropower, which has one of the lowest carbon footprints of all energy generation methods available. The main emission reduction opportunities are therefore concentrated in the transition to green transportation means – in the air, on land and at sea.

One of the report's key findings is that emissions from balance sheet activities are projected to fall by 60% by 2030 and by 85% by 2040. Íslandsbanki's net-zero 2040 ambition is certainly highly challenging but conceivable for most domestic sectors. Aviation and maritime shipping will have the most significant gaps to be closed due to technology and scale-up challenges.

There is clearly scope for improvement across the whole task, which we will continue working on in the coming months and years. In particular, we lack data, national standards and baselines in many areas – but identifying those has allowed us to have a constructive dialogue with stakeholders in Iceland on how to work together to address these shortfalls.

We hope this publication will help us take more informed decisions and be a true force for good. We look forward to continuing our sustainability journey – together with our clients, investors, and other partners.

A handwritten signature in black ink that reads "Birna Einarsdóttir". The signature is fluid and cursive, with a large initial 'B'.

Birna Einarsdóttir  
CEO of Íslandsbanki and Chair of the  
Sustainability Committee

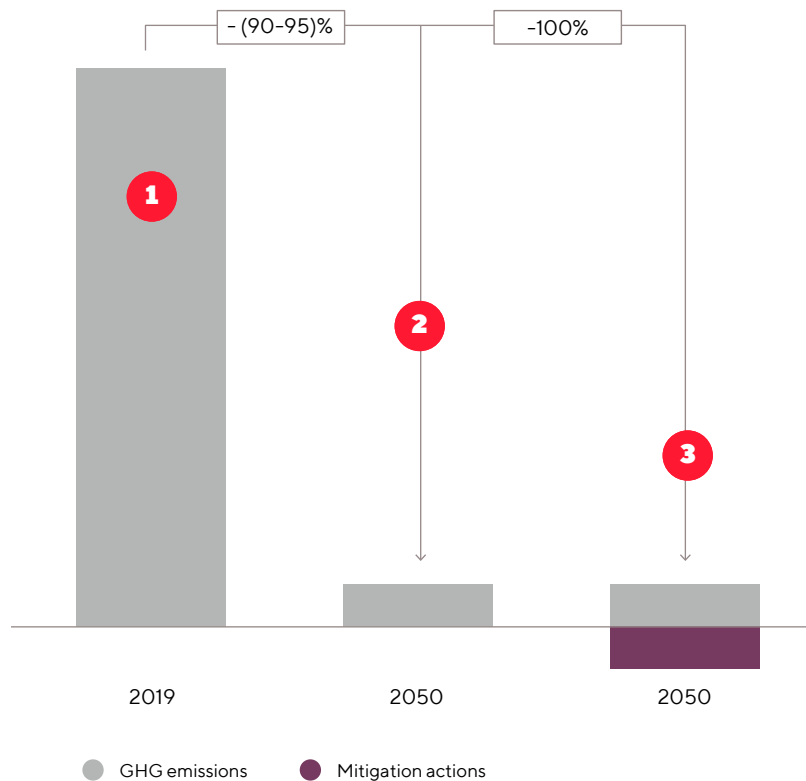


# Key findings

# Definition of net-zero and (potential) role of offsets

Net-zero is “cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.”<sup>1</sup>

## The road to net-zero



### 1 Measure

According to the Net-Zero Banking Alliance (NZBA) the scope shall cover a significant majority of a bank's Scope 3 emissions, including the set list of carbon-intensive sectors.

### 2 Reduce

Under the SBTi Standard, most companies require a deep decarbonization of 90-95% to reach net-zero.

### 3 Offsets / Net-negative financing

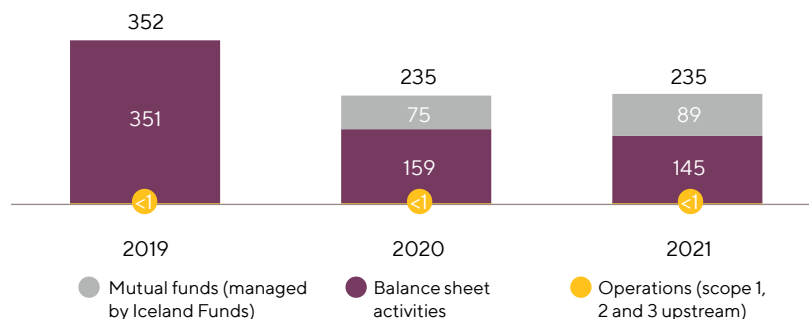
There is a difference in the use of offsets in the NZBA vs. SBTi guidelines. According to NZBA “Offsetting for achieving end-state net-zero should be restricted to certified carbon removals to balance residual emissions” while SBTi is stricter on the fact that “the use of offsets is not counted as emission reductions toward the progress of Fis’ science-based targets.” Currently Íslandsbanki expects to have some residual emissions that will not be zeroed out by net negative emission loans which means some mitigation actions will be needed to get to net-zero.

# Financed emissions in 2021 (PCAF disclosures)

Emissions from mutual funds managed by Iceland Funds are included for the first time, YoY changes of emissions from balance sheet are due to COVID-19 recovery offset by changes in attribution factor

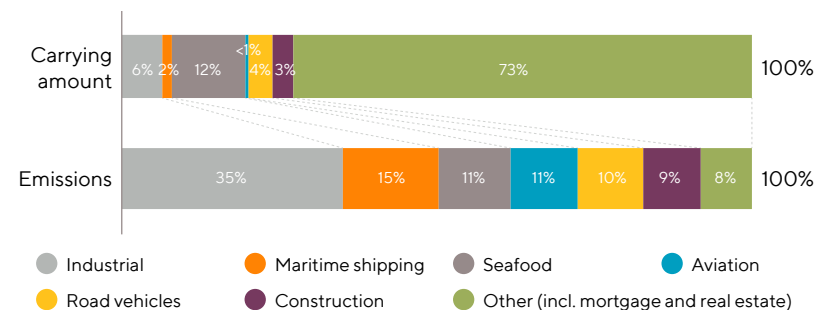
## Íslandsbanki's total emissions 2019-2021

ktCO<sub>2</sub>e by source



## Emissions from balance sheet activities in 2021

Sector split by amount and emissions (total = 145 ktCO<sub>2</sub>e)



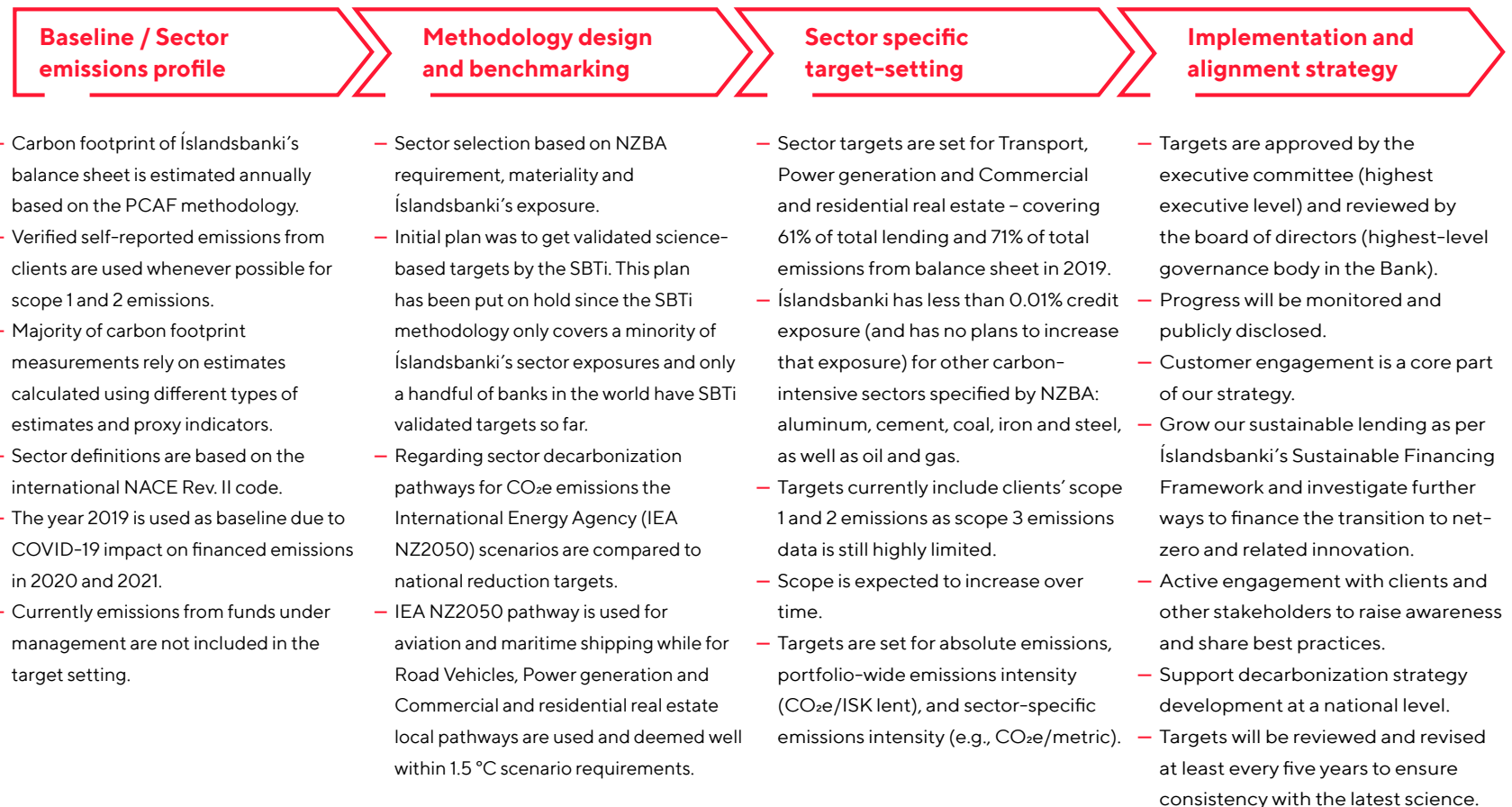
The foundation of mapping the path to net-zero is the PCAF<sup>1</sup> assessment of financed greenhouse gas emissions. Íslandsbanki has previously presented its 2019 (selected as the baseline year) and 2020 assessments, but now the 2021 results are disclosed as well. The main change from last reporting is that emissions from mutual funds managed by the Bank's funds subsidiary, Iceland Funds, are included for the first time in the 2020 and 2021 figures.

The estimations presented in the previous PCAF report proved to be important for the Bank, both internally and externally. The information gained gave the Bank an insight into where both the opportunities and threats lie when looking through the "carbon glasses". The balance sheet emissions split by amount and emissions can be viewed as a treasure map guiding to where the Bank can look for the highest impact of engagement.

The 2021 estimate remained low compared to the 2019 results. The Bank expected the estimate would rise again after COVID-19 impacted results in 2020. However, increased market cap of several of the heaviest emitters resulted in the Bank financing less off the emissions compared to 2019, and therefore the emissions are even lower than 2020.

# Íslandsbanki's approach to climate target setting

Set out in accordance with the Guidelines for Climate Target Setting for Banks<sup>1</sup> published in April 2021 and NZBA Intermediate Target Disclosure Checklist published in June 2022

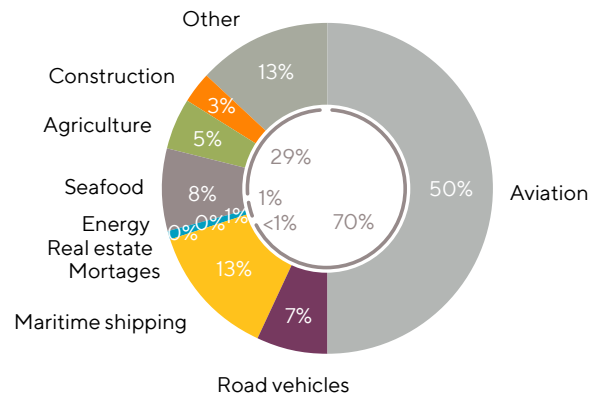


# Íslandsbanki's pathway to net-zero

Initial sector-specific pathways to net-zero now published in accordance with the net-zero Banking Alliance's guidelines – Iceland's different starting point is reflected in the emission reduction targets

## Emissions from balance sheet at base year

ktCO<sub>2e</sub> in 2019 = 351



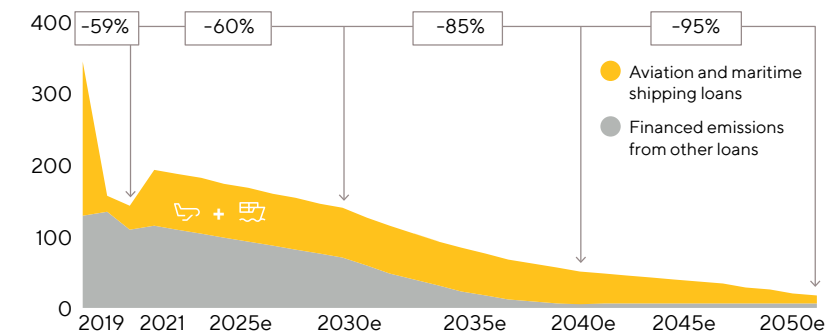
## Sector-specific emission reduction targets

Reduction from base year (2019)

Sector	2030	2040	2050
Aviation and maritime shipping	>65%	>75%	>95%
Road vehicles	>50%	>95%	>100%
Commercial and residential real estate	<0%	<0%	<0%
Power generation	0%	0%	0%

## Estimated pathway of emissions from balance sheet<sup>1</sup>

(ktCO<sub>2e</sub>)







## Highlights

- 2019 was chosen as base year due to significant COVID-19 impact in 2020–2021
- Íslandsbanki's ambition is to empower customers on their net-zero journeys rather than excluding sectors that have challenging and capital-intensive transitions ahead
- Due to Iceland's unique starting point of close to 100% renewable power generation and 85% of houses being heated with geothermal energy, emissions from real estate and power generation are not expected to decrease
- Íslandsbanki has negligible (and no plans to increase) credit exposure for other carbon-intensive sectors specified by NZBA: Aluminum, cement, coal, iron and steel, oil and gas
- Sectoral pathways for key industries in Iceland are under development and Íslandsbanki's pathways for seafood, agriculture and construction are due to be added before the end of 2023



# Sector-specific emission reduction targets

Sector targets have been set for transport, power generation and commercial and residential real estate – covering 61% of total lending and 71% of total emissions from balance sheet in 2019

Sector	Share of balance sheet at YE 2019		Comment	Reduction targets vs. 2019:		
	Amount	Emissions		2030	2040	2050
 <b>Aviation and maritime shipping</b>	3%	63%	Estimated aviation and maritime shipping emission reductions in 2020 and 2021 were significantly more than required by IEA NZ2050 pathway (1.5-degree compatible). After COVID-19 recovery in 2022 emissions are projected to decline by 3% annually.	>65%	>75%	>95%
 <b>Road vehicles</b>	5%	7%	In 2030 importing new fossil fuel passenger vehicles to Iceland will be prohibited and financed emissions for passenger cars will reach zero by 2037. In addition, 95% of heavy-duty vehicles should run on clean energy by 2040.	>50%	>95%	100%
 <b>Commercial and residential real estate</b>	52%	<1%	About 85% of houses in Iceland are heated with geothermal energy and renewable energy provided almost 100% of electricity. Therefore, emissions from operating real estates are already low but expected to grow in line with GDP until 2030.	<0%	<0%	<0%
 <b>Power generation</b>	1%	<1%	Íslandsbanki's power generation funding is 100% hydropower generation (one of the least emission intensive electricity generation methods available) hence the sector-specific target is to keep the emissions unchanged.	0%	0%	0%
<b>Total</b>	<b>61%</b>	<b>71%</b>				

Note that Íslandsbanki has negligible (and no plans to increase) credit exposure for other carbon-intensive sectors specified by NZBA: aluminum, cement, coal, iron and steel, oil and gas.

# Taking action with our clients

Encouraging, educating and supporting our customers on their sustainability journey is the most important and impactful way we can contribute to action on climate change



## Pillar 3 report

### Managing sustainability risk

Sustainability risk management has been more effectively integrated into key processes relating to lending, investments, and product development during the year. As of mid-October 2022, 56% of all credit risk exposure<sup>1</sup> has been assessed with respect to ESG. All loans that fall under the Sustainable Finance Framework have been assessed.

This year the Bank updated its exclusion list which is a part of the Sustainability policy. The Group will not invest in companies that operate in sectors that are considered to be a threat to sustainable development. It also defines the type of activities the Bank will not finance, neither directly nor indirectly.

More detailed coverage of sustainability risk management can be found in the Bank's Pillar 3 Report for 2021 which contains a chapter on sustainability risk and climate risk in compliance with TCFD criteria.



## Sustainable financing for corporates

### Financing the net-zero transition

The transition to a net-zero world will require substantial investment which creates opportunities for banks to support customer's financial needs. As of mid-October 2022 66bn ISK of Íslandsbanki's loan book falls under the Bank's Sustainable Financing Framework.

The Bank is committed to creating positive incentives to expedite investment in the transition that is needed to halt climate change. A part of that financial incentive comes from channelling favourable funding rates when issuing sustainable bonds and another part comes from evidence that suggests sustainable loans can entail lower credit risk. This way, more favourable funding rates can be offered for sustainable projects and corporate clients of the Bank.

### Participation in customer dialogues

Banks will not truly be a force for good unless they manage to empower their employees and customers to be the change that is needed. This empowerment starts with education, awareness and knowledge building which is why growing emphasis has been put on sustainability education and events both for employees and customers.

Sustainability has started coming up more and more frequently in dialogues with corporate clients. Also, the Bank has started taking a more proactive approach to better understand the companies transition plans.

Íslandsbanki is currently working on publishing and implementing a number of sector guidelines. The objective is to create a common ground on sector-specific sustainability matters. Our hope is that customers can use the guidelines to mitigate sustainability risk and create opportunities.

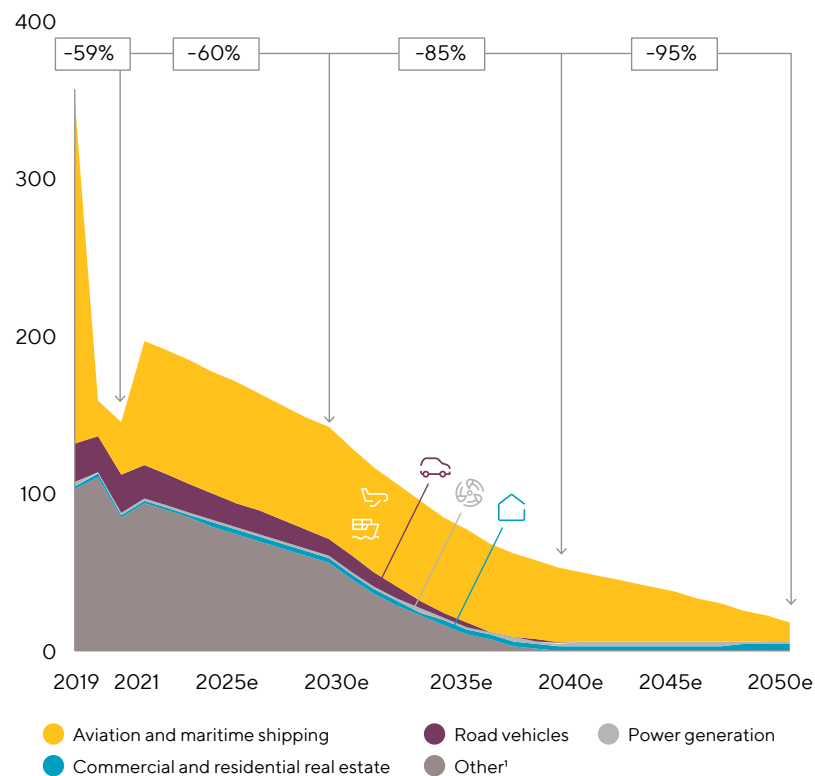


# Sector-specific emission reduction targets

# Balance sheet emission reduction pathway

Íslandsbanki's net-zero 2040 ambition is highly challenging, but conceivable for most domestic sectors. Emissions from balance sheet activities are projected to fall 60% by 2030 and 85% by 2040.

Estimated pathway of emissions from balance sheet (ktCO<sub>2</sub>e)



The Icelandic pathway applies to residential and commercial real estate, road transport and energy production. An international pathway (IEA NZ2050) is used for aviation and maritime shipping while all other sectors such as seafood, agriculture, construction, and general industry have no formally approved pathways.

The material drop from 2019 to 2020 and 2021 is mostly explained by reduced emissions from aviation during the COVID-19 pandemic and by lower attribution factor due to financial restructuring. Going forward, the emissions are expected to resume from 2019 levels since activities are picking up, while the attribution factor is expected to continue from 2021 levels. This explains the “checkmark” shape of the path for the first four years.

The emission intensity of all other loans (that have no formal sector-specific targets) are assumed to remain unchanged until 2030 and financed emissions therefore rise with assumptions for GDP. From 2030 to 2040, however, emissions from those loans are projected to decrease at a constant rate to reach net-zero by 2040 in line with Iceland’s national emission reduction goal. Note that this development is not a part of the Bank’s formal NZBA disclosure but is shown here for informational purposes.

# Transport

The transport sector accounts for 36% of financed emissions from Íslandsbanki's loan portfolio in 2021, down from 70% in 2019 due to COVID-19 impact.

Iceland is heavily dependent on the transports and logistics sectors. Due to the island's location in the middle of the Atlantic Ocean, reliance on imports, exports and tourism as a key pillar of the economy. At the same time the single largest opportunity to reduce emissions in Iceland lies in the energy transition in the transport sector.<sup>1</sup>

Transport has the highest reliance on fossil fuels of any sector in the world according to the IEA.<sup>2</sup> This is even more evident in Iceland, where renewable energy provided almost 100% of electricity production (73% from hydropower and 27% from geothermal power).<sup>3</sup>

Electric cars accounted for 25% of newly registered cars and plug-in hybrid cars for 42% in 2021 - this is one of the highest ratios in the world and has been supported through public incentives.

Nowhere in Europe (and probably the world) is the impact of switching to an electric car as big as in Iceland.<sup>4</sup>

Aviation, maritime shipping and the seafood sector is a larger task due to technological challenges and longer lifetime of aircrafts and vessels.

Iceland has the ambition to become independent of fossil fuels by 2050 - a vision that is still reliant on technological advances.

## Actions

The Bank offers reduced interest rates on green car loans and special funding effort towards charging stations. Furthermore, emphasis has been put on training and guest lectures for staff in order to empower them to engage in an active client dialog around sustainability and energy transition.

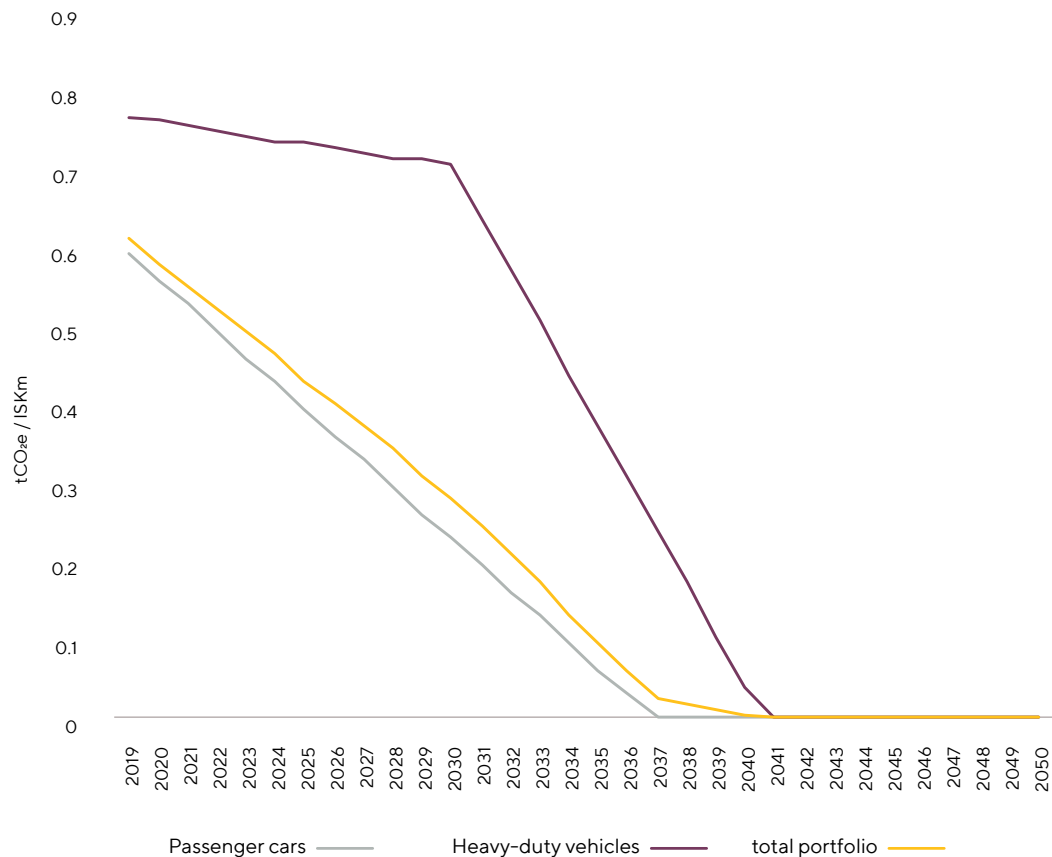
# Transport - Road vehicles

To assess a realistic path for road vehicles, the Bank considers the Icelandic government's regulations and plan of action. Iceland is almost exclusively reliant on renewable energy sources and therefore electric vehicles are both affordable as gas prices rise (with incoming carbon taxes) and emit less than in our neighbouring countries.

From 2030 importing new fossil fuel passenger vehicles to Iceland will be prohibited. Therefore, the last loan towards fossil fuel passenger vehicle will be no later than 2029, and the lifetime of such loans are at maximum 7 years. The line is therefore drawn to zero for passenger cars in 2037.

According to the Icelandic electric consumption and production forecast, 95% of heavy-duty vehicles should be electric by 2040 and so these vehicles have an endpoint of 95% less emissions by 2040 compared to 2019. However, the reduction is only 8% by 2030.

Emission intensity per million of loans to road vehicles

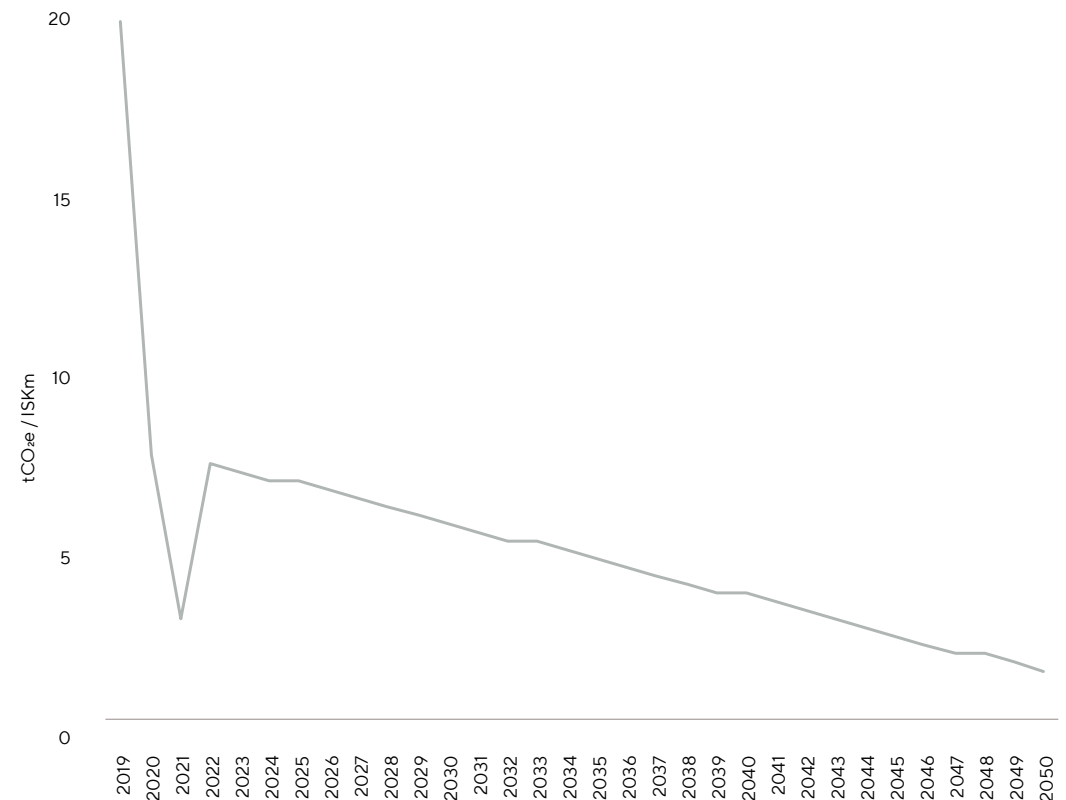


# Transport - Aviation

Unlike road vehicles that are subject to local governmental constraints, aviation is under international constraints. The Bank therefore considers the International Energy Agency net-zero 2050 (IEA NZ2050) pathway for aviation. Within the IEA NZ2050 pathway, emissions caused by aviation are expected to rise from 2019 to 2025, and then start to decline to 2050. The sector is expected to grow by 3% per year but the growth is constraint by government policies.<sup>1</sup>

As Iceland is an island, the country is heavily reliant on aviation and shipping for international travel, import and export of goods.

Emission intensity per million of loans to aviation companies



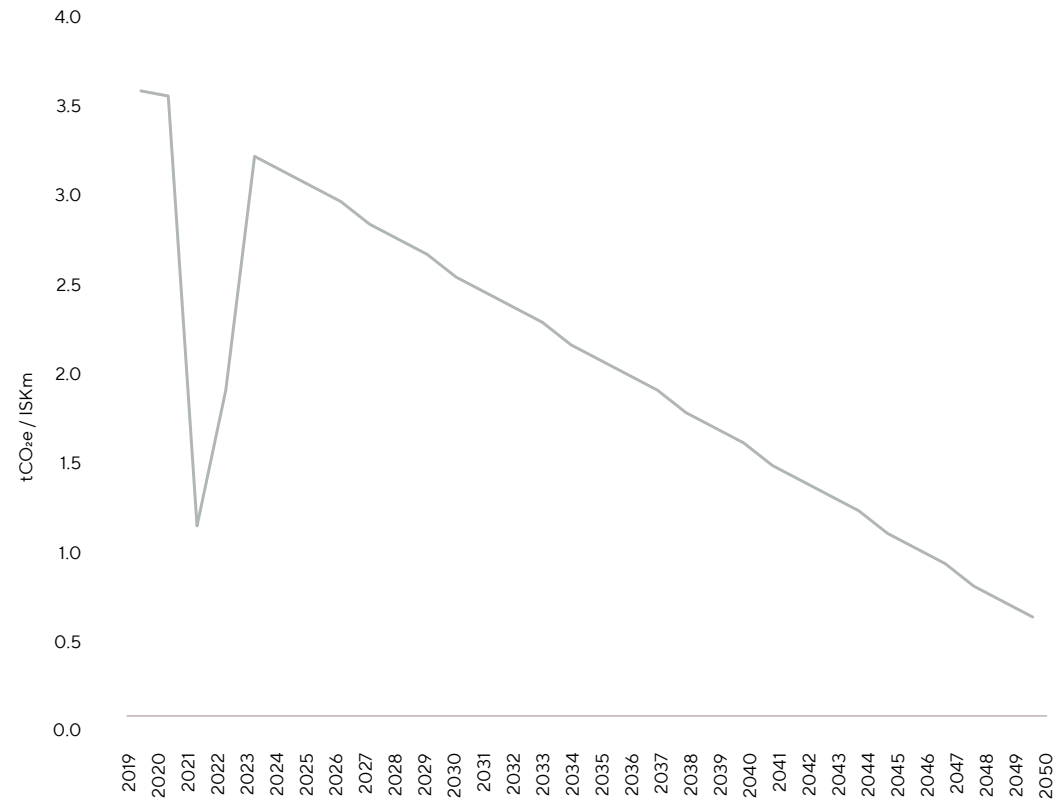
<sup>1</sup>International Energy Agency

# Transport - Maritime shipping

Maritime shipping, like aviation is under international constraints. According to the IEA NZ2050 pathway, the maritime shipping industry is not expected to achieve net-zero by 2050. This is due to the long lifetime of vessels and lack of available low-carbon options on the market.

The emissions are though expected to decline significantly, by 3% annually from 2019. This assumptions has been applied to the 2019 intensity of the maritime shipping portfolio.<sup>1</sup>

Emission intensity per million of loans to maritime shipping companies



<sup>1</sup>International Energy Agency



# Power generation

Renewable energy provided almost 100% of electricity production (73% from hydropower and 27% from geothermal power)<sup>1</sup>

The energy sector accounts for 1% of Íslandsbanki's total outstanding loans, but only around 0.01% of financed emissions in 2019.

All exposures to the sector are related to hydropower generation which is one of the least emission intensive electricity generation methods available, even significantly lower than geothermal power.

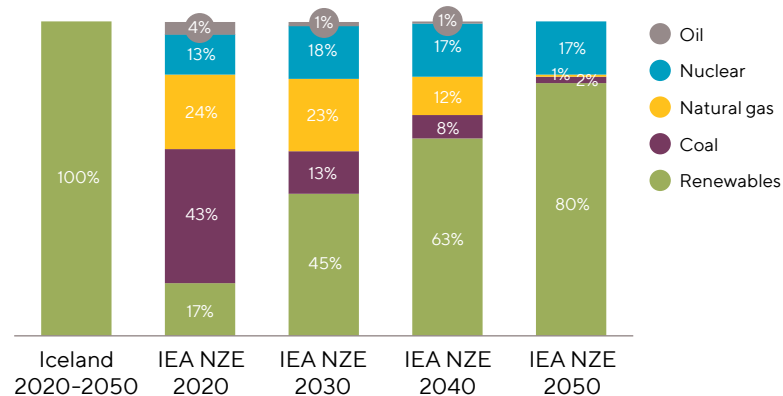
All electricity generation projects are subject to the latest technical EU taxonomy screening criteria of life cycle emissions and fall under Íslandsbanki's Sustainable Financing Framework.

No action plans to reduce or change the mix of exposure are needed as increased power generation in Iceland is a prerequisite for phasing our fossil fuels in Iceland (in particular in the transport sector).

Bank is content with the emission from power generation and therefore the sector-specific target is to keep the emissions unchanged.

According to Icelandic legislation, all local hydropower and geothermal projects must follow the Icelandic Law on Environmental Impact Assessment.<sup>2</sup>

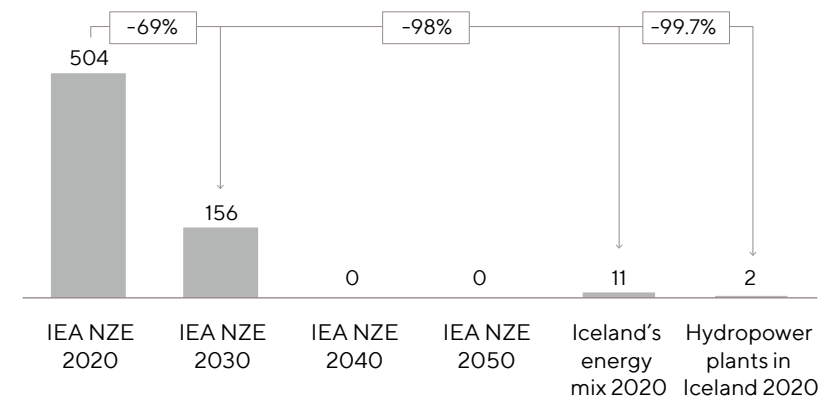
## Electricity generation mix in Iceland vs the IEA NZE



Source: IEA NZE, Icelandic Energy Agency

## Emission intensity factors of electricity generation

gCO<sub>2</sub>/kWh



Source: European Environment Agency, Environment Agency of Iceland [Losunarstuðlar](#)

17 <sup>1</sup> Government of Iceland – Energy.  
<sup>2</sup> Icelandic Law on Environmental Impact Assessment (106/2000) which is aligned with the European Directive 85/337/EEC

# Commercial and residential real estate



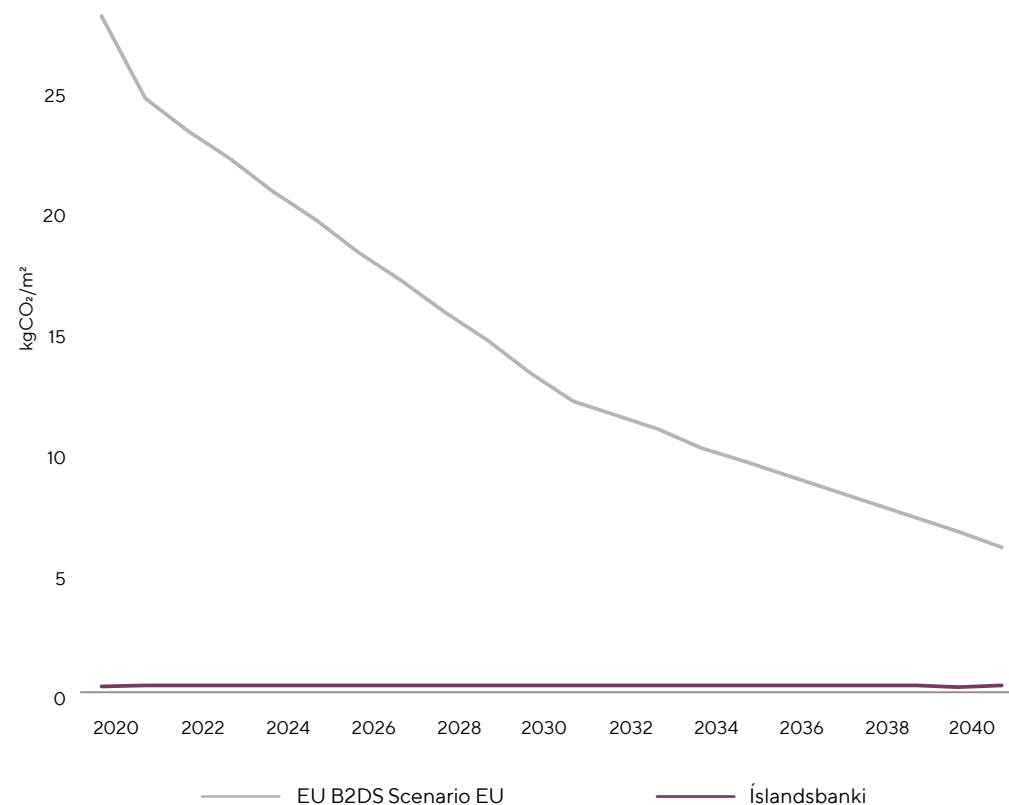
Commercial and residential real estate account for 47% of Íslandsbanki's total outstanding loans, but less than 1% of the financed emissions in 2019.

Greenhouse gas emissions from operating commercial and residential real estate are generally thought to be insignificant in Iceland. This is due to the natural resources of the country as almost all houses are electrified and heated by renewables, hydro power and geothermal energy.

This causes the emissions to be very low, even though the energy efficiency is lagging compared to our neighbouring countries.

## Residential real estate emission intensity per square meter

ISB vs EU B2DS Scenario EU<sup>1</sup>



# Commercial and residential real estate



Unlike in many European countries, there is no energy efficiency label for houses in Iceland yet. The reason is that energy efficiency has not been a major concern. About 85% of all houses in Iceland are heated with geothermal energy and renewable energy provided almost 100% of electricity production.

Therefore, a much larger emission reduction opportunity lies in the construction industry which is not yet covered.

A cooperative initiative by the Icelandic government and beneficiaries within the construction sector have published a guide towards ecological construction the lifecycle of buildings is assessed.

The results published in the guide indicate that energy usage of buildings was around 30% of the lifecycle emissions. The initiative does not distinguish between commercial and residential real estate and therefore the

guide is used for both types of real estate. The aim of the Byggjum grænni framtíð initiative<sup>1</sup> is to decrease the carbon footprint of energy usage within buildings by 7.5% by 2030.

The sector-specific target is based on unchanged emission intensity but a growth in the loan portfolio in line with GDP. This leads to an increase in the absolute emission by 17% by 2030 from a very low starting point.

## Actions

The Bank offers reduced interest rates on mortgages, green construction and commercial real estate. Furthermore the Bank actively engages in dialog with customers and is an active member of the Green Building Council Iceland. At the Green Building day in 2021 and 2022 the Bank held presentations on green financing opportunities and incentives.



# Other sectors

Within the other category are industry sectors such as seafood, agriculture, construction, manufacturing, waste management and more that have a very diverse nature

## Seafood

The seafood sector accounts for 13% of Íslandsbanki's total outstanding loans and 8% of the financed emissions in 2019. For Iceland as a whole, the share of emissions from the seafood sector and food production accounts for roughly 9% in 2019<sup>1</sup> and the sector is a specific focus area in Iceland's climate action plan.<sup>2</sup>

Oil consumption in the fishing industry has decreased significantly in recent decades. It has fallen from 247,000 tonnes in 1990 to 138,000 tonnes of fuel in 2020, which amounts to a 44% reduction. Fishmeal factories have almost completed the transition to green energy while the fishing fleet is still run by fossil fuel.

There are many interacting factors that come together to explain this development. Such as the fisheries management system, merger of companies, investment in tools and equipment, reduction and renewal of vessels that are more powerful and efficient, changing energy consumption and generally greater and better awareness of environmental issues.

Further investment in fleet and equipment renewals are needed to reach further improvements.

Continued innovation, increased emphasis on waste management and the circular economy has resulted in a competitive advantage for the Icelandic fishing industry. Companies within Fisheries Iceland (SFS) have established a social responsibility policy that is based on the UN Sustainable Development Goals.

## Actions

A category of Íslandsbanki's Sustainable Financing Framework is specifically dedicated to clean transport on sea, that is ferries, transport vessels and fishing vessels that operate on 100% on hydrogen, electricity, ammonia or certain biofuels. No loans have been granted yet; technology is the bottle neck.

In 2021, Íslandsbanki completed issuance of blue and green bonds for Icelandic seafood company Brim. The bonds were the first of their kind to be issued by Brim, as well as the first in Iceland to be categorised within a blue and green financing framework.

In addition, Íslandsbanki is actively engaging in customer dialogs and for example hosting a sustainability panel at The Seafood Conference Iceland in 2022.

# Other sectors

## Construction

Byggjum grænni framtíð has published goals regarding construction within Iceland. There aim is to decrease emissions caused by building material by 55% by 2030, transport at site and building construction by 70% by 2030 and renovation and improvements by 55% by 2030.

In total (weighted by the impact these actions have) the decrease is by 43% by 2030. This means that the carbon footprint of construction financed by Íslandsbanki should be able to decrease by 43% and go down from 10.5 ktCO<sub>2</sub>e in 2019 to 6.0 ktCO<sub>2</sub>e in 2030.



## Agriculture

The prominent emissions from agriculture is CH<sub>4</sub> and N<sub>2</sub>O rather than the more traditional CO<sub>2</sub> greenhouse gas.

The emissions from agriculture in Iceland have been quite stable since 2005 with enteric fermentation of livestock being the largest source.

The Icelandic government has placed emphasis on increasing vegetable production, as it is not as carbon intensive as meat production, better use of fertilizer and improved feeding to reduce enteric fermentation. However, the 2030 emission reduction amounts to 5% compared to the 2005 emissions of the sector, and 9% compared to 2018.

The Bank has already started engaging with its agriculture clients. A local calculator<sup>1</sup> that estimates the carbon footprint of agricultural activities, based on the volume of livestock, feed, oil and more is used to assess the greenhouse gas emission of the production. Clients have been asked to either provide the information needed or simply use the calculator themselves, to improve the Bank's data on the agricultural activities within its lending portfolio. Better mapping the current emissions within this complicated category is the first step planning the path to net-zero.

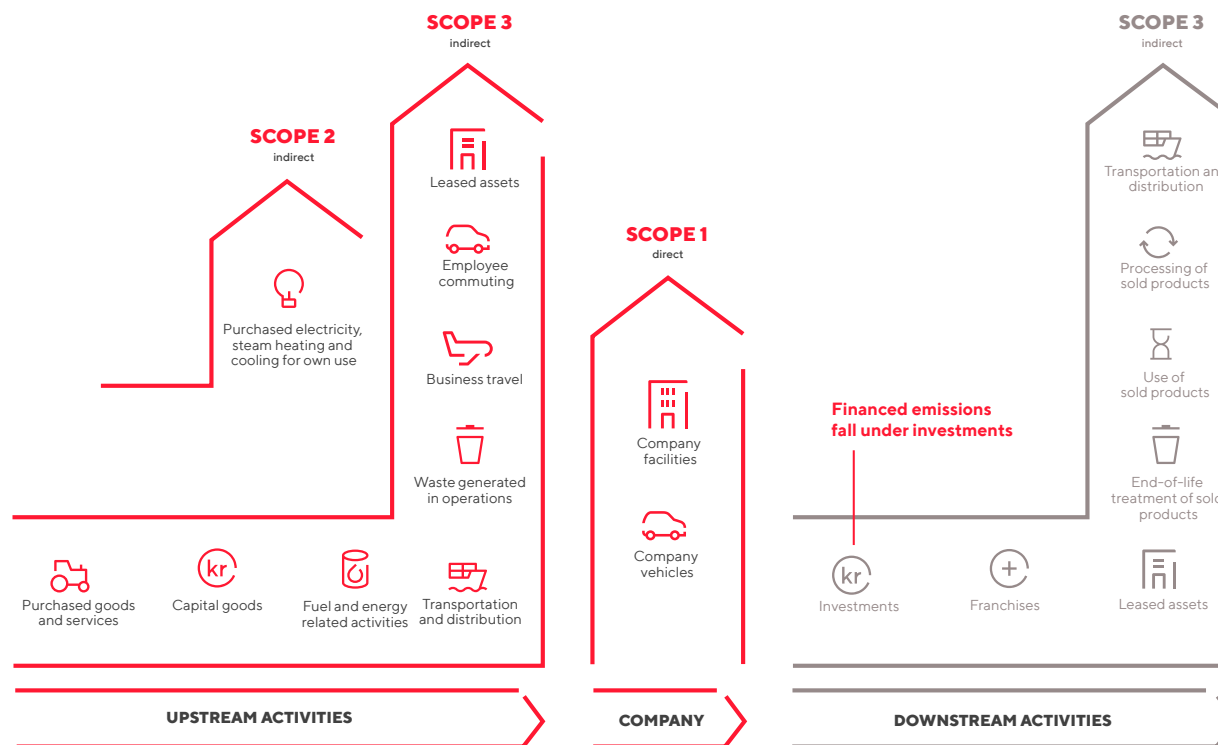


**Financed  
emissions  
(PCAF 2021  
disclosures)**

# The context for financed emissions

Downstream emissions are the result of activities after a product or service leaves the company's control. In the case of Íslandsbanki these services are loans, investments and assets under management.

## Overview of Scopes and Emissions Across the Value Chain



**Emissions from the Bank's operations** consists of direct impact (scope 1) and indirect impact (scope 2 and upstream scope 3 emissions)

**Emissions from the Bank's loans and investments** (financed emissions); also referred to as downstream scope 3 emissions

# "Scope 4" emissions

In recent years, reporting of avoided emissions has become increasingly common. Avoided emissions are sometimes referred to as scope 4, the emissions that are avoided by financing a less carbon intensive asset. For example, financing an electric vehicle instead of a fossil fuel one.

Íslandsbanki has for 2 years published an annual report on the impact of its Sustainable Financing Framework (SFF), including avoided emissions from financing green assets. The report also covers the impact of blue (sustainable fishing industry) and red (social) categories. In 2021, sustainable assets grew by 134% and avoided emissions increased by nearly 200%.

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 Allocation  
and Impact Report 2021**





# Financed emissions methodology in a nutshell

Financed emissions fall under Scope 3, Category 15 for investments. The methodology used to estimate financed emissions is according to the the Partnership for Carbon Accounting Financials (PCAF).

PCAF has published methodology for the following asset classes:

- Listed equity and corporate bonds
- Business loans and unlisted equity
- Motor vehicle loans
- Mortgages
- Commercial real estate
- Project finance

The methodology for all asset classes is built on the same foundation, namely the portion financed by the Bank and the emissions from the underlying asset. The Bank's share is calculated by an attribution factor, that is in general the outstanding loan amount divided by either the underlying assets' original value or, in the case of business loans, the total equity and liabilities.

Íslandsbanki is now for the first time adding emissions from assets under management. PCAF has not finalised the methodology for sovereign bonds but a draft is available. For funds under management the draft has been used in order to fulfil the criteria of estimating at least 75% of each fund.

## Data quality & scope

There are five approaches within each asset class depending on the access to data. The approaches are given a data quality score on a scale from 1-5, with 1 being the highest quality data and 5 only a rough estimate.

The access to data is the biggest hurdle in the emission estimates. The method that scored the highest on the data quality scale while choosing the cleanest data

was prioritized. A final data quality score is presented, calculated by a weighted average based on the outstanding amount.

The methodology for estimating the emission of certain types of loans or assets is not available and is therefore listed as either "out of scope" or "methodology in progress".

These include:

- Loans to credit institutions
- Cash and Sovereign bonds
- Overdrafts and similar consumption loans to individuals and households

The financed emissions for project finance and commercial real estate are estimated using the method of business loans and unlisted equity due to data drawbacks.

# Balance sheet emissions

In this report 93% of the Bank's loan portfolio has been measured.

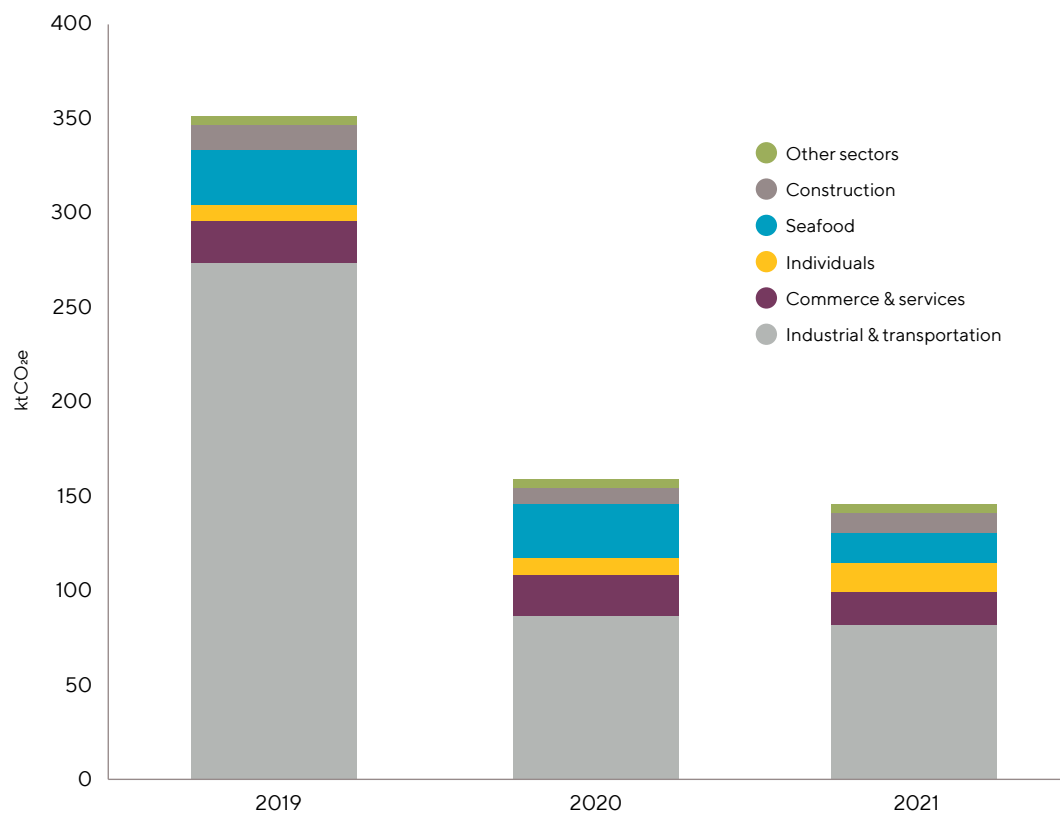
The table shows the new results of the financed emissions for 2021 with 2020 for comparison.

The methodology and further detail of each asset class can be found in the next section.

	2021						2020					
	Total assets	In scope for financed emissions	Out of scope	Methodology in progress <sup>1</sup>	Emissions	Intensity	Total assets	In scope for financed emissions	Out of scope	Methodology in progress <sup>1</sup>	Emissions	Intensity
	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> e)	(tCO <sub>2</sub> e / ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> e)	(tCO <sub>2</sub> e / ISK m)
<b>Assets</b>												
Cash and balances with Central Bank	113,667		113,677				78,948		78,948			
Loans to credit institutions	43,988		43,899				89,920		89,920			
Bonds and debt instruments	132,289	14,699	27,997	89,593	0.01		128,216	13,016	35,900	79,299	0.26	0.02
Derivatives	2,445			2,445			6,647			6,647		
Loans to customers	1,086,327	1,014,601	71,239	487	145.49		1,006,717	932,751	73,533	433	158.72	0.17
Shares and equity instruments	31,677	19,773	11,904		7.69		14,851	10,524	4,322	5	3.82	0.36
Investment in associates	939		939 <sup>2</sup>				775		775 <sup>2</sup>			
Property and equipment	7,010		7,010 <sup>2</sup>				7,341		7,341 <sup>2</sup>			
Intangible assets	3,351		3,351				3,478		3,478			
Other assets	5,784		5,784				4,125		4,125			
Non-current assets at disposal groups held for sale	1,344		1,344				3,173		3,173			
<b>Total</b>	<b>1,428,821</b>	<b>1,049,514</b>	<b>292,227</b>	<b>87,080</b>	<b>153.17</b>	<b>0.15</b>	<b>1,344,191</b>	<b>957,066</b>	<b>300,741</b>	<b>86,384</b>	<b>162.54</b>	<b>0.17</b>
<b>Loans to customers</b>												
Individuals	520,733	476,020	44,713		16.31	0.03	437,377	389,543	47,834		9.01	0.02
Commerce and services	165,222	154,059	11,163		17.99	0.12	124,260	117,006	7,254		20.82	0.18
Construction	36,773	34,835	1,938		11.97	0.34	42,352	40,554	1,798		10.75	0.27
Energy	9,493	9,480	13		1.36	0.14	8,673	8,673			1.30	0.15
Financial services	1,978	1,477	501		0.06	0.04	1,539	1,099	8	433	< 0.01	< 0.01
Industrial and transportation	89,627	85,805	3,822		81.23	0.95	78,561	73,176	5,385		87.29	1.19
Investment companies	23,677	23,619	58	487	0.43	0.02	23,440	23,323	117		0.28	0.01
Public sector and non-profit organisations	9,987	806	9,181		0.17	0.21	10,911	832	10,079		0.08	0.10
Real estate	109,314	109,192	122		1.11	0.01	157,502	156,565	937		1.18	0.01
Seafood	119,523	119,308	215		14.85	0.12	122,102	121,980	122		28.00	0.23
<b>Total</b>	<b>1,086,327</b>	<b>1,014,601</b>	<b>71,726</b>	<b>487</b>	<b>145.49</b>	<b>0.14</b>	<b>1,006,717</b>	<b>932,751</b>	<b>73,533</b>	<b>433</b>	<b>158.72</b>	<b>0.17</b>

# Emissions from the loan portfolio

The drop in emissions from 2019 to 2020 is mostly explained by reduced aviation emissions due to COVID-19 and by lower attribution factor due to financial restructuring. The drop from 2020 to 2021 is mostly due to market price fluctuations and increased lending to individuals.



Changes in the market had a significant impact on the 2021 results. Íslandsbanki operates in a relatively small market and changes in both financial structure and total emissions for largest clients can cause a noticeable change in our results.

In particular, when a company's liability structure changes between years, the Bank's attribution factor can change materially even though both the emissions and the outstanding amount remain the same.



Íslandssjóðir

# Financed emissions of Iceland Funds

Íslandsbanki Group is now for the first time including estimated emissions from funds under management. The funds are managed by the subsidiary Iceland Funds.

## Equity Funds

	Scope 1& 2 (ktCO <sub>2</sub> e)	Total (ISKm)	Intensity (tCO <sub>2</sub> e/ISKm)	Data quality
2020	2.19	13,272	0.165	1.8
2021	8.61	28,234	0.304	1.7

Not included: IS Global Portfolio Fund of Funds (2020: ISK 1,188m and 2021: ISK 1,408m)

## Bond Funds

	Scope 1& 2 (ktCO <sub>2</sub> e)	Total (ISKm)	Intensity (tCO <sub>2</sub> e/ISKm)	Data quality
2020	63.64	161,460	0.394	2.9
2021	63.37	154,430	0.410	3.1

## Mixed Funds

	Scope 1& 2 (ktCO <sub>2</sub> e)	Total (ISKm)	Intensity (tCO <sub>2</sub> e/ISKm)	Data quality
2020	8.77	21,490	0.408	2.6
2021	17.39	35,762	0.486	2.7

Not included: IS Private Global fund (2020: ISK 2,901m and 2021: ISK 4,222m)

## Grand total for funds

	Scope 1& 2 (ktCO <sub>2</sub> e)	Total (ISKm)	Intensity (tCO <sub>2</sub> e/ISKm)	Data quality
<b>2020</b>	<b>74.6</b>	<b>196,222</b>	<b>0.380</b>	<b>2.8</b>
<b>2021</b>	<b>89.37</b>	<b>218,535</b>	<b>0.409</b>	<b>2.9</b>

The Equity Funds invest primarily in domestic stocks. Three out of four equity funds are included in these results, since emissions of the IS Global Portfolio Fund of Funds could not be calculated due to lack of data. The Equity Funds' intensity is relatively low, but increases between years, partly due to increased investment in more carbon intensive companies in 2021.

The Bond Funds invest primarily in domestic bonds. They can be either indexed or non-indexed bonds and with or without government guarantee. Domestic Bond Funds' intensity is noticeably higher than the Equity Funds'. The main reason is that investments in sovereign bonds tend to have higher intensities. PCAF has not finalised the methodology for sovereign bonds but a draft is available. For funds under management the draft has been used in order to fulfil the criteria of estimating at least 75% of each fund.

Mixed funds invest in a variety of different bonds, stocks and securities. Seven out of Iceland Funds eight mixed funds are included in these results, as the emissions for IS Private Global Fund could not be calculated. As with the other two fund types, the intensity is higher in 2021 than the year before. The reasons are firstly the increased weight of investments in sovereign bonds in the latter year and secondly increased equity investments in carbon intensive companies.



**Detailed  
methodology  
and  
breakdown  
of financed  
emissions**



# Motor vehicle loans



$$\text{Financed emissions} = \sum_{v,f} \left( \frac{\text{Outstanding amount}_v}{\text{Total value at origination}_v} \right) \times \text{Distance travel}_v \times \text{Efficiency}_{v,f} \times \text{Emission factor}_f$$

(with  $v$  = vehicle or vehicle fleet,  $f$  = fuel type)

## Methodology

Data on driving distance based on the type of vehicle and engine was gathered from the Icelandic Transport Authority and complemented by the PCAF database when needed.

The data on emissions was obtained through the Icelandic Transport Authority which has a database of registered cars. Most registered cars have information from the manufacturer on emissions per driven kilometre, either according to WLTP method or NEDC method. The WLTP method is newer and more accurate. To accommodate that, a coefficient based on the type of vehicle, engine type and size was multiplied

with the NEDC measurement when the WLTP measurement was missing.

If no information on vehicle emissions was available an estimate based on the PCAF database and size of the vehicle was used.

Included in the results are all vehicles where the Bank has information on at least the type of the vehicle, which are cars, motorcycles, snowmobiles and tractors. This amounts to around 90% of the leasing portfolio.

In the table below, green vehicles refers to fully electric vehicles, methane vehicles or hydrogen vehicles.

Hybrid vehicles refer to battery electric hybrid vehicles, plug in hybrid vehicles and methane hybrid vehicles.

Fossil fuel vehicles refer to gasoline and diesel fuelled vehicles.

Further information can be found on page 21 in the Bank's [Initial PCAF report](#).

### Discussion

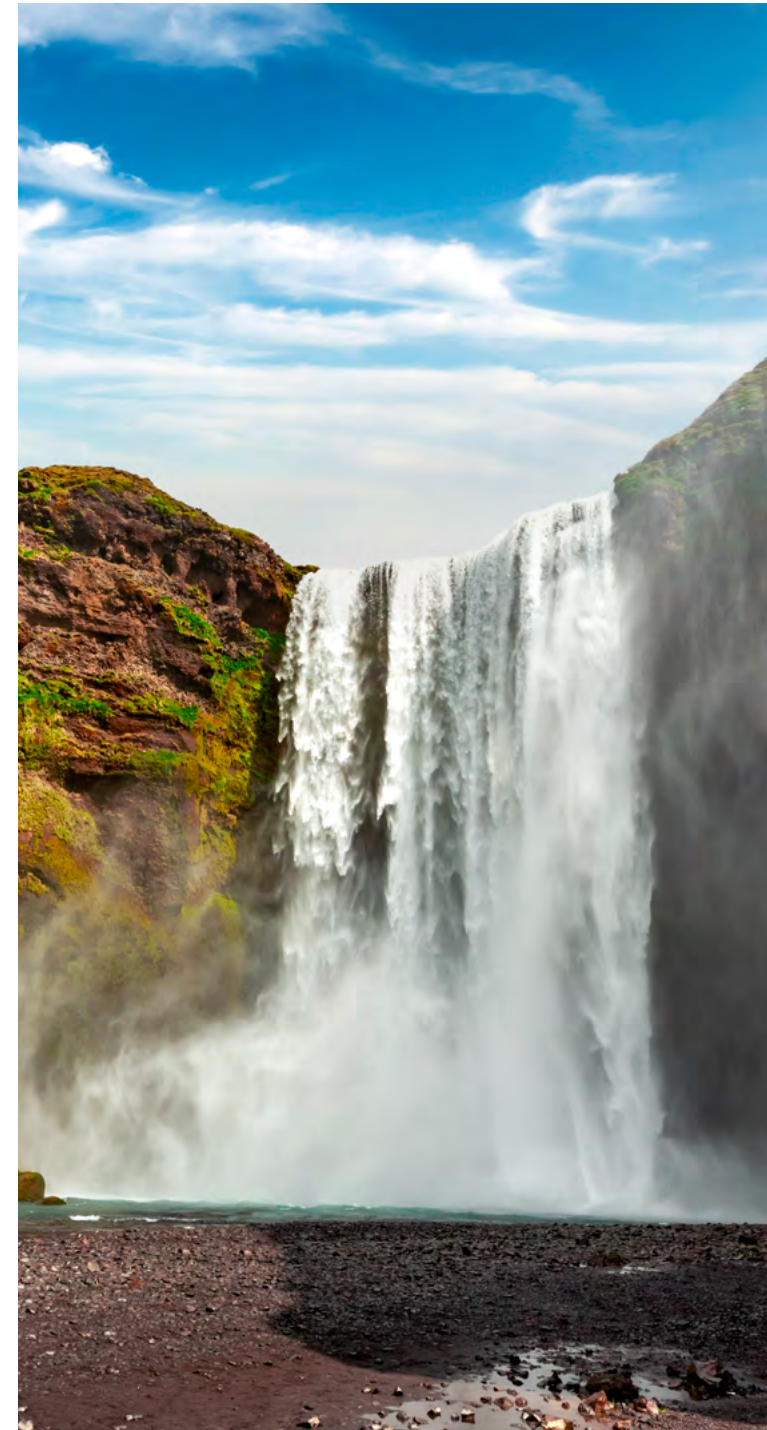
The change in financed emissions in 2021 compared to 2020 is due to more loans to green and hybrid vehicles and less to fossil fuel vehicles.

Note that scope 2 is not included in these results. Electricity production in Iceland comes mainly from hydro and geothermal powerplants which makes the scope 2 of electric and hybrid electric cars very low. Between years, the measured portfolio increased by 4% but the carbon footprint decreased by 8%. The intensity metric decreased by 10%.

### Results 2021

	Scope 1	Total	Intensity	Data quality
	(ktCO <sub>2</sub> e)	(ISK m)	(tCO <sub>2</sub> e/ISK m)	
100% Green vehicles	0.01	3,814	<0.01	3.0
Hybrid vehicles	1.5	7,760	0.19	3.0
Fossil vehicles	22.26	28,482	0.78	3.3
<b>Total</b>	<b>23.77</b>	<b>40,056</b>	<b>0.59</b>	<b>3.2</b>

The motor vehicle loans portfolio emissions. Only scope 1 is calculated as according to the PCAF standard.





# Mortgages

## Methodology

The energy consumption was estimated based on the type of housing and building material per square meter. The information on the energy consumption was gathered from the Mannvit x Arion bank report on Icelandic housing.

The emission factor was gathered through the Environment Agency of Iceland. In Iceland geothermal energy is used in most places for heating and electricity production is mostly driven by hydropower. The emission factor is therefore low, compared to other countries.

Included in the results are all residential real estate mortgages to individuals. The building material is not included in the results as it has no effects on the operational emissions. The building process does have a significant carbon footprint that is

$$\text{Financed emissions} = \sum_{b,e} \frac{\text{Outstanding amount}_b}{\text{Property value at origination}_b} \times \text{Energy consumption}_{b,e} \times \text{Emission factor}_e$$

(with *b* = building and *e* = energy source)

not included in the operational footprint estimated in this category. The reason being that it should be caught by the business loans and unlisted equity or the project finance categories when the houses are being constructed.

## Discussion

Mortgages in Iceland are one of the „cleanest“ loans available in Iceland, due to

geothermal energy and hydropower, which is where most of our heating and electricity come from.

The mortgage portfolio increased significantly between 2020 and 2021 by 23% in ISK m whilst only by 13% in emissions as new mortgages were mostly towards low emission intensity apartments. Still the emissions resulting from all mortgages do not amount to 1 ktCO<sub>2</sub>e.

## Results 2021

	Scope 1	Total	Intensity	Data quality
	(ktCO <sub>2</sub> e)	(ISK m)	(tCO <sub>2</sub> e/ISK m)	
Apartment	0.589	364,280	0.002	4.0
Single family house	0.190	54,010	0.004	4.0
Terraced house	0.087	42,613	0.002	4.0
Other	0.001	824	0.001	4.0
<b>Total</b>	<b>0.868</b>	<b>461,726</b>	<b>0.002</b>	<b>4.0</b>

Financed emissions of the mortgage category. Included is only the operational footprint, the carbon footprint due to energy consumption and heating, which falls into scope 2.





# Business loans and unlisted equity



$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Total equity} + \text{debt}_c} \times \text{Company emissions}_c$$

*For business loans and equity investments to/in private companies*

## Methodology

The emissions are gathered in four ways, based on the access to data:

1. through company reporting,
2. estimation based on statistical data, emissions of the Icelandic economy and revenue of the Icelandic economy, from Statistics Iceland. An intensity coefficient was calculated based on the sector and multiplied by the company's revenue,
3. if the company's revenue was not available, the emissions were estimated through the loan balance. The total emissions (based on method (2)) within each sector were divided by the total outstanding amount and then multiplied by the loan balance.

4. using the PCAF database.

The usage of estimation methods (2) and (3), when method (1) was not possible, were chosen instead of using the PCAF database as they are relevant to the Icelandic economy and the Iceland-specific coefficients in the PCAF database are scarce.

The downside of using the coefficients based on data from Statistics Iceland is that it is not possible to assess the difference between scope 1 and 2, and scope 3 becomes unattainable.

The lack of scope 3 is not an issue in this version as none of the Bank's customers fall into the category in which PCAF requires the Bank to estimate scope 3.

For business loans to listed companies, the denominator of the attribution factor becomes the enterprise value of the company including cash.

For unlisted equity, the outstanding amount is calculated as the Bank's number of shares divided by the total number of shares, multiplied with the total equity.

### Discussion

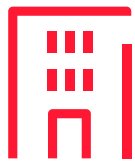
Many of the Banks' larger clients' market cap increased in 2021 when the OMXI10 index rose by 33%. This influences the attribution factor, which decides how much of a company's emissions the Bank is responsible for. When the market cap increases and the outstanding amount stays the same, the

Bank's attribution decreases. This is the main cause of the decrease of financed emissions between 2020 and 2021.

### Results 2021

	Scope 1 (ktCO <sub>2</sub> e)	Total (ISK m)	Intensity (tCO <sub>2</sub> e/ ISK m)	Data quality
Commerce and Services	6.69	134,464	0.050	3.9
Construction	9.97	32,234	0.309	4.1
Energy	1.35	9,474	0.143	3.1
Financial services	0.06	1,477	0.041	4.0
Industrials and transportation	79.33	82,661	0.960	3.1
Investment companies	0.40	23,553	0.017	4.3
Public sector and non-profit organisations	0.16	754	0.212	5.0
Real estate	1.02	108,951	0.009	3.6
Seafood	14.80	119,242	0.124	3.9
<b>Total</b>	<b>113.78</b>	<b>512,810</b>	<b>0.222</b>	<b>3.7</b>

Emissions of the business loans and unlisted equity category. Scope 3 is not included here as it is under a phase-in approach and is not required for this version of the financed emissions.



# Listed equity and corporate bonds

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

*For listed companies*

## Methodology

The emissions are gathered as for the business loans and unlisted equity asset class:

1. through company reporting,
2. estimation based on statistical data, emissions of the Icelandic economy and revenue of the Icelandic economy, from Statistics Iceland. An intensity coefficient was calculated based on the sector and multiplied by the company's revenue,
3. and using the PCAF database.

Method (1) was mainly used as most listed companies in Iceland publish their emissions. Methods (2) and (3) were mostly used to assess emissions stemming from the corporate bonds.

All listed equity and corporate bonds where the relevant methodology is available are covered in this calculation.

As the same methods are used for this asset class and the business loans and unlisted equity, the downside of using the coefficients based on the data from Statistics Iceland is, again, that it is not possible to assess the difference between scope 1 and 2, and scope 3 becomes unattainable.

For bonds to private companies the denominator becomes total equity plus debt, as for estimating business loans to private companies.

## Discussion

Between 2020 and 2021 the absolute value for financed emissions from listed equity and corporate bonds almost doubled in line with increased investments.

## Results 2021

	Scope 1 (ktCO <sub>2</sub> e)	Total (ISK m)	Intensity (tCO <sub>2</sub> e/ISK m)	Data quality
Listed equity and corporate bonds	7.62	30,233	0.252	2.2
<b>Total</b>	<b>7.62</b>	<b>30,233</b>	<b>0.252</b>	<b>2.2</b>

Emissions of the listed equity and corporate bonds category, Scope 3 is not included here as it is under a phase-in approach and is not required for this version of the financed emissions.



Íslandssjóðir

# Iceland Funds

Funds, including sovereign bonds, listed equity, corporate bonds and more

## Listed equity and Corporate bonds

The same methods are used for listed equity and corporate bonds as defined on previous pages. The emissions are gathered as for the business loans and unlisted equity asset class:

1. through company reporting,
2. estimation based on statistical data, emissions of the Icelandic economy and revenue of the Icelandic economy, from Statistics Iceland. An intensity coefficient was calculated based on the sector and multiplied by the company's revenue,

Method (1) was mainly used as most listed companies in Iceland publish their emissions. Methods (2) was used to assess the emissions of the corporate bonds where company reporting was not available.

$$\text{Financed emissions} = \sum \frac{\text{Exposure to Sovereign Bond (USD)}_s}{\text{PPP - adjusted GDP (International USD)}_s} \times \text{Sovereign Production emissions}_s$$

For Sovereign bonds

$$\text{Financed emissions} = \sum_f \frac{\text{Outstanding amount}_f}{\text{Total value of fund invested in}_f} \times \text{Fund emissions}_f$$

For Fund investments

## Sovereign bonds

PCAF launched three new draft methods in November 2021, including a method designed to measure financed emissions from sovereign bonds. Although the new method is unconfirmed, the Bank decided to use it in order to cover at least 75% of each fund. If another method is preferred in the near future, the calculations for financed emissions from sovereign bonds will be reassessed.

The emissions data is gathered from a database PCAF recommends using territorial production emissions in line with UNFCCC definition.

## Results 2021

	Scope 1	Total	Intensity	Data quality
	(ktCO <sub>2</sub> e)	(ISK m)	(tCO <sub>2</sub> e/ ISK m)	
Equity Funds	28,343	8.6	0.304	1.7
Bond Funds	154,430	63.4	0.410	3.1
Mixed Funds	35,762	17.4	0.486	2.7
<b>Total</b>	<b>218,535</b>	<b>89.4</b>	<b>0.409</b>	<b>2.9</b>

# Connection to the balance sheet

At year-end 2021

	Total Assets	Total in scope for financed emissions	Motor vehicle loans	Mortgages	Business loans and unlisted equity	Listed equity and corporate bonds	Out of scope	Methodology in progress	Emissions
	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO2e)
<b>Assets</b>									
Cash and balances with Central Bank	113,667						113,667		
Loans to credit institutions	43,988						43,988		
Bonds and debt instruments	132,289	14,966				14,966	30,730	86,593	0.01
Derivatives	2,445						2,445		
Loans to customers	1,086,327	1,014,601	40,056	461,726	512,810		71,239	487	<b>145.49</b>
Shares and equity instruments	31,677	15,174			4,599	15,174	11,904		7.69
Investment in associates	939				174		765		0.01
Property and equipment	7,010						7,010		
Intangible assets	3,351						3,351		
Other assets	5,784						5,784		
Non-current assets at disposal groups held for sale	1,344						1,344		
<b>Total</b>	<b>1,428,821</b>	<b>1,049,512</b>	<b>40,056</b>	<b>461,726</b>	<b>517,583</b>	<b>30,140</b>	<b>297,227</b>	<b>87,080</b>	<b>153.18</b>

See note 25 to the 2021 Consolidated Financial Statements

<b>Loans to customers</b>									
Individuals	520,733	476,020	14,294	461,726			44,713		16.31
Commerce and services	165,222	154,059	19,595		134,464		11,163		17.99
Construction	36,773	34,835	2,601		32,234		1,938		11.97
Energy	9,493	9,480	6		9,474				1.36
Financial services	1,978	1,477			1,477		501		0.06
Industrial and transportation	89,627	85,805	3,144		82,661		3,822		81.23
Investment companies	23,677	23,619	66		23,553		58	487	0.43
Public sector and non-profit organisations	9,987	806	52		754		9,181		0.17
Real estate	109,314	109,192	241		108,951		122		1.11
Seafood	119,523	119,308	66		119,242		215		14.85
<b>Total for loans to customers</b>	<b>1,086,327</b>	<b>1,014,601</b>	<b>40,056</b>	<b>461,726</b>	<b>512,810</b>	<b>0</b>	<b>71,726</b>	<b>487</b>	<b>145.49</b>

# Breakdown of the loan portfolio

In terms of NACE

NACE	2021		2020	
	Emissions (tCO <sub>2</sub> e)	Carrying amount (ISK m)	Emissions (tCO <sub>2</sub> e)	Carrying amount (ISK m)
A Agriculture, forestry and fishing	26,194	61,007	33,556	59,927
B Mining and quarrying	335	3,139	793	2,660
C Manufacturing	16,672	95,465	23,399	97,018
D Electricity, gas, steam and air conditioning supply	1,354	14,458	1,291	13,106
E Water supply; sewerage; waste management and remediation activities	11,906	2,442	5,790	2,287
F Construction of buildings	9,983	32,233	9,178	38,632
G Wholesale and retail trade; repair of motor vehicles and motorcycles	2,352	33,823	3,487	39,250
H Transporting and storage	39,018	39,797	49,673	36,045
I Accommodation and food service activities	412	40,283	450	19,145
J Information and communication	109	23,523	39	6,007
K Financial and insurance activities	671	32,838	321	25,198
L Real estate activities <sup>1</sup>	1,024	108,949	1,011	153,259
M Professional, scientific and technical activities	169	4,177	151	4,770
N Administrative and support service activities	1,717	13,753	1,409	10,932
P Education	957	998	434	459
Q Human health activities	403	825	588	2,660
R Arts, entertainment and recreation	372	2,634	421	2,721
S Other services activities	49	1,017	89	755
Total in terms of NACE	126,247	536,427	146,260	532,896
Unclassified according to NACE	2,933	2,154	3,450	10,745
Individuals	16,310	476,020	9,010	389,543
<b>Total sum</b>	<b>145,490</b>	<b>1,014,601</b>	<b>158,720</b>	<b>933,184</b>

38 1. In 2021 around ISK40bn was reclassified from Real estate activities, mostly to Accommodation and food services activities (hotel buildings) and Transporting and storage.

# Breakdown of Iceland Funds financed emissions

	2021							2020						
	Total assets (ISK m)	In scope for financed emissions (ISK m)	Out of scope (ISK m)	Emissions (ktCO <sub>2e</sub> )	Intensity (tCO <sub>2e</sub> /ISKm)	% of portfolio covered	Data quality	Total assets (ISK m)	In scope for financed emissions (ISK m)	Out of scope (ISK m)	Emissions (kt CO <sub>2e</sub> )	Intensity (tCO <sub>2e</sub> /ISKm)	% of portfolio covered	Data quality
<b>Equity Funds</b>														
IS OMX Iceland Index Fund	3,245	3,245		0.73	0.225	100%	1.7	2,244	2,244		0.10	0.044	100%	1.8
IS Equity Fund	10,147	10,037	110	3.13	0.312	98.9%	1.7	6,723	6,682	42	1.20	0.179	99.4%	1.8
IS EQUUS Equity Fund	15,312	15,061	251	4.75	0.316	98.4%	1.7	4,430	4,346	84	0.89	0.205	98.1%	1.8
<b>Total</b>	<b>28,704</b>	<b>28,343</b>	<b>361</b>	<b>8.61</b>	<b>0.304</b>		<b>1.7</b>	<b>13,397</b>	<b>13,272</b>	<b>126</b>	<b>2.19</b>	<b>0.165</b>		<b>1.8</b>
<small>*Not included: IS Global Portfolio Fund of Funds (year-end 2021: ISK 1,408m and year-end 2020: ISK 1,188m)</small>														
<b>Bond Funds</b>														
IS Interest Account Fund	38,506	38,506		8.39	0.218	100%	1.9	54,330	54,330		7.76	0.143	100%	1.5
IS Liquidity Fund	10,404	10,404		4.94	0.475	100%	3.0	8,414	8,414		4.11	0.489	100%	2.9
IS Government Fund	14,199	14,199		10.20	0.719	100%	4.6	13,275	13,275		10.07	0.758	100%	4.6
IS Government Bond Fund	25,928	25,928		15.99	0.617	100%	4.5	27,880	27,880		18.66	0.669	100%	4.5
IS Long-Term Government Bond Fund	20,054	20,054		11.58	0.578	100%	4.4	19,011	19,011		11.69	0.615	100%	4.4
IS Bond Fund	6,663	6,295	368	0.69	0.110	94.5%	2.1	5,797	5,797		0.84	0.145	100%	2.6
IS Non-index Fund	5,200	5,200		4.98	0.958	100%	4.8	4,226	4,226		4.86	1.107	100%	4.9
IS CB Fund	11,434	11,434		2.40	0.210	100%	2.0	10,652	10,652		2.35	0.221	100%	1.9
IS CBI Fund	18,218	18,218		3.40	0.187	100%	2.0	14,037	14,037		2.42	0.173	100%	1.9
IS Green Bonds	4,232	4,192	41	0.80	0.191	99.0%	2.4	3,838	3,838		1.06	0.276	100%	2.5
<b>Total</b>	<b>154,838</b>	<b>154,430</b>	<b>409</b>	<b>63.37</b>	<b>0.410</b>		<b>3.1</b>	<b>161,460</b>	<b>161,460</b>	<b>63.64</b>	<b>0.394</b>		<b>2.9</b>	
<b>Mixed Funds</b>														
IS Private Fund A	3,028	3,028		1.52	0.501	100%	3.3	4,350	4,350		1.86	0.427	100%	2.9
IS Private Fund B	6,660	6,524	136	3.17	0.486	98.0%	3.0	6,745	6,613	132	2.75	0.417	98.0%	2.7
IS Private Fund C	16,088	15,545	542	7.46	0.480	96.6%	2.7	6,617	6,369	249	2.50	0.392	96.2%	2.5
IS Private Fund D	6,781	6,405	376	3.0	0.469	94.5%	2.4	2,268	2,139	129	0.77	0.362	94.3%	2.2
IS Private Fund E	2,928	2,614	314	1.37	0.524	89.3%	1.9	750	689	61	0.22	0.323	91.8%	1.9
IS Asset Allocation Fund	1,163	1,113	51	0.57	0.510	95.7%	2.9	803	769	33	0.31	0.401	95.9%	2.7
IS Asset Allocation Fund - Government	533	533		0.30	0.557	100%	4.0	561	561		0.36	0.635	100%	4.0
<b>Total</b>	<b>37,181</b>	<b>35,762</b>	<b>1,419</b>	<b>17.39</b>	<b>0.486</b>		<b>2.7</b>	<b>22,094</b>	<b>21,490</b>	<b>604</b>	<b>8.77</b>	<b>0.408</b>		<b>2.6</b>
<small>*Not included: IS Private Global fund (year-end 2021: ISK 4,222m and year-end 2020: ISK 2,901m)</small>														
<b>Grand Total</b>	<b>226,353</b>	<b>218,535</b>	<b>2,189</b>	<b>89.37</b>	<b>0.409</b>	<b>96.5%</b>	<b>2.9</b>	<b>201,040</b>	<b>196,222</b>	<b>730</b>	<b>74.6</b>	<b>0.380</b>	<b>97.6%</b>	<b>2.8</b>



This On the road to net-zero report (hereinafter the document) has been prepared by Íslandsbanki hf. and is intended to provide non-exhaustive, general information. The document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Íslandsbanki and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Íslandsbanki as to the fairness, accuracy, reasonableness or completeness of such information. The document is provided for information purposes only and may be subsequently amended, superseded, or replaced. The document is not intended to be and should not be construed as providing legal or financial advice by Íslandsbanki or its subsidiaries. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities, nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.