

LANDSBANKINN HF. BANKING | IS | 471008-0280**A3 | 88 / 100**

A1 - A3	B1 - B3	C1 - C3	D
Excellent	Good	Medium	Poor

RATING

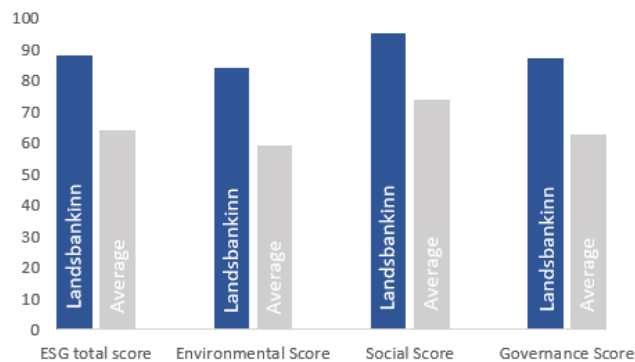
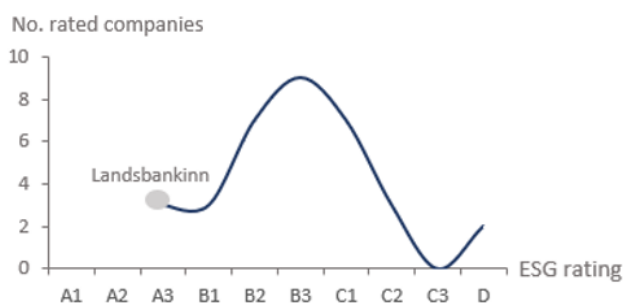
Landsbankinn achieves outstanding results in Reitun's ESG rating, with 88 points of 100 possible, placing it in category A3.

ESG RATING RESULTS

	Weight	Score	Rating
Environmental	12.0%	84	B1
E.1 Eco - Efficiency	6.0%	95	A2
E.2 Environmental Management	6.0%	73	B2
Social	25.0%	95	A2
S.1 Working Environment	7.0%	97	A1
S.2 Employee Welfare & Customer Satisfaction	18.0%	95	A2
Governance	63.0%	87	A3
G.1 Corporate Governance	9.0%	100	A1
G.2 Corporate Practices & Supplier Chain	24.0%	88	A3
G.3 Products & Services	30.0%	82	B1

SHORT SUMMARY OF RESULTS

Landsbankinn excels in Reitun's ESG rating and is placed in the top category (A3). For a prolonged period Landsbankinn has focused on sustainability in its operations and continues to integrate sustainability factors further into the entire operation. Senior management is willing to influence sustainability related matters and a committee dedicated to sustainability has now been formed. One of the more significant ESG factors for financial institutions is whether and how sustainability is implemented into products and services. The Bank is a signatory member to the United Nations Principles for Responsible Banking (UN PRB) and has been working on increasing sustainability in its loan portfolio and can be expected to continue to do so vigorously in the coming months. At the beginning of 2021, Landsbankinn introduced a new sustainable financial framework and subsequently issued green bonds. Proceeds of the issue will go to projects that fall under that framework. The bank has defined about 30% of larger loans in its portfolio under a sustainable financial framework. An impact report will be published annually but such a report will provide important insights into the allocation of resources that fall under a sustainable financial framework and performance over time. Landsbankinn has recently published the carbon footprint for its loan portfolio based on the PCAF methodology and is the first Icelandic bank to achieve this goal. This is a major step for the bank and gives it the opportunity to gain an increased overview of climate-related risks and set goals that will be useful in the bank's sustainable policy-making. Landsbankinn has been a signatory member to the United Nations Principles of Responsible Investment (UN PRI) since 2013. In 2020, asset management division was transferred from Landsbankinn to its subsidiary, Landsbréf, which aims for the same membership in the criteria for responsible investment (PRI). Landsbréf looks at sustainability in all its operations and works according to a policy of responsible investment. Recently Landsbréf introduced a new investment fund, Eignadreifing Sjálfbær, which will only invest in projects that perform well on sustainability. Financial companies in Iceland operate under extensive regulations and supervision. As a result, Reitun considers that it minimizes the risk of general governance and business ethics, but those aspects are well managed by the bank. Information security is a risk factor for financial companies and Landsbankinn pays close attention to those issues. The bank has had ISO27001 certificate, a standard on how to manage information security, since 2007 and continues to work on minimizing the existing risks and receives the maximum score for the category on privacy and information security. The bank shows a positive progression in the category of environmental factors and has carbon offset its operations in 2020 and achieved CarbonNeutral company certification. The bank takes particularly good care of its employees and job satisfaction remains high. Landsbankinn receives the highest rating for the category of customer satisfaction as it has good contact with society and performs well in measurements of customer satisfaction, e.g. being the highest ranking bank in Ánægjuvögin 2020, VR's survey on customer satisfaction. Landsbankinn aims to increase the effectiveness of sustainability in its operations and has shown its determination towards the matter effectively in action. Therefore Landsbankinn continues to receive an excellent rating in Reitun's UFS evaluation and is a role model for the domestic market.

COMPARISON**ESG RATING DISTRIBUTION****COMPARISON WITH DOMESTIC ISSUERS**

Landsbankinn is well above average in all categories in comparison with other domestic issuers that have received an ESG rating by Reitun (35 issuers). The market average currently shows an overall rating that is currently 64 points out of a possible 100, category B3. Landsbankinn receives 88 points, placing it in the top category, A3. The bank shares category A with two other issuers.

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