

Landsbankinn hf

Regional Banks Iceland

ESG Risk Rating

9.7

Updated May 13, 2021

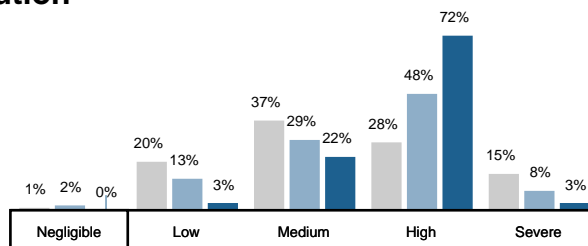
-3.8

Momentum

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	88/13726	2nd
Banks INDUSTRY	15/1038	2nd
Regional Banks SUBINDUSTRY	1/423	1st

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Landsbankinn hf	34.0 Low	75.3 Strong	9.7 Negligible
2. De Volksbank NV	31.8 Low	70.8 Strong	10.4 Low
3. Caja Rural de Navarra SCC	33.3 Low	64.5 Strong	12.9 Low
4. SBAB Bank AB	31.6 Low	54.0 Strong	15.4 Low
5. OP Financial Group	33.2 Low	50.6 Strong	17.2 Low

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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

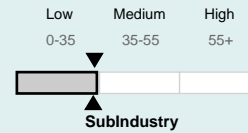
34.0

0.0

Low

Momentum

Beta = 1.00



Landsbankinn services a diverse client portfolio that includes financial institutions, public institutions, SMEs, individuals, as well as corporate clients from various sectors such as fisheries, construction, retail, ICT, and agriculture. The company is thus challenged to meet high client expectations and provide adequate products and services for a variety of needs. Failure to do so can lead to client loss and reputational damage. Additionally, during its operations, Landsbankinn collects and processes customer sensitive information. Misconduct such as leakage of personal data could result in lawsuits and fines or prompt clients to move to the competition. Moreover, financing controversial projects that may adversely impact the environment or communities either through loans or through investments could expose Landsbankinn's to increased stakeholder scrutiny.

The company's overall exposure is low and is similar to subindustry average. Data Privacy and Security, Product Governance and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

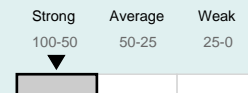
Management

75.3

+11.9

Strong

Momentum



Landsbankinn's overall ESG-related disclosure follows best practice, signaling strong accountability to investors and the public. The company's ESG-related issues are overseen by the Board of Directors and by the CEO, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

ESG Issues regarded material for the company.

Issue Name	Exposure	Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Product Governance	8.0 High	68.8 Strong	2.5 Low	25.8%
ESG Integration -Financials	5.0 Medium	57.6 Strong	2.1 Low	21.9%
Human Capital	5.0 Medium	72.6 Strong	1.6 Negligible	16.0%
Corporate Governance	5.0 Medium	69.0 Strong	1.6 Negligible	16.0%
Data Privacy and Security	6.0 Medium	98.8 Strong	1.3 Negligible	13.0%
Business Ethics	5.0 Medium	90.6 Strong	0.7 Negligible	7.2%
Overall	34.0 Low	75.3 Strong	9.7 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (15)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Data Privacy and Security

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

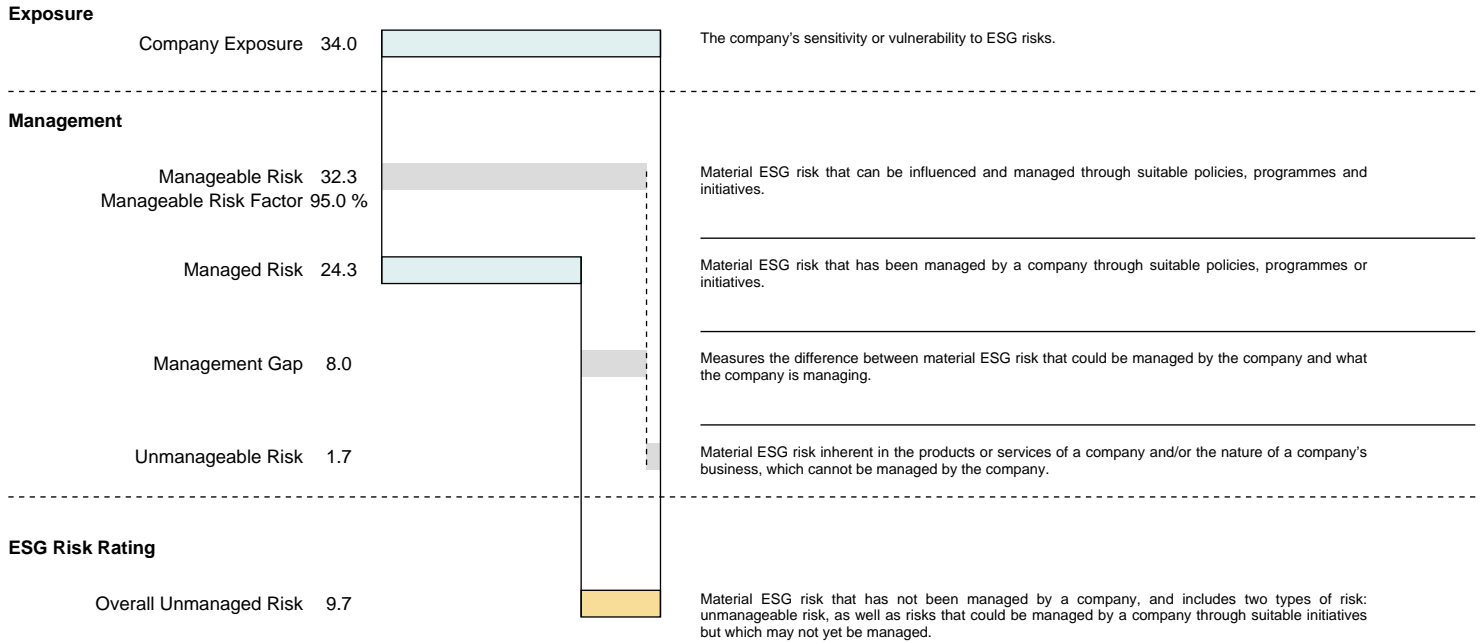
Social Impact of Products

Society - Human Rights

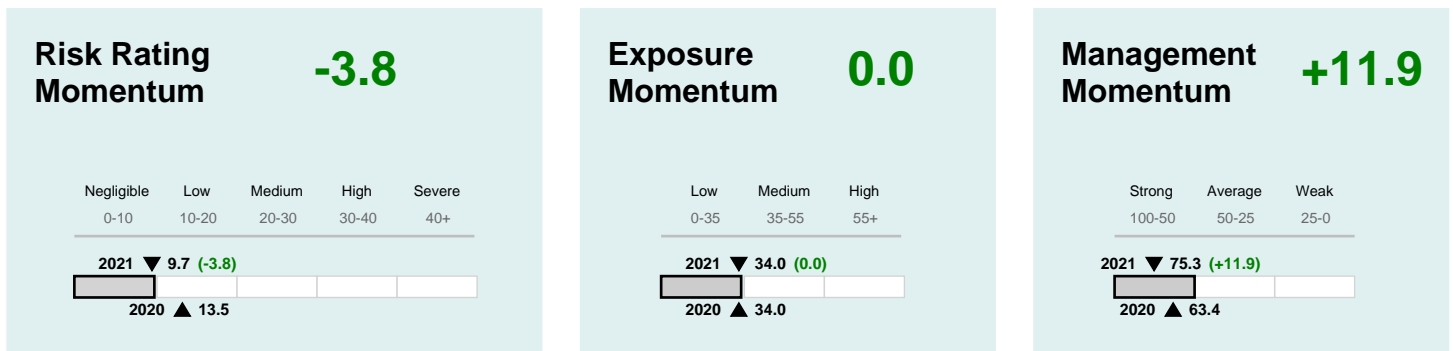
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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