



# Financed emissions

Initial PCAF results for 2020 and 2019





# Table of contents

---

3

6

13

20

## 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 either our precise starting point nor the path towards the goal might seem somewhat intrepid.

But after careful consideration, debates in the sustainability committee, in the management team and in the Board Room, we felt that 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. Of course, we were already working on measuring financed emissions, but that work received even more management attention after the net-zero announcement.

Today we are very proud to publish our initial PCAF based measurement of the CO2 footprint of our loan book. Our attitude regarding sustainability is that we should dare to speak about things that are important, even if we are not yet perfect. Sustainability is a journey and one needs to remain humble and curious, whilst always striving for better.

This publication is an important step on that journey, but there is clearly scope for improvement across the whole piece which we will continue working on over the coming months and years. In particular we have learned that 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.

There have been many meetings with stakeholders, various educational events and participations in working groups and collaboration forums locally and internationally. In this context we are proud

to be the only Icelandic founding members of the industry-led, UN-convened Net-Zero Banking Alliance (NZBA) launched in April 2021. 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 own lessons and experience.

We should not let perfection be the enemy of the good. We do not have time to wait for the perfect measurement before we start taking action to combat climate change. That is why we are already putting a lot of energy into encouraging, educating and supporting our customers on their sustainability journey. That is the most important and impactful way we can contribute to action on climate change.

A handwritten signature in black ink, reading "Birna Einarsdóttir". The signature is fluid and cursive.

Birna Einarsdóttir  
CEO of Íslandsbanki and Chair of the  
Sustainability Committee

## Key events – 2019-2022



**2019**

Founding signatory of PRB

Carbon neutral in operations since 2019



**2020**

First Icelandic company to sign up to TCFD



Joined PCAF



**2021**

Announced a net-zero 2040 commitment

Founding member of NZBA – first (and currently the only) Icelandic bank



First bank and second Icelandic company to have committed to SBTi

**2022**



Published PCAF results for 2019 and 2020



Became a member of Green Building Council Iceland

Awarded the Conch environmental prize by the Ministry for the Environment and Natural Resources', for outstanding work on environmental affairs in 2021

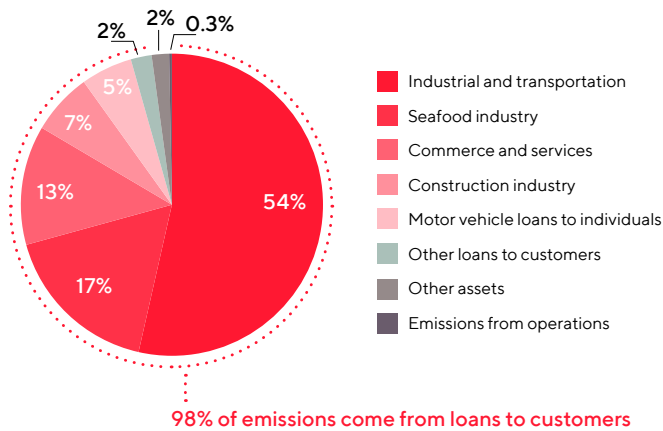


Currently hold the highest ESG rating by Reitun with 90 points out of 100 (vs. Icelandic issuers average of 63)

# Key results

The main part of the Bank's carbon footprint lies within corporate loans, specifically loans to the industrial and transportation sector

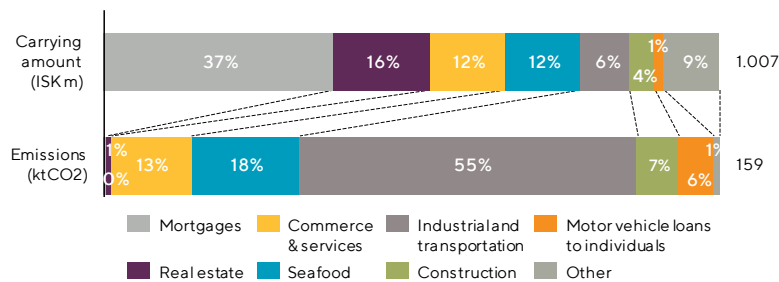
Íslandsbanki's total emissions in 2020  
by scope and sector



Carbon footprint of the loan and asset portfolio is about **360** times higher than the carbon footprint of the Bank's operations.

**93%** of the loan portfolio has been measured (reporting scope).

Industrial and transportation account for 55% of emissions from loan book in 2020, although only 8% of carrying amount



The industrials and transportation sector is the most carbon intensive sector both in 2020 and 2019. In 2020 it was **5.5x** more intensive than the second most intensive sector.

A loan of ISK 1m towards real estate activities in 2020 would have had a **119x** smaller carbon footprint compared to a loan of ISK 1m towards industrials and transportation.





# Section 1 Financed emissions: Full portfolio results

# Net-zero operations

Carbon neutral in operations since 2019

## Measuring approach

Íslandsbanki's carbon footprint from operations has been measured since 2017.

Over the years the coverage of indirect scope 3 emissions from upstream activities has steadily increased.

For example, since 2019 a travel habit survey has been conducted in order to include employee commuting.

In 2020, the Bank implemented a new sustainability management platform from Klappir, with the aim of making more precise measurements and improving the administration of carbon accounting even further.

The calculation methods, constants, and the statement are based on the Greenhouse Gas (GHG) Protocol, which is a standardized methodology used to

calculate the environmental footprint of both companies and organizations.

## Targets and actions to reduce footprint

The Bank's objective is to shrink the carbon footprint from its operations by 50% between 2019 and 2024.

2020 was an extraordinary year because of the COVID-19 pandemic. It is clear that not all of the year's contraction in carbon emissions will prove to be permanent.

The COVID-19 pandemic impacted the numbers heavily in 2020 although multiple actions have delivered a permanent reduction in our carbon footprint

## Mitigation of remaining CO<sub>2</sub> footprint

The Bank has since 2019 ensured that its operations are carbon-neutral by using mitigating measures to offset the portion

that cannot be reduced.

Íslandsbanki emphasises selecting a variety of projects for its mitigating measures. It focuses on effective certified international projects but also supports projects of importance in Iceland.

### Actions taken in 2020 that will deliver a permanent reduction in our carbon footprint include the following



**Fewer and more environment-friendly** trips to and from work



**Reduction** in air travel



**Reduction** in use of inputs



**Reduction** in paper use and printing



**Reduction** in fossil fuel purchases due to switch to electric vehicles

# Methodology in a nutshell

## Measurement of financed emissions

### In general

The methodology is according to the Partnership for Carbon Accounting Financials (PCAF), operational control. At the time of the measurement, PCAF had published methodology for the following asset classes:

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

**The methods used in this report are the ones highlighted in red.**

The methodology for all asset classes is built on the same foundation. The portion financed by the Bank, and the emissions of the asset class.

The Bank's share is calculated by an attribution factor, that is in general the outstanding amount of the loan, divided by the underlying asset's original value.

### Data quality & scope

The emissions are calculated differently for each class, but within each class, there are five different approaches, 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 a rough estimate.

The access to data is the biggest hurdle in the emissions calculations. The method that scored the highest on the data quality scale while choosing the cleanest data was prioritized. In the end a final data quality score, calculated by a weighted average based on the outstanding amount, is presented.

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

When this report is written, the methodology for estimating the carbon footprint of certain types of loans or assets is not available or should not be included, and is therefore listed as out of scope or methodology in progress. These include:

- Loans to governments
- Overdrafts to individuals
- Sovereign bonds and more

The asset classes project finance and commercial real estate are covered by the business loans and unlisted equity methodology.

The Bank intends to increase its coverage in future disclosures.



### Next version & FYIs

The aim is to keep increasing the reliability of the calculations. In the next round the Bank expect more customers to have reported their own emissions which reduces the use of estimates and increases the data quality score.

The COVID-19 pandemic had a noticeable impact on the portfolio in 2020 as tourism, in particular passenger transportation, fell significantly. The same is expected to apply to 2021.

Due to the characteristics of the calculations the results are impacted by year-to-year

financial success of listed companies. If a company's market cap increases from the previous year, the Bank's attribution factor decreases even though and the outstanding loan amount stays the same.

According to "The Time to Green finance report" from CDP, issued in April 2021, the greenhouse gas emissions associated with financial institutions' investing, lending and underwriting activities are more than 700 times higher, on average, than their direct emissions<sup>1</sup>. In 2019, Íslandsbanki produced around 358 times more emissions from loans than offices and in 2020 it was around 362 times more.



# Financed emissions 2020 and 2019

	2020						2019					
	Total assets	In scope for financed emissions	Out of scope	Methodology in progress	Emissions	Intensity	Total assets	In scope for financed emissions	Out of scope	Methodology in progress	Emissions	Intensity
Assets	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> eq)	(tCO <sub>2</sub> eq / ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> eq)	(tCO <sub>2</sub> eq / ISK m)
Cash and balances with Central Bank	78,948		78,948				138,863		138,863			
Loans to credit institutions	89,920		89,920				52,728		52,728			
Bonds and debt instruments	128,216	13,016	35,901	79,299	0.25	0.02	52,614	10,491	9,389	32,735	0.03	< 0.01
Derivatives	6,647			6,647			5,621			5,621		
Loans to customers	1,006,717	932,750	73,534	433	158.72	0.17	899,632	817,276	82,356		351.29	0.43
Shares and equity instruments	14,851	10,337	4,509	5	3.57	0.34	13,094	10,047	3,047		6.82	0.68
Investment in associates	775		775*				731		731*			
Property and equipment	7,341		7,341*				6,953		6,953*			
Intangible assets	3,478		3,478				0					
Other assets	4,125		4,125				4,270		4,270			
Non-current assets at disposal groups held for sale	3,173		3,173				0					
<b>Total</b>	<b>1,344,191</b>	<b>956,103</b>	<b>301,704</b>	<b>86,384</b>	<b>162.54</b>	<b>0.17</b>	<b>1,174,506</b>	<b>837,814</b>	<b>298,337</b>	<b>38,356</b>	<b>358.14</b>	<b>0.43</b>
<b>Loans to customers</b>												
Individuals	437,377	389,543	47,834		9.01	0.02	349,181	298,208	50,973		8.87	0.03
Commerce and services	124,260	117,005	7,255		20.82	0.18	126,488	116,922	9,564		21.33	0.18
Construction	42,352	40,554	1,798		10.75	0.27	44,420	42,769	1,651		11.98	0.28
Energy	8,673	8,673			1.30	0.15	7,887	7,876	11		2.59	0.33
Financial services	1,539	1,099	8	433	< 0.01	< 0.01	2,315	2,293	22		0.02	0.01
Industrial and transportation	78,561	73,176	5,385		87.29	1.19	82,288	75,251	7,037		274.83	3.65
Investment companies	23,440	23,323	117		0.28	0.01	23,590	23,472	118		0.47	0.02
Public sector and non-profit organisations	10,911	832	10,079		0.08	0.10	12,312	805	11,507		0.11	0.14
Real estate	157,502	156,565	937		1.18	0.01	145,559	144,390	1,169		1.74	0.01
Seafood	122,102	121,980	122		28.00	0.23	105,592	105,288	304		29.37	0.28
<b>Total</b>	<b>1,006,717</b>	<b>932,750</b>	<b>73,534</b>	<b>433</b>	<b>158.72</b>	<b>0.17</b>	<b>899,632</b>	<b>817,273</b>	<b>82,359</b>		<b>351.29</b>	<b>0.43</b>

Total financed emissions in 2019 were 358 kt CO<sub>2</sub>eq and 163 kt CO<sub>2</sub>eq in 2020.

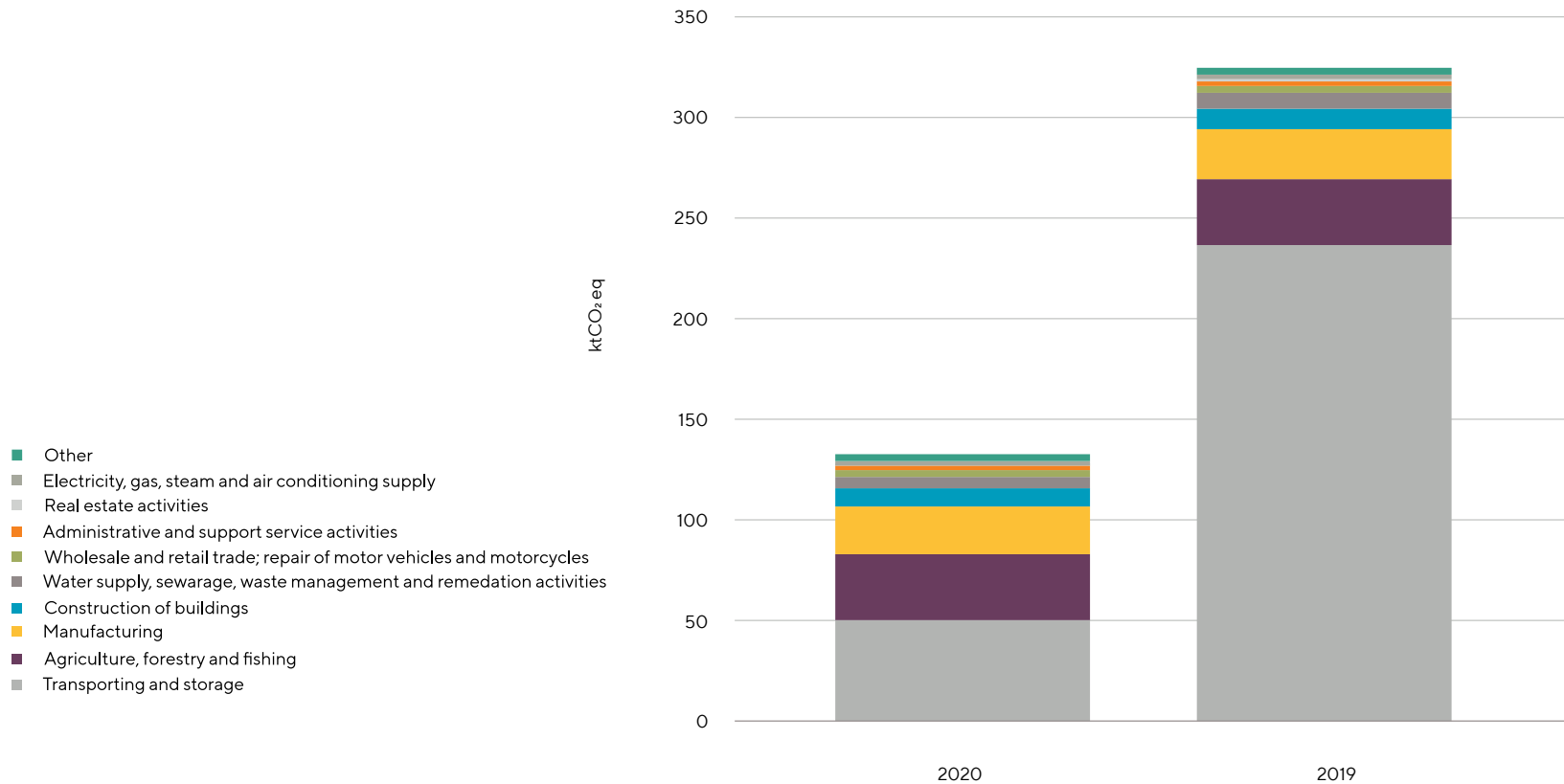
The methodology of each asset class can be found in the next section.

The breakdown of the total emissions in relation to the Bank's balance sheet can be found on pages 24 og 25.

Out of scope for financed emissions but included in the operational footprint.

# Emissions of the corporate loan portfolio in 2020 and 2019

Further breakdown of loans to corporates according to NACE industrial classification





# Conclusion and next steps

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## Conclusion

The estimations presented in this report have provided a valuable starting point for mapping the path towards the goal of becoming net-zero.

The path to zero for Íslandsbanki might be different compared to banks in other countries and regions. The natural resources in Iceland provide Icelanders with greener electricity and heating than for most and while increasing the energy efficiency of housing is important, its impact on the total emissions is negligible. Being an island, the transportation sector is doomed to be carbon intensive as it still is dependent on fossil fuel.

The Bank's financed emissions decreased significantly between 2019 and 2020, but not entirely intentionally as it is mostly due to the pandemic and reduced activity in the tourism sector.

## Measuring, disclosures & target setting

The measurement will be carried out annually from now on and the Bank will continue improving the quality and reliability along with increasing the coverage.

The 2021 PCAF results are expected to be due in summer 2022 and will be submitted to the Carbon Disclosure Project as part of the banks overall carbon emissions.

Based on the measurement, the aim is to have science-based targets approved by the end of 2022 for short and medium term financed emissions. As part of that work the Bank will set intermediate targets for 2030, using robust and science-based guidelines.

## Financing the transition to a net-zero future

The transition to a net-zero world will require substantial investment which creates opportunities for banks to support customer's financial needs. Green loans that fall under the Bank's Sustainable Financing Framework are important tools to support the transition required.

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 channeling favorable funding rates when issuing sustainable bonds. Another part comes from evidence that suggests sustainable loans entail lower credit risk. The Bank can therefore extend cheaper funding to sustainable companies which are not themselves able to access capital markets directly, for example due to their small size.



## Section 2 **Methodology and results per asset class**



# Motor vehicle loans



Financed emissions

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

(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 in two different ways.

First through the Icelandic Transport Authority which has a database of registered cars. Most registered cars have information on emissions per driven kilometre either according to WLTP method or NEDC method, from the manufacturer. 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.

Secondly 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 at least on the type of the vehicle, which are cars, motorcycles, snowmobiles and tractors. This amounts to 94% 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 in on page 21.

**Discussion**

The change in financed emissions in 2020

**Results 2020**

	Scope 1	Total	Intensity	Data quality
	( kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq /ISK m)	
Green vehicles	0.02	2,418	<0.01	3.0
Hybrid vehicles	1.22	5,190	0.24	3.3
Fossil vehicles	24.6	31,001	0.79	3.1
<b>Total</b>	<b>25.84</b>	<b>38,609</b>	<b>0.66</b>	<b>3.2</b>

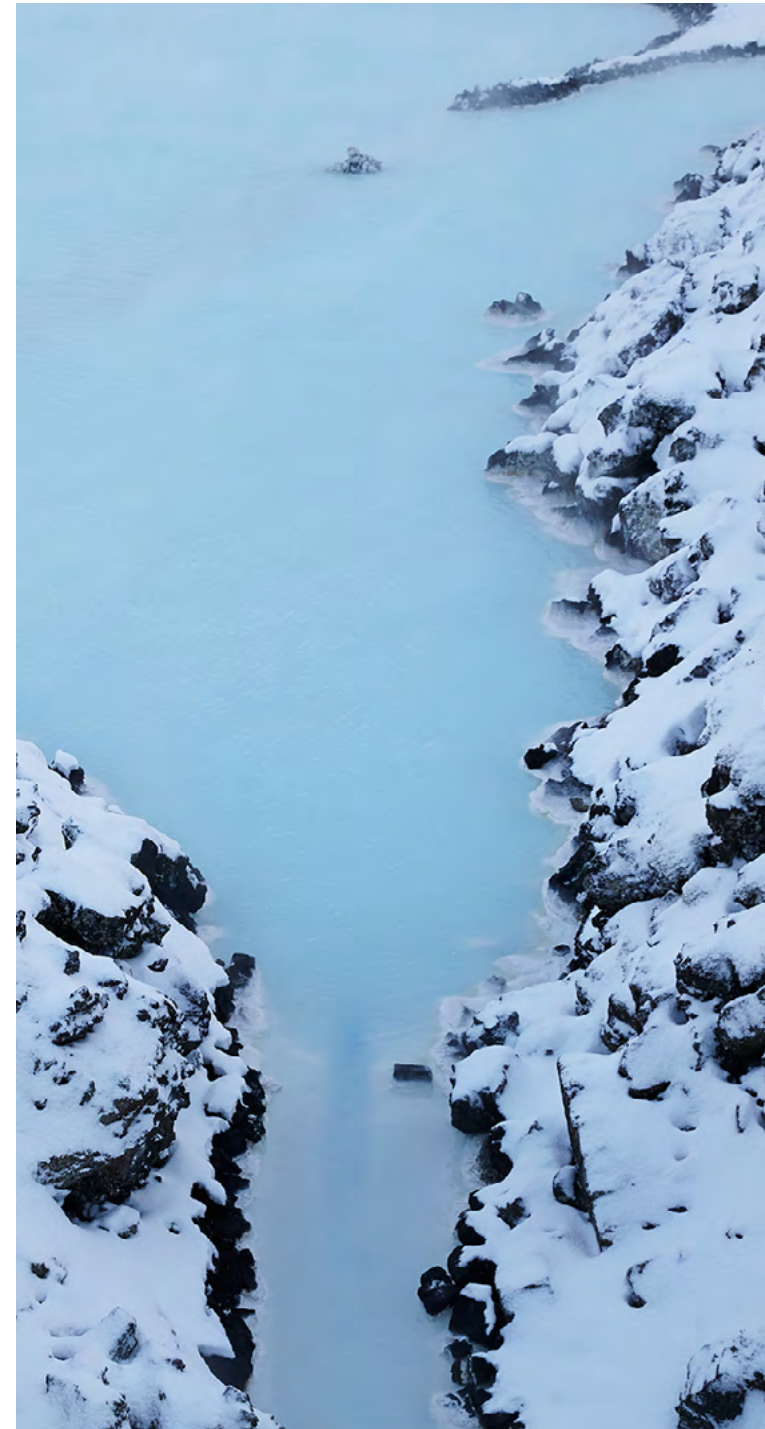
The motor vehicle loans portfolio emissions. Only scope 1 is calculated as according to the PCAF standard.

compared to 2019 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 portfolio is 3.5% smaller but the carbon footprint decreases by 10%.

The emissions are equal to the annual emissions of around 13 thousand average passenger cars in the Icelandic car fleet<sup>1</sup>.





# Mortgages

Financed emissions

## 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 Mannvit x Arion bank's 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 mortgages to individuals.

The building material is not included in the results as it has no effects on operational emissions. The building process does have

$$Financed\ emissions = \sum_{b,e} \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b} \times Energy\ consumption_{b,e} \times Emission\ factor_e$$

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

a significant carbon footprint but that is 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 houses are 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 the heating and electricity come from.

The mortgage portfolio increased in volume by 34% from 2019 to 2020 but the carbon footprint of the portfolio only increased by 17%, as the new mortgages were mostly for apartments.

Breakdown of the 2019 emissions are available on page 23.

## Results 2020

	Scope 2	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
Apartment	0.531	294,849	0.002	4.0
Single family house	0.177	45,681	0.004	4.0
Terraced house	0.078	34,016	0.002	4.0
Other	0.001	744	0.002	4.0
<b>Total</b>	<b>0.787</b>	<b>375,290</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



Financed emissions

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

*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 proportionally through the loan balance.
4. and 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 Iceland in the PCAF database are scarce.

The downside of using the coefficients based on the 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 where PCAF requires 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

The pandemic had a considerable impact on the business loans and unlisted equity portfolio. The emissions of the industrials and transportation sector decreases significantly, which was the by far most carbon intensive sector the previous year. This is mainly due to less demand for passenger transportation on land and air.

The most intensive industries are industrials and transportation, seafood, construction and energy.

Based on these results, Íslandsbanki's business loans and unlisted equity in 2020 amount to 3% of the total emissions of the Icelandic economy according to information from Statistics Iceland.

### Results 2020

	Scope 1 & 2	Total	Intensity	Data quality
	(kt CO2 eq)	(ISK m)	(t CO2 eq /ISK m)	
Commerce and Services	7.09	89,838	0.079	3.9
Construction	9.25	38,863	0.239	4.0
Energy	1.36	13,106	0.103	3.0
Financial services	< 0.01	1,099	< 0.01	2.0
Industrials and transportation	84.25	74,906	1.125	2.8
Investment companies	0.31	22,516	0.014	4.4
Public sector and non-profit organisations	0.13	838	0.151	5.0
Real estate	1.01	153,941	0.007	3.7
Seafood	27.96	123,030	0.227	3.8
<b>Total</b>	<b>131.36</b>	<b>518,138</b>	<b>0.254</b>	<b>3.6</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

Financed emissions

## 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.

The methodology based on the average emission intensity based on the loan balance was not used as the data was not appropriate.

Mainly, method (1) was used as most listed companies in Iceland publish their emissions.

Methods (2) and (3) were mostly used to assess the emissions of 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, as for estimating business loans to private companies, total equity + debt.

## Discussion

The intensity of this portfolio is quite low for two reasons. The listed equity and corporate bonds are mostly invested in low-carbon sectors (regarding scope 1 & 2). Equally as in the business loans and unlisted equity category, the pandemic has a significant impact on the emissions and many of the Bank's customers are increasing in value.

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

*For listed companies*

## Results 2020

	Scope 1 & 2	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
Listed equity and corporate bonds	3.78	18,895	0.200	2.7
<b>Total</b>	<b>3.78</b>	<b>18,895</b>	<b>0.200</b>	<b>2.7</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.



## Section 3

# Further details



# Further details

## Detailed methodology

### Motor Vehicle Loans

The methodology for other vehicles such as tractors and snowmobiles differs as there is no information on the driven distance and emissions available from the Icelandic Transport Authority. Therefore, estimations on oil or gasoline usage was used based on average information.

The PCAF database was also used to find the driving distance for motorcycles on a yearly basis if no information on emissions was available.

The assumptions, according to table on this page, were made if no information was available on emissions.

Hybrid N1 cars were estimated to drive proportionally as much as the M1 hybrid cars.

Type of vehicle	Description	Engine type	Estimated emissions g CO <sub>2</sub> /km
M1	Passenger cars, not exceeding 8 seats	Diesel/gasoline	224.4
M2	Used for the carriage of passengers, maximum mass not exceeding 5 tonnes	Diesel	433.3
M3	Used for the carriage of passengers, maximum mass exceeding 5 tonnes	Diesel	616.9
N1	Light Commercial Vehicle	Diesel/gasoline	239.7
N2	Used for the carriage of goods, maximum mass between 3.5 and 12 tonnes	Diesel	433.3
N3	Used for the carriage of goods, maximum mass exceeding 12 tonnes	Diesel	616.9

### **Mortgages**

In Iceland, most areas have geothermal energy for heating and hydropower for electricity production. Therefore, the operational emissions are quite low compared to other countries. There are some areas in Iceland with little geothermal energy where heat pumps are more frequent and electrical heating is used. However, these areas are few and implementing these details in the PCAF methodology does not have any impact on the final results. As this detail is not very material to the calculation, it was skipped in this round. The building material does not have an impact on the results according to the Mannvit X Arion Banki methodology. Still,

it is considered in the calculations but the results are aggregated as they produce the same results.

### **Business loans and unlisted equity and Listed equity and corporate bonds**

The sectoral emissions of the Icelandic economy from Statistics Iceland are obtained through National Inventory calculations (NIR), from relevant institutions, and through assumptions.

# Results for 2019

## Motor Vehicle Loans

	Scope 1	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
100% Green vehicles	0.02	942	0.02	3.0
Hybrid vehicles	0.89	3,400	0.26	3.3
Fossil vehicles	27.82	35,854	0.78	3.1
<b>Total</b>	<b>28.73</b>	<b>40,196</b>	<b>0.71</b>	<b>3.2</b>

## Mortgages

	Scope 2	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
Apartment	0.438	222,023	0.002	4.0
Single family house	0.156	37,159	0.004	4.0
Terraced house	0.061	24,316	0.003	4.0
Other	0.001	743	0.002	4.0
<b>Total</b>	<b>0.657</b>	<b>284,241</b>	<b>0.002</b>	<b>4.0</b>

## Business loans and unlisted equity

	Scope 1 & 2	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
Commerce and Services	7.60	90,072	0.084	4.0
Construction	10.47	40,870	0.256	4.4
Energy	2.58	12,117	0.213	3.0
Financial services	0.05	3,146	0.021	4.0
Industrials and transportation	272.79	77,445	3.522	2.8
Investment companies	0.40	23,212	0.018	4.4
Public sector and non-profit organisations	0.11	796	0.138	5.0
Real estate	1.57	141,027	0.011	3.7
Seafood	29.33	106,258	0.276	3.8
<b>Total</b>	<b>324.89</b>	<b>494,943</b>	<b>0.656</b>	<b>3.7</b>

## Listed equity and corporate bonds

	Scope 1 & 2	Total	Intensity	Data quality
	(kt CO <sub>2</sub> eq)	(ISK m)	(t CO <sub>2</sub> eq / ISK m)	
Listed equity and corporate bonds	6.81	19,042	0.357	2.7
<b>Total</b>	<b>6.81</b>	<b>19,042</b>	<b>0.357</b>	<b>2.7</b>



# Connection to Balance sheet at year-end 2020

Note 26 in the 2020 financial statement

## Out of scope

Out of scope are for example credit card overdrafts, and loans where there is no available information regarding the asset.

Property and equipment is listed out of scope here as it is a part of the operation carbon footprint, discussed on page 7.

## Methodology in progress

Methodology in progress refers to categories where the methodology is underway, for example sovereign bonds.

	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
Assets	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> eq)
Cash and balances with Central Bank	78,948						78,948		
Loans to credit institutions	89,920						89,920		
Bonds and debt instruments	128,216	13,016				13,016	35,900	79,299	0.25
Derivatives	6,647							6,647	
Loans to customers	1,006,717	932,751	41,113	375,290	516,348		73,533	433	158.72
Shares and equity instruments	14,851	10,337			1,526	8,811	4,509	5	3.57
Investment in associates	775				775		775*		
Property and equipment	7,341						7,341*		
Intangible assets	3,478						3,478		
Other assets	4,125						4,125		
Non-current assets at disposal groups held for sale	3,173						3,173		
<b>Total</b>	<b>1,344,191</b>	<b>956,104</b>	<b>41,113</b>	<b>375,290</b>	<b>518,837</b>	<b>21,827</b>	<b>301,702</b>	<b>86,384</b>	<b>162.54</b>
<b>Loans to customers</b>									
Individuals	437,377	389,543	14,253	375,290					9.01
Commerce and services	124,260	117,006	21,592		95,414		7,254		20.82
Construction	42,352	40,554	1,922		38,632		1,798		10.75
Energy	8,673	8,673	14		8,659				1.30
Financial services	1,539	1,099			1,099		8	433	<0.01
Industrial and transportation	78,561	73,176	3,055		70,121		5,385		87.29
Investment companies	23,440	23,323	54		23,269		117		0.28
Public sector and non-profit organisations	10,911	832	4		828		10,079		0.08
Real estate	157,502	156,565	158		156,407		937		1.18
Seafood	122,102	121,980	61		121,919		122		28.00
<b>Total</b>	<b>1,006,717</b>	<b>932,752</b>	<b>41,113</b>	<b>375,290</b>	<b>516,348</b>	<b>0</b>	<b>73,533</b>	<b>433</b>	<b>158.72</b>

# Connection to Balance sheet at year-end 2019

Note 26 in the 2020 financial statement

## Out of scope

Out of scope are for example credit card overdrafts, and loans where there is no available information regarding the asset.

Property and equipment is listed out of scope here as it is a part of the operation carbon footprint, discussed on page 7.

## Methodology in progress

Methodology in progress refers to categories where the methodology is underway, for example sovereign bonds.

	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
Assets	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(ISK m)	(kt CO <sub>2</sub> eq)
Cash and balances with Central Bank	138,863						138,863		
Loans to credit institutions	52,728						52,728		
Bonds and debt instruments	52,614	10,491				10,491	9,388	32,735	0.03
Derivatives	5,621							5,621	
Loans to customers	899,632	817,276	40,537	284,240	492,499		82,356		351.29
Shares and equity instruments	13,094	10,047			1,526	8,521	3,047		6.81
Investment in associates	731	731			731				0.01
Property and equipment	6,953						6,953		
Intangible assets	0								
Other assets	4,270						4,270		
Non-current assets at disposal groups held for sale	0								
<b>Total</b>	<b>1,174,506</b>	<b>838,545</b>	<b>40,537</b>	<b>284,240</b>	<b>494,756</b>	<b>19,012</b>	<b>297,605</b>	<b>38,356</b>	<b>358.15</b>
<b>Loans to customers</b>									
Individuals	349,181	298,208	13,968	284,240			50,973		8.87
Commerce and services	126,488	116,922	21,314		95,608		9,566		21.33
Construction	44,420	42,769	1,899		40,870		1,651		11.98
Energy	7,887	7,876	14		7,862		11		2.59
Financial services	2,315	2,293			2,293		22		0.02
Industrial and transportation	82,288	75,251	3,017		72,234		7,037		274.83
Investment companies	23,590	23,472	82		23,390		118		0.47
Public sector and non-profit organisations	12,312	805	9		796		11,507		0.11
Real estate	145,559	144,390	175		144,215		1,169		1.74
Seafood	105,592	105,288	59		105,229		304		29.37
<b>Total</b>	<b>899,632</b>	<b>817,273</b>	<b>40,537</b>	<b>284,240</b>	<b>492,496</b>	<b>0</b>	<b>82,359</b>	<b>0</b>	<b>351.29</b>

## Breakdown of the loan portfolio, excluding individuals, in terms of NACE rev. 2

More detail on the breakdown in terms of NACE rev. 2.

Not included are loans to individuals and other loans to customers that are uncategorized according to NACE.

NACE	2020		2019	
	Emissions (tCO <sub>2</sub> eq)	Carrying amount (ISK m)	Emissions (tCO <sub>2</sub> eq)	Carrying amount (ISK m)
A	33.556	59.927	32.047	50.703
B	793	2.660	554	2.884
C	23.399	97.018	24.830	89.597
D	1.291	13.106	2.577	12.117
E	5.790	2.287	7.662	1.661
F	9.178	38.632	10.472	40.870
G	3.487	39.250	4.185	38.891
H	49.673	36.045	237.028	38.857
I	450	19.145	383	19.883
J	39	6.007	77	6.068
K	321	25.198	450	26.908
L	1.011	153.259	1.562	143.064
M	151	4.770	205	4.945
N	1.409	10.932	1.149	10.522
P	434	459	320	546,87
Q	588	2.660	879	2.778
R	421	2.721	254	2.793
S	89	755	51	744,9



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