

Landsbankinn hf

13.5 Low Risk

Regional Banks | Iceland |



Rating Overview

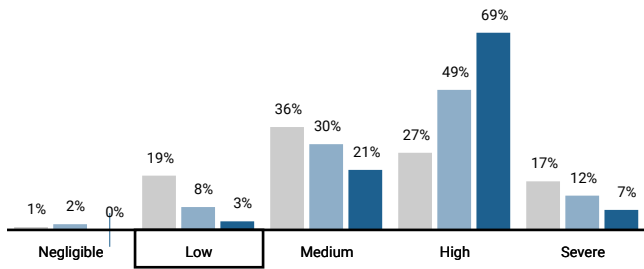
The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and strong management of material ESG issues. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Furthermore, the company has not experienced significant controversies.

Momentum Score: -8.0

Improved ↗

The company's risk has decreased significantly in the past year, and its risk category has improved.

ESG Risk Rating Distribution



Relative Performance

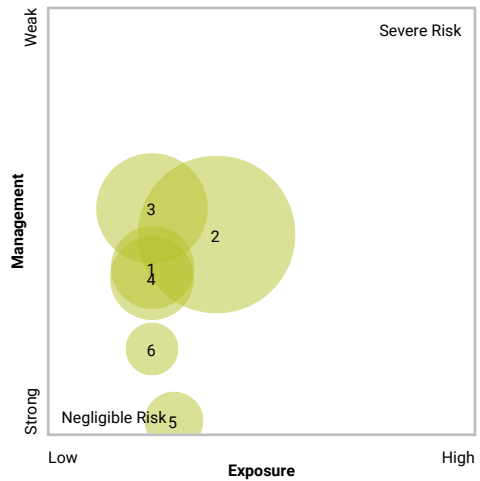
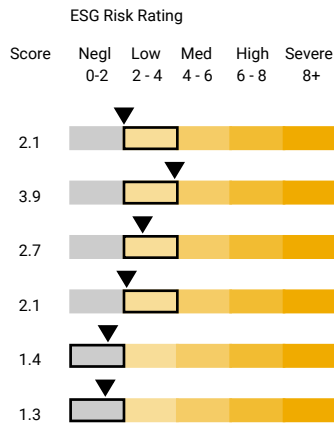
	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	422 out of 12077	4th
Banks (Industry Group)	25 out of 924	4th
Regional Banks (Subindustry)	2 out of 382	1st



Attribution Analysis

Top Material Issues

- Corporate Governance
- Product Governance
- ESG Integration - Financials
- Human Capital
- Data Privacy and Security
- Business Ethics

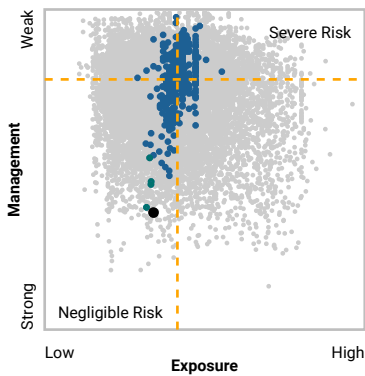


△ = Significant event

○ Circle size = Contribution to ESG Risk Rating



Risk Analysis



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

	ESG Risk Rating	Exposure	Management
1. De Volksbank NV	13.1 Low	31.8 Low	61.8 Strong
2. Landsbankinn hf	13.5 Low	34.0 Low	63.4 Strong
3. OP Financial Group	16.0 Low	33.2 Low	54.6 Strong
4. Caja Rural de Navarra SCC	16.3 Low	33.3 Low	53.8 Strong
5. Achmea Bank N.V.	18.4 Low	32.8 Low	46.4 Average

- Global Universe
- Regional Banks (Subindustry)
- Landsbankinn hf
- Peers
- + SubIndustryAvg.

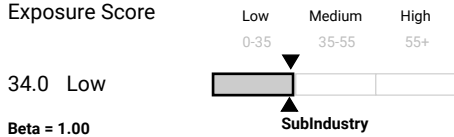
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Exposure Score

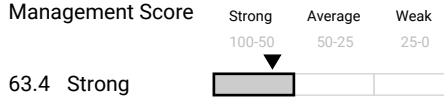


Beta = 1.00

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, in the course of 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. Product Governance, Data Privacy and Security and ESG Integration -Financials are notable material ESG issues.

Management Score



Landsbankinn's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.

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

Attribution Details

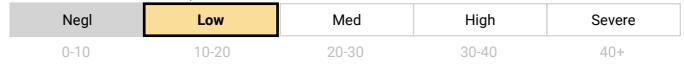
Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	15.2%	5.0	5.0	100%	59.0	15.5 %	2.1	
Product Governance	28.9%	8.0	8.0	100%	51.3	24.8 %	3.9	
ESG Integration -Financials	20.3%	5.0	5.0	100%	45.1	15.5 %	2.7	
Human Capital	15.4%	5.0	5.0	95%	61.4	14.7 %	2.1	
Data Privacy and Security	10.7%	6.0	6.0	80%	95.0	14.9 %	1.4	
Business Ethics	9.5%	5.0	5.0	95%	78.1	14.7 %	1.3	
Overall	100.0%	34.0	34.0	95.0 %	63.4	100.0%	13.5	Low

△ =Significant event

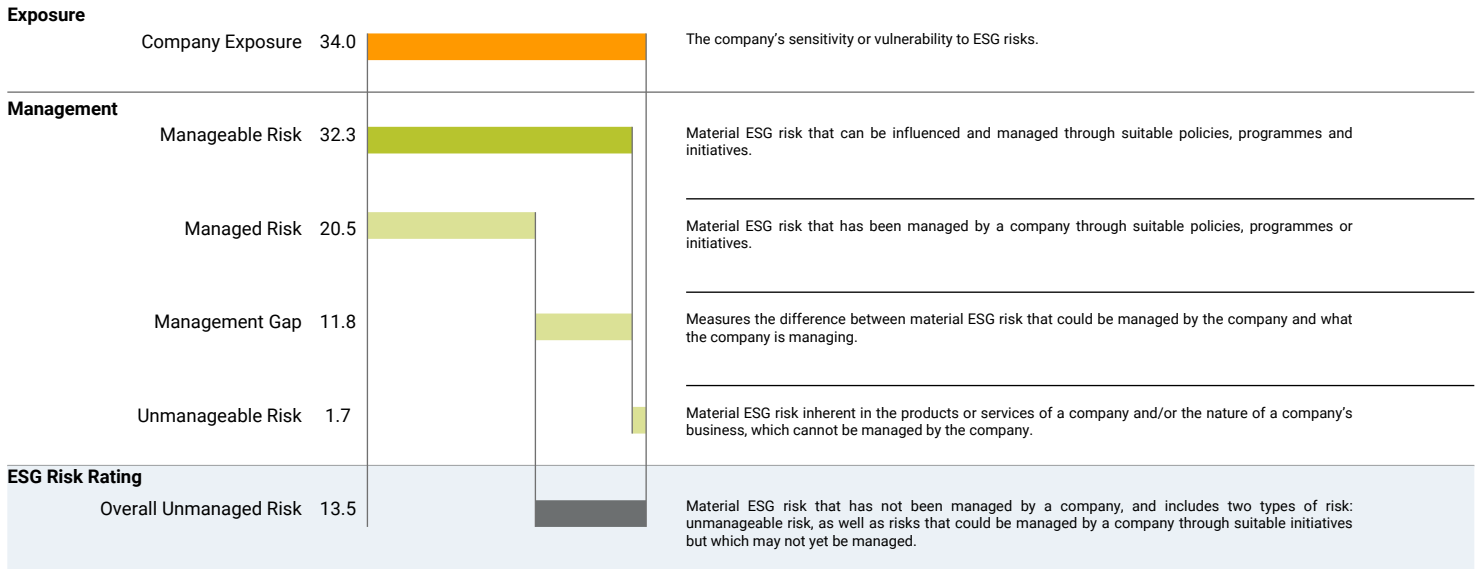
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Risk Details

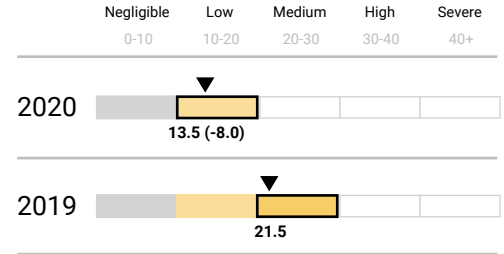


Momentum Details

ESG Risk Rating Momentum Score: **-8.0**

Improved ↗

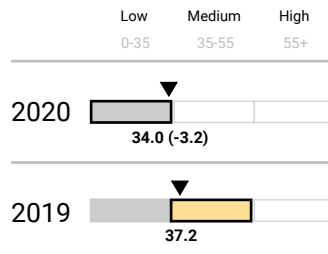
The company's risk score has decreased significantly in the past year, and its risk category has improved.



Exposure Momentum Score: **-3.2**

Improved ↗

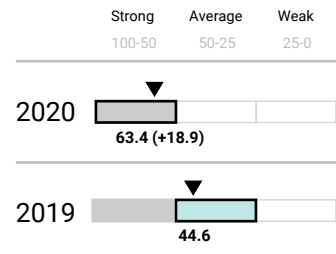
The company's exposure score has decreased in the past year, and its exposure category has improved.



Management Momentum Score: **+18.9**

Improved ↗

The company's management score has increased significantly in the past year, and its management category has improved.



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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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