

Landsbankinn hf

Regional Banks Iceland

ESG Risk Rating

9.9

Updated Jun 1, 2022

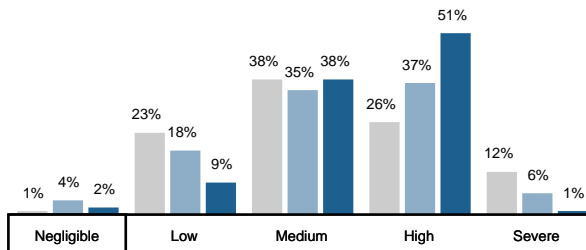
+0.2

Momentum

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	191/14738	2nd
Banks INDUSTRY	34/995	4th
Regional Banks SUBINDUSTRY	7/374	3rd

Peers Table

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

	Exposure	Management	ESG Risk Rating
1. Allied Irish Banks Plc	33.8 Low	76.8 Strong	9.1 Negligible
2. Deutsche Bank SAE	38.0 Medium	79.2 Strong	9.7 Negligible
3. Landsbankinn hf	33.1 Low	73.7 Strong	9.9 Negligible
4. Caja Rural de Navarra SCC	33.3 Low	72.4 Strong	10.4 Low
5. Cooperatieve Centrale Raiffeisen-Boerenleenbank (Australia)	37.2 Medium	76.0 Strong	10.6 Low

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ESG Risk Analysis

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

ESG Risk Exposure

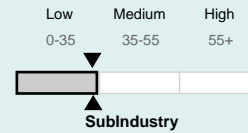
33.1

-1.0

Low

Momentum

Beta = 0.97



Landsbankinn services a diverse client portfolio that includes financial institutions, public entities, individuals, SMEs, as well as corporate clients from various sectors such as fisheries, real estate, construction, travel, ICT, retail, manufacturing and others. 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 to increased stakeholder scrutiny.

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

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

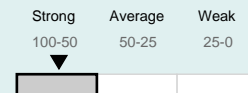
ESG Risk Management

73.7

-1.6

Strong

Momentum



Landsbankinn's overall ESG-related disclosure follows best practice, signaling strong accountability to investors and the public. In addition, 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

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Product Governance	7.6 Medium	60.0 Strong	3.0 Low	30.7%
ESG Integration -Financials	4.8 Medium	58.9 Strong	2.0 Negligible	19.7%
Human Capital	5.0 Medium	74.8 Strong	1.4 Negligible	14.6%
Corporate Governance	5.0 Medium	76.0 Strong	1.2 Negligible	12.1%
Data Privacy and Security	5.7 Medium	100.0 Strong	1.1 Negligible	11.5%
Business Ethics	5.0 Medium	81.9 Strong	1.1 Negligible	11.2%
Overall	33.1 Low	73.7 Strong	9.9 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

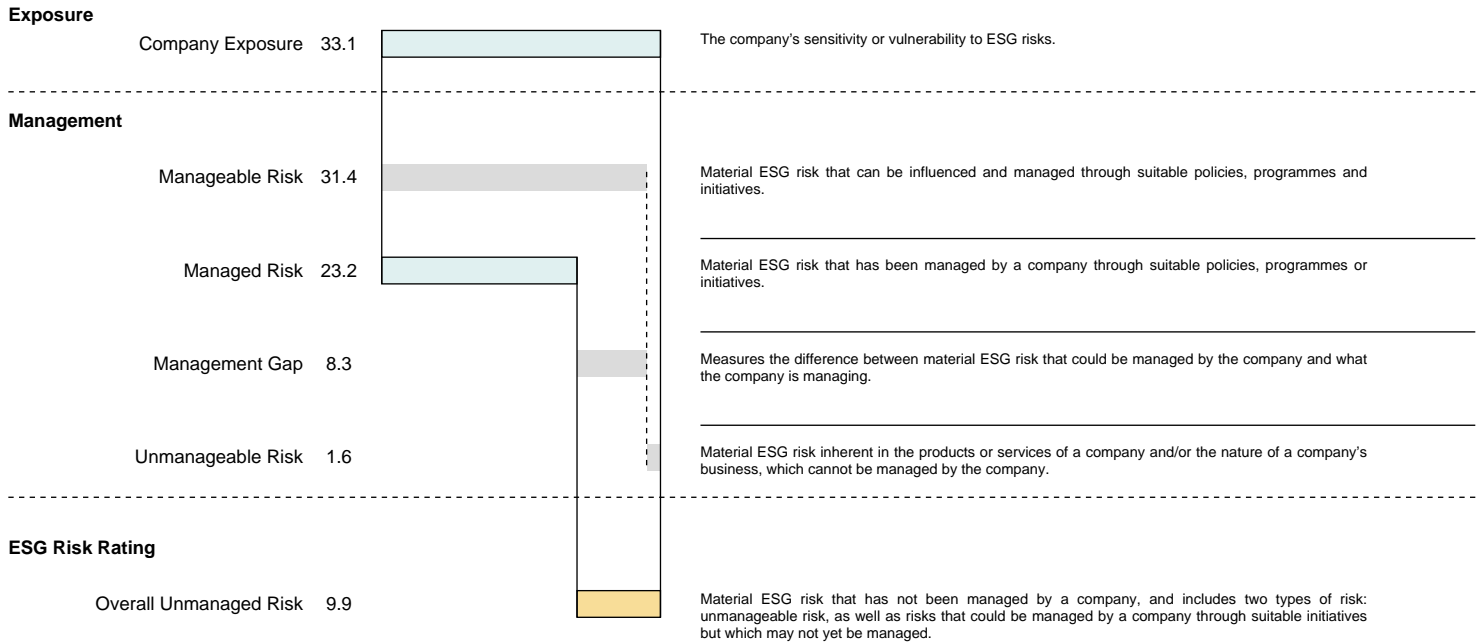
Social Impact of Products

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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