



Sustainable Finance Impact Report

LANDSBANKINN HF. | Reg. No. 471008-0280 | LANDSBANKINN.IS

February 2023



Overview and allocation of proceeds

In February and November 2021, Landsbankinn issued two EUR 300m green, senior unsecured bonds with the intention to finance eligible loans under its [sustainable finance framework](#).

Proceeds from the [first issuance](#) have been fully allocated to eligible loans to 11 companies under Landsbankinn's sustainable finance framework which was reallocated to 12 companies. Proceeds from the second issuance have been fully allocated to eligible loans to 22 companies under the same framework.

Proceeds from the February issuance were used to refinance eligible loans issued in 2018 and 2019 for investments and expenditures related to catching, production and processing of Aquaculture Stewardship Council (ASC), Marine Stewardship Council (MSC) or Iceland Responsible Certified seafood products. Proceeds from the November issuance were used to refinance eligible loans issued in 2019, 2020 and 2021 for investments and expenditures related to (i) catching, production and processing of MSC, ASC or Iceland Responsible Certified seafood products, (ii) sustainable water and wastewater management, and (iii) eco-efficient and/or circular economy adapted products, production technologies and processes.

Euro exchange rates are based on mid rates published by the Central Bank of Iceland on 24 October 2022.

Verification of allocation eligibility for the February bond was conducted by Sustainalytics. Verification for the November bond was conducted by Deloitte and is attached to this report as an appendix.

Bond information

	Issue date	February 2021	November 2021	
	Issuer	Landsbankinn hf.	Landsbankinn hf.	
Bond information	Bond type	Green, Senior Unsecured	Green, Senior preferred	
	ISIN	xs2306621934	xs2411726438	
	Bloomberg	LANBNN 3/8 05/23/25	LANBNN 0 3/4 05/25/26	
	Amount (€m)	300	300	
	Maturity date	23 May 2025	25 May 2026	
	Currency	Euro	Euro	
	Place of listing	Euronext, Dublin	Euronext, Dublin	
	Outstanding debt as of 2022/12/31 (€m)	300	300	
	Allocated proceeds as of 2022/12/31	100%	100%	
	Allocated proceeds to loans issued in 2018 (€m)	240,7	0	
	Allocated proceeds to loans issued in 2019 (€m)	59,3	133,4	
	Allocated proceeds to loans issued in 2020 (€m)	0	57,8	
	Allocated proceeds to loans issued in 2021 (€m)	0	108,8	
	Allocated proceeds to loans issued in 2022 (€m)	0	0,0	
	Remaining balance of unallocated proceeds (€m)	0	0,0	
	Refinance	100%	100%	
	New-finance	0%	0%	
Allocation information	Allocation category 1	Env. sust. management of liv. res. and land use.	Env. sust. management of liv. res. and land use.	
		Ratio allocated to category 1	100%	82%
		Criteria for category 1	Investments and expenditures related to catching, production and processing of MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council, fully certified) or Iceland Responsible Fisheries Certified fish products. Small companies catching species listed under "MSC Certified Fisheries", using qualified methods, by Icelandic Sustainable Fisheries are eligible if >90% of revenue come from such fishing activities.	Investments and expenditures related to catching, production and processing of MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council, fully certified) or Iceland Responsible Fisheries Certified fish products. Small companies catching species listed under "MSC Certified Fisheries", using qualified methods, by Icelandic Sustainable Fisheries are eligible if >90% of revenue come from such fishing activities.
		Allocation category 2	-	Sustainable water and wastewater management
		Ratio allocated to category 2	0%	13%
		Criteria for category 2	-	Development, construction and operation of wastewater treatment (including collection and wastewater treatment plants).
		Allocation category 3	-	Eco-efficient and/or circular economy adapted products, production technologies and processes
		Ratio allocated to category 3	0%	5%
		Criteria for category 3	-	Development and production of products which are intended to achieve, or have already received a credible, industry specific environmental certification, such as the Nordic Swan Ecolabel, the EU Ecolabel or equivalent.

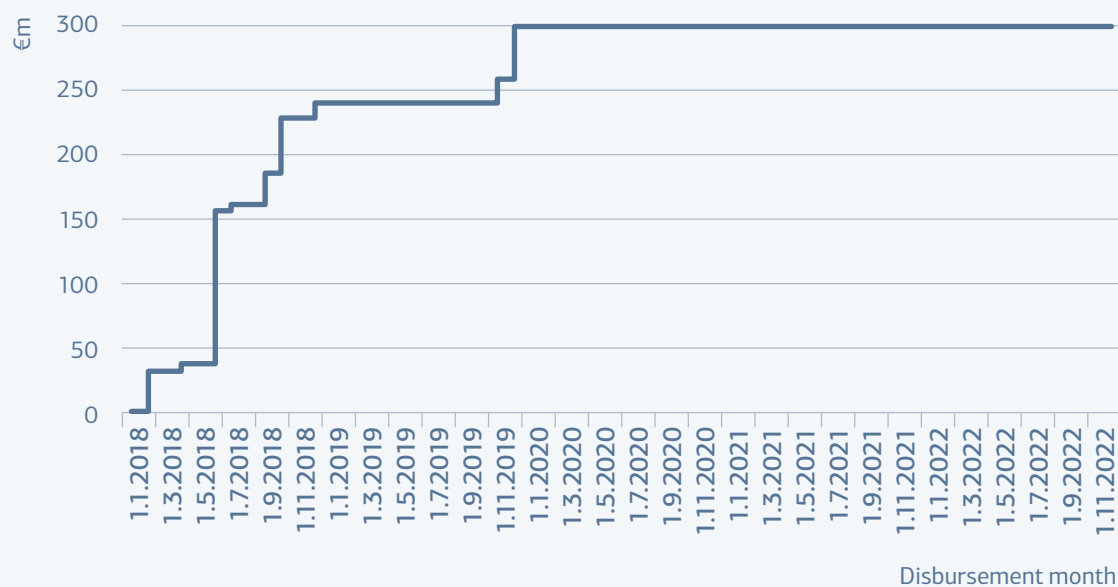
Bond information cont. (February issuance)

	2018 (€m)	% of loan	Allocated amount (€m)	2019 (€m)	% of loan	Allocated amount (€m)	Total
MSC Cert. Comp. 1	56,1	100%	56,1	-	-	-	56,1
MSC Cert. Comp. 2	0,5	100%	0,5	-	-	-	0,5
MSC Cert. Comp. 3	-	-	-	-	-	-	0,0
MSC Cert. Comp. 4	29,7	100%	29,7	-	-	-	29,7
MSC Cert. Comp. 5	4,3	100%	4,3	-	-	-	4,3
MSC Cert. Comp. 6	25,0	100%	25,0	-	-	-	25,0
MSC Cert. Comp. 7	6,0	100%	6,0	-	-	-	6,0
IRFC* Comp. 1	0,1	100%	0,1	-	-	-	0,1
MSC Cert. Comp. 8	69,2	100%	69,2	-	-	-	69,2
MSC Cert. Comp. 9	44,0	100%	44,0	17,8	100%	17,8	61,8
MSC Cert. Comp. 10	5,8	100%	5,8	-	-	-	5,8
MSC Cert. Comp. 11	-	-	-	44,7	93%	41,5	41,5
Total			240,7			59,3	300,0

*Iceland Responsible Fisheries Certified fish products

Cumulative allocated amount disbursed (€m)

Feb/21 bond



Bond information cont. (November issuance)

	2019 (€m)	% of loan	Allo- cated amount (€m)	2020 (€m)	% of loan	Allo- cated amount (€m)	2021 (€m)	% of loan	Allo- cated amount (€m)	Total (€m)
ASC Cert. Comp. 1	-	-	-	48,3	100%	48,3	-	-	-	48,3
IRFC* Comp. 1	-	-	-	-	-	-	24,1	100%	24,1	24,1
MSC Cert. Comp. 1	11,2	100%	11,2	-	-	-	-	-	-	11,2
SWWM** Comp. 1	38,0	100%	38,0	-	-	-	-	-	-	38,0
MSC Cert. Comp. 2	19,6	100%	19,6	-	-	-	-	-	-	19,6
MSC Cert. Comp. 3	-	-	-	-	-	-	22,7	100%	22,7	22,7
MSC Cert. Comp. 4	-	-	-	-	-	-	1,3	100%	1,3	1,3
MSC Cert. Comp. 5	21,4	100%	21,4	-	-	-	-	-	-	21,4
MSC Cert. Comp. 6	4,7	100%	4,7	-	-	-	-	-	-	4,7
MSC Cert. Comp. 7	-	-	-	-	-	-	15,8	100%	15,8	15,8
Eco-efficient and/or circular economy*** Comp. 1	-	-	-	-	-	-	13,4	100%	13,4	13,4
MSC Cert. Comp. 8	6,3	100%	6,3	-	-	-	-	-	-	6,3
MSC Cert. Comp. 9	12,5	100%	12,5	-	-	-	-	-	-	12,5
MSC Cert. Comp. 10	10,1	100%	10,1	-	-	-	-	-	-	10,1
MSC Cert. Comp. 11	-	-	-	-	-	-	9,6	100%	9,6	9,6
MSC Cert. Comp. 12	9,5	100%	9,5	-	-	-	-	-	-	9,5
ASC Cert. Comp. 2	-	-	-	9,5	100%	9,5	-	-	-	9,5
MSC Cert. Comp. 13	-	-	-	-	-	-	9,2	100%	9,2	9,2
MSC Cert. Comp. 14	-	-	-	-	-	-	1,5	100%	1,5	1,5
MSC Cert. Comp. 15	-	-	-	-	-	-	5,6	100%	5,6	5,6
Eco-efficient and/ or circular economy Comp. 2	-	-	-	-	-	-	2,0	100%	2,0	2,0
MSC Cert. Comp. 16	-	-	-	-	-	-	3,6	100%	3,6	3,6
Total			133,4			57,8			108,8	300,0

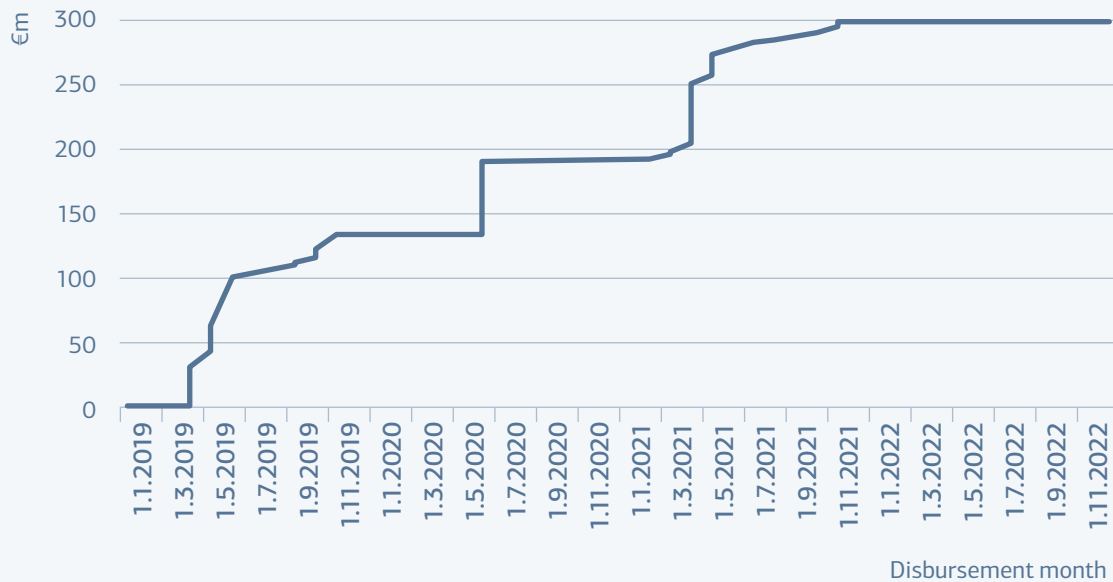
*Iceland Responsible Fisheries Certified fish products

**Sustainable water and wastewater management

***Eco-efficient and/or circular economy adapted products, production technologies and processes

Cumulative allocated amount disbursed (€m)

Nov/21 bond



Impact

- General overview of the sustainability of Icelandic fisheries.
- Greenhouse gas (GHG) emission from the Icelandic fishing sector has decreased by 49% since 1996, from 925 ktCO₂e to 472 ktCO₂e in 2021.¹
- This reduction in GHG emission has been achieved through fleet upgrades, technological development and decrease in the number of fishing vessels while at the same time increasing the value of marine products.
- The number of fishing vessels under the quota system has decreased by 40% since 2008.²
- The sector is taking steps towards electrification. Neskaupstaður, in East Iceland, was the first port to provide ships with electricity during layovers, followed by every port in Iceland which is part of the government's climate action plan from 2020.

MSC/ASC certification and Iceland Responsible Fisheries Certified fish products

MSC certification is only applied to wild fish or seafood products from fisheries that have received certification according to the MSC Fisheries Standard, a set of requirements for sustainable fishing.

MSC certified fish and seafood derive from fisheries which have been independently assessed for impact on wild fish populations and the ecosystems to which they belong.

¹ Iceland statistics. Table UMH31110 using Eurostat air emission accounts for fisheries and fish farming (A03)

² Græn skref í sjávarútvegi, 2021. Figure 5, p. 16.

MSC certified products are distinguished from non-certified products throughout the entire supply chain. They are visibly labelled and traceable to a certified sustainable source.

The ASC is the world's leading certification scheme for farmed seafood – known as aquaculture – and the ASC label only appears on food from farms that have been independently assessed and certified as being environmentally and socially responsible.

Iceland Responsible Fisheries Certified fish products is a robust, common sense, practical and cost-effective approach that allows Icelandic fisheries to meet the Food and Agriculture Organization's criteria for credible certification.

Sustainable water and wastewater management

Development, construction and operation of wastewater treatment (including collection and wastewater treatment plants).

Eco-efficient and circular economy

Eco-efficient and/or circular economy adapted products, production technologies and processes is divided into four categories:

- Development and production of products which are intended to achieve, or have already received a credible, industry specific environmental certification such as the Nordic Swan Ecolabel, the EU Ecolabel or equivalent.
- Research, development and operation of systems, products or technologies that increase energy efficiency, and/or mitigate the GHG emissions of Landsbankinn's customers and/or network users (without any reliance on non-renewable energy sources), such as 5G or other high-speed mobile network infrastructure.
- Internet of Things ("IoT") products and solutions.
- Cloud and analytics products and solutions, including data centres using renewable energy.

Independent Auditor's Assurance Report

To the Management and the stakeholders of Landsbankinn hf.

We have been engaged by Landsbankinn hf. to provide limited assurance on the allocation of net proceeds from Green Bonds as disclosed in Sustainable Finance Impact Report 2022. The allocation is made according to Landsbankinn's Sustainable Financing Framework which is based on ICMA's guidelines and the EU taxonomy for sustainable financing.

Our engagement was performed in order to evaluate:

- Allocation of net proceeds from Green Bonds are used to finance projects that meet the criteria of the Bank's Sustainable Financing Framework.

We express a conclusion providing limited assurance.

Management's responsibility

The Management of Landsbankinn is responsible for collecting, analysing, aggregating, and presenting the information in the report, ensuring that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (IESBA Code), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Deloitte ehf. is subject to International Standard on Quality Management (ISQM) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the allocation based on the Sustainable Financing Framework, presented in the Sustainable Finance Impact report for 2022. We have conducted our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to obtain limited assurance about our conclusion. In accordance with the standard, we have planned and performed our work to obtain limited assurance about whether Allocation information is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed reviews of data, reviews of the underlying data processes as well as interviews with those responsible for producing the data. Our work has included interviews with key functions in Landsbankinn, inquiries regarding procedures and methods to ensure that the allocation of funding is in accordance with the guidelines within Landsbankinn's Sustainable Financing Framework. We have assessed processes, systems, and controls for gathering, consolidating and aggregating the data at Landsbankinn, and performed analytical review procedures and tested data prepared against underlying documentation.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that allocation of net proceeds from Green Bonds in Landsbankinn's Sustainable Finance Impact report for the year 2022 is not prepared, in all material respects, in accordance with the Sustainable Finance Framework.

Kópavogi, 24 February 2023

Deloitte ehf.



Birna María Sigurðardóttir
State-Authorised Public Accountant