Report on Social Responsibility

Landsbankinn 2012

Content

Address by Steinthór Pálsson, CEO of Landsbankinn

***Steinþór Pálsson**,*
CEO of Landsbankinn

Dear Reader,

Landsbankinn intends to play an important role in promoting welfare for the future benefit of Icelanders. In order to satisfactorily fulfil this role, the bank must attend to its social responsibilities with exactitude and fidelity. Great emphasis is placed on integrating social responsibility in the bank's overarching strategy. Corporate social responsibility is an integral part of the bank's entire operation rather than an isolated issue.

The integration of social responsibility in its strategy is Landsbankinn's way of acknowledging that it is integral to social development. At the same time, Landsbankinn builds on a strong tradition that includes years of participation in the community, which is one of the pillars of current corporate social responsibility practices.

Landsbankinn declares that it will continue to honour its commitment to the ideology underpinning the Global Compact, the initiative itself and its principles. Landsbankinn has signed the Global Compact principles on human rights, workers' rights, the environment and anti-corruption.

It is Landsbankinn's goal to use this report to recount the history of corporate social responsibility at the bank, share experience, discuss the organisation of social responsibility, points of contention and responses thereto, as well as outline current projects.

The bank's employees have in recent years worked on shaping the corporate social responsibility strategy deemed appropriate for Landsbankinn's operations and procedures. This includes analysis of environmental and social factors in the bank's operations, in addition to the more obvious financial interests.

In late 2010, Landsbankinn decided to hire an expert in corporate social responsibility to spearhead integration of social responsibility in the bank's operations. While the ideology of corporate social responsibility is hardly new, no other Icelandic company has approached the issue like Landsbankinn's is currently doing. This initiative has received a great deal of attention and interest in how social responsibility is implemented in the bank.

The first Article of Landsbankinn's Covenant of Ethical Conduct states: "We are socially responsible, learn from others and inform our stakeholders of our own ventures in order that they might learn from our experiences." It is our hope that the report will be considered informative, that it will be of use in implementing corporate social responsibility as appropriate and that it will serve as a good record of the methods Landsbankinn has used to integrate social responsibility in its daily operations.

Ensuring the responsible operation of the bank is Landsbankinn's primary responsibility to society. It is vital to ensure that its operations are socially acceptable while maintaining satisfactory profitability for shareholders. The bank has made it one of its key goals to ensure that its operations benefit both its owners and the community. Any projects under the banner of corporate social responsibility are an important part of attaining that goal.

About the report

In 2012, Landsbankinn published for the first time a sustainability report based on the guidelines of the Global Reporting Initiative (GRI) for subject matter and content.[1] In addition to disseminating information, the goal was to ascertain the best manner in which to compile and present reliable information that allowed for comparison between years. This is the second time Landsbankinn publishes a report based on the GRI's guidelines. The report is also intended to serve as a communication on progress report to the United Nations Global Compact initiative.[2]

One of the primary tasks in preparing the report is to ensure the quality of information on subjects connected to corporate social responsibility (CSR). The data exists but has not been as accessible or presented as clearly as financial information. In addition, the data is hosted by various operating units within the bank and not necessarily in comparable form. This lead to the following decisions in the compilation of the report:

- The report is concerned with the activities of Landsbankinn and not its subsidiaries, unless otherwise stated.[3] Subsidiaries will be included at a later date, as and when possible.
- It was decided to prioritise work on indicators and emphasise those indicators where information was relatively easy to come by, even though other indicators might be more relevant to the bank's operations. This was done to allow for more organised information gathering.
- It was decided to base the report on the GRI's indicators, which are comparable to indicators used by other financial undertakings, especially in the Nordic countries, and adapt the indicators to Icelandic circumstances.
- Furthermore, it was decided to address fewer indicators in-depth rather than base discussion on some indicators on insufficient information.

Publication of the report should not be taken to mean that the bank has gained comprehensive knowledge of its effects on society; rather, the report bears witness to the knowledge at hand at the time of publication.

The report details both successes as well as instances where improvement is needed. During compilation of the report, emphasis was placed on simple, clear and accurate presentation of information in order to ensure comparability between years. All information in the report is for the calendar year 2012 unless otherwise stated.

1 http://bankinn.landsbankinn.is/library/Documents/Bankinn/CSR/CSR_Landsbankinn_2011.pdf
2 Participants in the Global Compact commit to issuing an annual Communication on Progress report. Landsbankinn's annual reports are available at: http://unglobalcompact.org/search?keyword=landsbankinn&target=
3 Landbankinn's annual report is consolidated which means that financial information and number of full-time equivalent positions in the report may differ from data in the annual report.

Landsbankinn encourages readers of the report to contact the bank with any comments on the bank's social involvement as well as comments on possible improvements to the report.

Quality assurance of information

The report discusses 41 indicators. 15 indicators are not considered applicable to Landsbankinn. While 40 other indicators are considered applicable, sufficient information is lacking in order to furnish full discussion thereof.

From the outset, a great deal of emphasis has been placed on documenting handling of information and its usefulness to the bank. Such documentation involves, amongst other things, asking the following questions:

- In what way are individual indicators applicable to Landsbankinn?
- How does Landsbankinn interpret individual indicators?
  - For indicator EC1[4] on direct economic value, Landsbankinn interprets income to mean not net interest revenues but net interest differential (interest revenue – interest expenses).
- How much and what information is needed to meet the objective?
  - Indicator EN16[5] on total direct and indirect greenhouse gas emissions by weight requires decisions on whether to include emissions by taxi cabs, use of electricity, air travel, own vehicles etc.
- What person(s) is responsible for the information?
- What form does the data have?
  - Information on energy is, for example, given in various units, such as kWh, litres of fuel, cubic metres of water etc. For each indicator, Landsbankinn documents how the information was gathered and how it can be converted into comparable form.

The aim of quality assurance is to ensure traceability of information and handling thereof to allow for comparability between years in order to gauge development over time.

Where indicators are not discussed in full it is because information is insufficient or has not been available in accessible/comparable form in the bank's information systems.

4 „Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments."
5 Total direct and indirect greenhouse gas emissions by weight.

About Landsbankinn

Landsbankinn is the largest financial undertaking in Iceland. The bank provides individuals, corporations and investors with universal financial services based on long-term business relationships.

Landsbankinn hf. is a limited liability company established on 9 October 2008, with roots going back to 1886. The bank is owned by the National Treasury of Iceland with an 81.33% share, and Landskil ehf., which holds the 18.67% share owned by Landsbanki Íslands hf. Landsbankinn has the most extensive branch network of any Icelandic bank. At year-end 2012, the bank's branches and outlets numbered 35. The bank's head office is and has through the decades been located in Austurstræti 11, in the heart of Reykjavík. The bank has no operations outside of Iceland. The bank's subsidiaries are Landsbréf hf., a fund management company, and Hömlur ehf., which handles the management and sale of appropriated assets.

Several changes were made to Landsbankinn's operations in 2012. The subsidiary Reginn hf. was listed on the market with the bank retaining a 25% holding in the company. The funds of subsidiary Landsvaki ehf. were sold to Landsbréf hf. and the assets of subsidiary Horn hf. transferred to Landsbréf hf. These changes streamlined the bank's operations and assets held for sale in the bank's balance sheet decreased significantly. The bank closed 10 branches and outlets in 2012.

Table 1: About Landsbankinn[6]	**12/31/12**
Retail customers of Landsbankinn	112,500
Corporate customers of Landsbankinn	10,980
Branches and outlets	35
Full-time equiv. positions	1,217

6 Consolidated information

Table 2: Key financial ratios[7]	12/31/12	12/31/11
Net operating income	49,141	30,743
After-tax profit	25,494	16,957
ROE after taxes	12.00%	8.40%
CAD ratio	25.10%	21.40%
Interest margin on average total asset position	3.20%	2.90%
Interest margin + value change as a ratio avg. total asset position	2.80%	0.80%
Cost-income ratio	45.00%	40.60%
Total assets	1,084,787	1,135,483
Deposits as a ratio of lending	158.20%	144.10%
Full-time equiv. positions at year-end	1,233	1,311

Landsbankinn received the following awards in 2012.

The Icelandic Web Awards: L.is received the Icelandic Web Award as the best web for mobile and handheld devices for the second time in three years.

The Association of Icelandic Graphic Designers (FÍT): Marketing material from Landsbankinn received five FÍT awards in 2012. The awards were for the comprehensive look of Landsbankinn, graphic aspects of marketing and advertising material, illustrations in a campaign, for an advertising campaign and FÍT's principal 2012 award for the corporate campaign Hreyfiafl.

ADC*E (Art Directors Club Europe) award: Sigurður Eggertsson received a ADC*E Gold award for his illustrations created in collaboration with advertising agency Jónsson & Le'Macks for Landsbankinn's advertisements. This is the first time that an Icelander receives this award. ADC*E is the pre-eminent award in European design and advertising.

7 The method of calculating the bank's cost-income ratio and return on equity (ROE) has been altered from the previous year. ROE was calculated based on the initial and average annual position in 2011; in 2012 and on-going, it is calculated based on the average position at the end of each quarter. The cost-income ratio is calculated in the following manner: Cost-income ratio = Total operating expenses / (Net operating revenue – value change of lending)

Corporate Governance

Landsbankinn bases its operations on sound ethical values and acts with responsibility. The bank wishes to encourage transparent information disclosure and engage positively with its owners, shareholders, customers, stakeholders and the community at large. The bank complies with the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers.

The Annual General Meeting of Landsbankinn is held yearly in accordance with law and is legally announced. Stakeholders and invitees hold right of audience while only shareholders hold voting rights. Shareholders alone are authorised to submit proposals for the AGM agenda and may be heard during the meeting.

The employees of Landsbankinn do not have direct access to the Board of Directors but can direct comments to the Board through Compliance and Internal Audit.

The Board of Directors of Landsbankinn[8] consists of five persons and an equal number of alternates. All directors are independent of the bank and no directors or alternates are employed by Landsbankinn. Jón Sigurðsson, first alternate, works as managing director of the procurement division of Promens. Horn Invest hf., a subsidiary of Landsbankinn, holds 49.9% of shares in Promens. Other alternates are independent of the bank and no alternates are employed by the bank.

The Board of Directors is elected by the Annual General Meeting and the term of office is one year. Icelandic State Financial Investments appoints four directors and Landskil ehf. one. In electing members to the Board, the aim shall be to ensure a gender balance and that the Board as a whole possesses in-depth knowledge of banking activities.

The Board of Directors elects a Chairman and Vice-chairman from amongst its members. The Board of Directors of Landsbankinn has ultimate authority on all questions between shareholders' meetings. The Board of Directors bears ultimate responsibility for the bank's operation and strategy.

Furthermore, the Board of Directors is ultimately responsible for the bank's activities as provided for by laws, regulations, its Articles of Association and other rules relevant to the company's operations. The Board of Directors shall also monitor the bank's general activities and ensure that control of accounting and financial management is satisfactory. The Board adopts its own rules of procedure, providing in detail for the implementation of its tasks.

There are two sub-committees to the Board of Directors. Amongst other duties, the committees prepare the Board's discussion of certain aspects of the bank's activities and follow up on related matters. The sub-committees are: The Audit & Risk Committee and the Remuneration Committee.

The Board of Directors appoints three directors to each committee.

The Board of Directors hires a CEO. The CEO hires other executives to the bank.

The bank has 7 divisions. There are three profit-generating divisions, Corporate Banking, Markets and Retail Banking, and four support divisions, Risk Management, Financial Operations, Operations & IT and Corporate Development & Human Resources.

Each division is directed by a managing director all of which who, together with the CEO, form the bank's Executive Board. The Executive Board is charged with overseeing the day-to-day operations of Landsbankinn on behalf of its owners and in accordance with its strategy as determined by the Board of Directors. Three departments are also directly responsible to the CEO, the CEO's Office, Compliance and the Customer Ombudsman.

Landsbankinn publishes a yearly governance statement in accordance with the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers. Further information on Landsbankinn's corporate governance and the above-mentioned statements are available on the bank's website.[9]

8 http://bankinn.landsbankinn.is/um-bankann/skipulag/bankarad/
9 http://bankinn.landsbankinn.is/um-bankann/stjornarhaettir/

SÁL[10] as part of Landsbankinn's strategy

Landsbankinn's future vision is to be exemplary and a leadership position in 2013 is a milestone along the way. The bank's strategy from 2010 defines leadership as being the first choice in the financial market and the best bank in Iceland with loyal and satisfied customers. Operations shall be both efficient and profitable and the goal is to regain trust on international credit markets.

Landsbankinn will be exemplary once it enjoys both trust and respect, is market leader in universal banking, the first choice for financial partner, is staffed by an ambitious and united group of employees, bases its operations on sound ethics and is considered a solid investment option with a broad shareholder base.

Strategy

Landsbankinn's strategy is based on four main pillars, all of equal importance. The pillars are strong team, which refers to the bank's human resources and corporate culture; solid infrastructure, which refers to procedures, financial strength, risk management and restraint; satisfied customers, which refers to service to customers and the mutual benefits of a long-term business relationship; and, last but not least, benefits to the society and owners refers to Landsbankinn's role in the community.

Landsbankinn's strategy was reviewed in fall 2012 with the aid of both domestic and foreign advisors to assess its implementation to date and shape the bank's near-term goals. As a result, cost-efficiency in operations, governance and team, as well as responsible marketing were identified as special points of emphasis for the coming years.

While Landsbankinn has set a special policy for corporate social responsibility it is emphasised that social responsibility is integrated in the bank's overarching strategy. CSR thus becomes an integral part of the bank's entire operation rather than an isolated aspect thereof.

The strategy determined for the bank in 2012, "Your Landsbankinn"[12] reflects this approach. Benefits to society and owners is one of the strategy's main pillars that places key emphasis on CSR. In integrating social responsibility in the main pillars of its strategy rather than presenting it as an isolated policy, Landsbankinn sends a strong message about the importance of the issue. Any other approach runs the danger of social responsibility becoming a special project of dedicated employees rather than the joint task of all employees and integral part of the bank's operations.

10 SÁL stands for CSR at Landsbankinn (Ice. Samfélagsábyrgð Landsbankans).
11 http://bankinn.landsbankinn.is/um-bankann/stefna/

Collaborative ventures

Landsbankinn participates in various collaborative ventures in the field of social responsibility, both in Iceland and abroad. The following are the main organisations to which Landsbankinn belongs:

- **Festa, Centre for Corporate Social Responsibility**[12]
  Landsbankinn was a founding member of Festa in 2011.

- **United Nations Global Compact Nordic Network**[13]
  Landsbankinn is a signatory of the Global Compact and member of the Global Compact Nordic Network.

- **United Nations Environment Programme Finance Initiative – UNEP FI**[14]
  Landsbankinn was a founding member of UNEP FI.

- **United Nations Principles for Responsible Investment – UN PRI**[15]
  Landsbankinn applied for membership of UN PRI in December 2012. The application was accepted in early 2013.

Festa has been the platform for active collaboration between companies and institutions in Iceland concerning corporate social responsibility. Landsbankinn's CSR expert has served as Vice-chairman of the Board of Directors of Festa since the creation of the Centre in October 2011 and has delivered presentations and lectures to companies, universities and other institutions to communicate the bank's experience and learn from others. This activity is part of increased collaboration with stakeholders and has been well received.

Landsbankinn has also worked with foreign associations and institutions, foremost of which are institutions of the United Nations referred to above.

The United Nations Environment Programme Finance Initiative (UNEP FI) is an international network of financial undertakings under the auspices of the United Nations that gathers information and shares experience of various aspects of social responsibility. Last year, employees of UNEP FI instructed the Board of Directors of Landsbankinn, its executives and relevant department heads on the social risk of lending and investment.

Another important platform for discussion on social responsibility is the Global Compact Nordic Network. Landsbankinn was an active participant last year, sharing experience and learning from other Nordic companies, many of which are leading in social responsibility and sustainability.

Following the acceptance of Landsbankinn's application to join the Principles for Responsible Investments (PRI) initiative at the beginning of the year, the bank will enter into co-operation with the initiative soon. PRI encourages responsible investment and its members must consider environmental and social factors, as well as governance in their investments. PRI works closely with UNEP FI and the Global Compact Nordic Network.

12 www.festasamfelagsabyrgd.is
13 www.gcnordic.net
14 www.unepfi.org
15 www.unpri.org

Approaches to corporate social responsibility (CSR)

There are many definitions of CSR and most leave a great deal of room for interpretation. One of the key tasks of implementing social responsibility in Landsbankinn was to create a common understanding of the concept. The result was to use a description of what CSR entails rather than a hard definition of the concept.

To better explain the bank's CSR, it is helpful to divide it into three categories.

The primary concern of SÁL is to integrate CSR in all aspects of the bank's operations, its role and participation in society.

The three categories necessarily overlap as none exists in isolation from the other.[16]

1. Social role of Landsbankinn

- All companies play some role in society. This role certainly varies in importance. Financial undertakings are considered one of the core elements of the economy and have a correspondingly important role in society. A company cannot be considered socially responsible unless it complies with laws and regulations.
- Serving an important role in society does not in and of itself mean that a company can be considered socially responsible.

2. Social responsibility of Landsbankinn

- Social responsibility concerns how the ethical, environmental and social expectations of the community are integrated in daily operations and how these factors figure in communications with stakeholders. The phrase "daily operations" is of key importance in this definition.
- Social responsibility should accordingly be part of Landsbankinn's corporate culture and the effects of actions and decisions on the community should be an on-going concern.

3. Social participation by Landsbankinn

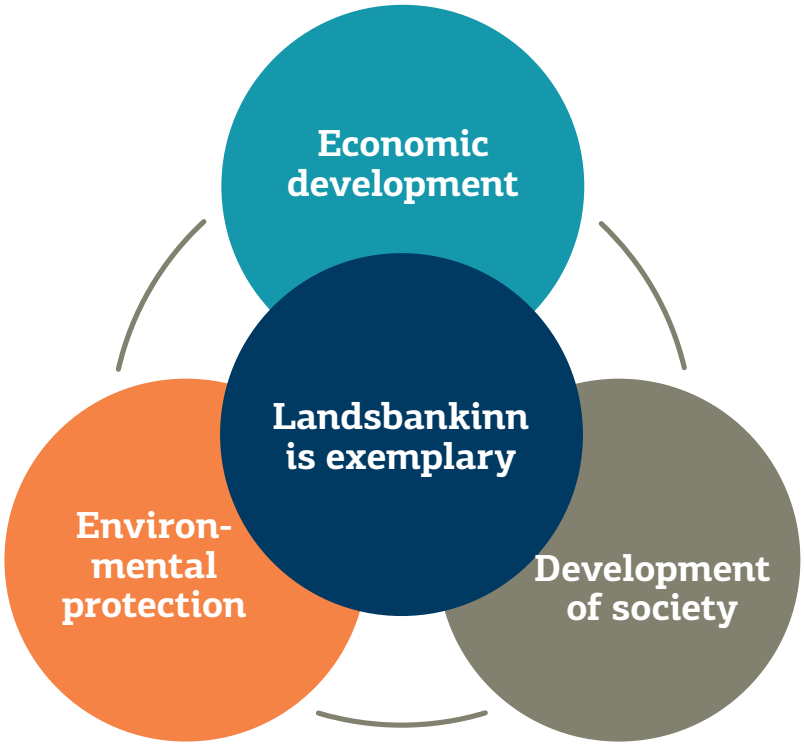
- Social participation by Landsbankinn refers to participation by the bank or its employees in society through financial aid, volunteer work, advisory service, other projects that are not directly a part of the bank's daily operations and how the bank facilitates participation in socially important projects by individuals or organisations. Participation as referred to here can be divided into three main categories:
  - Support - financial grants and collaboration with non-profit organisations
  - Employee participation - volunteer work during and outside of work hours
  - Initiative - initiatives directed at target groups outside of the bank yet linked to its core activities

17 While this definition is by no means original, it is practical. The Centre for Economic Development (www.ced.org) introduced a similar definition in 1973 with the terms „inner circle", „intermediate circle" and „outer circle" corresponding to Landsbankinn's social role, social responsibility and social participation. The Norwegian Financial Services Association presented a very similar approach in the report „Penger forplikter" (http://fno.no/PageFiles/21984/Penger_forplikter.pdf)

Organisation and implementation of CSR

Organisation

With the decision to increase the weight of CSR at Landsbankinn (SÁL) in fall of 2012 it became necessary to place the activities in the bank's organisational chart and define the projects under SÁL. SÁL was originally placed in the CEO's Office to emphasis its importance. In January 2012, SÁL was transferred under the managing director of Corporate Development to create a direct link with departments responsible for business development, i.e. is Human Resources, Marketing, the Project Management Office, the Property Department and IT. Organisational changes in October 2012 linked SÁL even closer to the bank's development units.



Corporate social responsibility and the ideology on which it is based is intended to affect the bank's entire operation, from daily operation to lending to investments. It is far more extensive than is generally thought and builds on well-developed and tested ideology. Two of the main characteristics of CSR are that it is implemented on a proactive basis and that it begins where laws and regulations end. That being said, the division between CSR and legal obligations is not always clear. In the Nordic countries, issues that elsewhere are considered the province of CSR have been legislated, for example various aspects of human rights, labour market and equality issues.

Implementation of its key goals in corporates is often dilatory in practice as companies must as a rule review many of its procedures during implementation.

No operating units are directly under SÁL. Support for the community is under Marketing, environmental issues under Property, fair business practices under Retail and Corporate Banking, personnel under Human Resources, adherence to rules and regulations under Compliance etc. Various divisions and departments are thus responsible for implementing tasks that are linked to SÁL.

Implementation

To further implementation of SÁL in Landsbankinn, it was decided at the outset to advertise for interested persons from among the bank's employees with the aim of creating ambassadors of SÁL in the bank. Around 40 individuals responded with the result that a 10 person steering group that meets 1-2 times per month was created to deliberate on strategy as well as a 30 person support group to meet 2-4 times per year.

New points of emphasis were introduced in January 2012 and six steering groups were created to analyse best practices for each category, assess Landsbankinn's position, prepare proposals for the Executive Board on projects the bank should undertake and implement as well as follow up on such projects. The steering groups focus on:

- The customer
- Social participation (support for the community)
- Relations with suppliers and sale of assets
- Environmental issues
- Responsible investment
- Harmonised reporting

Implementation of CSR is akin to change control. Clear objectives and employee understanding form the basis of good change control and the prerequisite for successful implementation.

SÁL Committee

A committee on CSR, the SÁL Committee, was created in connection to the organisational changes that took place in October 2012. It is a sub-committee of the bank's Executive Board. Members of the Committee are the Managing Directors of Corporate Development & Human Resources, Operations & IT and Corporate Banking as well as the bank's CSR expert, its Press Secretary and representative from Risk Management. The Committee is a forum for consultation and an advisory body on CSR strategy and larger undertakings in the field. Its role is to promote CSR in the bank's operations and create unity and harmonise projects and emphasis across units and divisions.

Steering groups

Several joint work meetings were held when the steering groups were created at the beginning of the year to review the bank's CSR definition and strategy. New guidelines from UNEP FI[17], "Banking and Sustainability", were reviewed at the meetings.[18]

The steering groups analysed individual aspects relevant to Landsbankinn and presented their analysis to the other groups.

In other respects, the international standard of guidelines on Social Responsibility, ISO 26000, counts as the cornerstone of the steering groups' work. All groups looked into how the core values of CSR as described in ISO 26000 pertained to their issues. Each group then analysed individual chapters of ISO 26000 with regard for the application of individual provisions to the issue.

Landsbankinn is a signatory of the Global Compact (GC) and the steering groups have also analysed GC's principles and their relevance to the issues.

At year-end 2012 the steering groups had prepared proposals for projects that the bank needs to complete before 2015 in order to fully integrate CSR in daily operations.

The customer

The steering group on the customer is comprised of the bank's CSR expert, two Branch

17 United Nation Environmental Programme Financial Initiative
18 http://www.unepfi.org/fileadmin/documents/guide_banking_statements.pdf

Managers, a representative from Risk Management and the Head of Customer Management. The issue most directly concerns the Retail and Corporate Banking divisions. The steering group on the customer works closely with the steering group on responsible investment.

Main points of emphasis in the group's work:

1. Determine the bank's strategy as regards customers in order to meet the objective of boosting long-term welfare in Iceland. Customer welfare is key to the bank's success.

2. Set out guidelines to handle ethical controversies in relationships with the bank's customers.

3. Detail the bank's responsibilities and obligations towards customers.

4. Define objectivity in banking.

5. Review the bank's products in light of social concerns and the customer's financial health.

6. Review the use of information about customers.

The steering group devoted special attention to the analysis of the chapters "Fair business practices" and "The customer" of ISO 26000 and the issue "Anti-corruption" of the Global Compact.

At year-end 2012, the steering group was putting the final touches on proposals to the Executive Board for projects it considers necessary to undertake in the next three years.

Relations with suppliers and sale of assets

The IT Department and Property are responsible for the lion's share of procurement for the bank. Property handles the sale of real estate owned by the bank and Hömlur, a subsidiary of the bank, handles the sale of appropriated assets. The steering group on relations with suppliers and sale of assets is comprised of representatives of Property, IT, Financial Operations and Hömlur.

Main points of emphasis in the group's work:

1. Reduce unnecessary procurement.

2. Reconcile procedures that govern relations with suppliers across all departments and require subsidiaries to do the same.

3. Ensure a clear division of work and responsibility as well as efficient procedures.

4. Reduce reputational risk by, amongst other things, dealing with socially responsible suppliers and select products and services based on social concerns.

Procurement, as well as information disclosure, is an important step in the implementation of CSR. During the year, the steering group has investigated procurement policies by other comparable Icelandic companies and financial undertakings in the Nordic countries.

At year-end 2012, the steering group had prepared proposals for a new strategy to govern relations with suppliers. These are under advisement within the bank prior to presentation to the Executive Board.

Social participation

While social participation, including financial support, is the purview of the Marketing Department, many departments and divisions take part. The steering group is comprised of representatives from the CEO's Office, Human Resources and the Marketing Department.

Main points of emphasis in the group's work:

1. How the bank's operations can be leveraged to provide powerful support for Icelandic society.

    a. Products and services.

    b. Human resources.

    c. Relations with suppliers.

    d. Assets and distribution of value.

    e. Direct financial support.

2. Create a clear framework for social participation.

3. Analyse stakeholders and their expectations towards the bank.

The group reviewed the current policy on social participation that guides financial grants, such as awards from the bank's Community Fund. Core sections of ISO 26000 were analysed, including sections on transparency, respect for legislation and responsible operation.

The group began to categorise stakeholder in order to analyse their expectations towards the bank. This project is based on long experience of collaboration with various associations, the results of customer focus groups and various other relations the bank has had with customers and groups in 2012. Stakeholder analysis will continue in 2013.

Environmental issues

Environmental issues are pertinent to the bank's entire operations and concern such disparate matters as sustainable products and credit analysis. Environmental concerns are also present in matters that are indirectly linked to the bank's operation, such as employee travel to and from work. To clarify, it was decided that the steering group on environmental issues would focus on the bank's operations while the group on the customer would discuss environmental concerns in credit analysis and products. The steering group is comprised of representatives from Property, IT and Loan Products & Development.

Main points of emphasis in the group's work:

1. Gain a deeper understanding of the bank's environmental impact.

2. Reduce waste.

3. Implement environmental concerns in work procedures.

4. Encourage change in the community through initiative in environmental issues.

In 2012 the group has focused on analysing expectations in the community that connect to both environmental affairs and banking. ISO 14000 and ISO 26000 have been analysed for this purpose and the environmental impact of office operations have been discussed.

Responsible investment

Responsible investment mainly concerns investment for own account and investment for third parties through the bank as intermediary or Landsbréf, a subsidiary of the bank. The steering group is comprised of representatives from Risk Management, Landsbréf, Financial Operations and Markets.

Main points of emphasis in the group's work:

1. Define socially responsible investment.

2. Determine how Landsbankinn could take advantage of tools such as the Principles for Responsible Investment (PRI) to define socially responsible investment.

3. Decide on the manner in which Landsbankinn could work with corporates on social responsibility.

4. Effectively reduce the bank's risk, including reputational risk.

Acting on the group's proposal, Landsbankinn applied to become a member of UN PRI and adopt its methodology for responsible investment. The application was lodged in December 2012 and approved in January 2013.

The group's main task in 2013 will be to implement PRI's principles in the bank's operation.

Reporting on CSR

Reporting serves two goals. Firstly, and most importantly, it is a tool that allows the bank to position itself on CSR concerns, review successes and identify room for improvement. Secondly, it communicates information about CSR in the bank and encourages customers to comment and suggest improvements.

The steering group on reporting is comprised of representatives from Risk Management, Property and Financial Operations.

Main points of emphasis in the group's work:

1. Set out the bank's policy on reporting on CSR, determine form, medium and compliance with the bank's obligations.

2. Analyse the Global Reporting Initiative guidelines, its application to Landsbankinn and decide how closely to follow it.

3. Organise information gathering in the bank in order to comply with relevant indicators.

4. Ensure the compatibility of information between years.

Landsbankinn intends to regard the first couple of CSR reports as a learning process aimed at producing in 2015 a report with transparent information which is comparable between years and that is based on best standards.

The group's activities are discussed in detail in the chapter "About the CSR report", as the lion's share of the group's time was spent on preparing it.

Stakeholders and consultation

In order to gain in-depth understanding of its role in the community, the bank is working on analysing its main stakeholders, their views and how to take them into consideration in the bank's operation. Landsbankinn places key emphasis on constructive relations with customers, employees, owners, individuals, non-profit organisation and other stakeholders. While Landsbankinn has not carried out a formal stakeholder analysis, it utilises several methods, such as tip systems, opinion polls, focus groups and consultation with employees and customers, to gain an understanding of stakeholders' expectations.

The accompanying table provide an overview of Landsbankinn's main stakeholders and key communication routes.

Customers

- Branch
- Customer Service Centre
- Online banking
- Website for mobile devices
- Homepage
- Service interviews
- Regular focus groups
- Capacent brand polls
- Service assessments
- Open meetings, conferences and UnConference
- Series of meetings with employment development associations throughout Iceland

Employees

- CEO's meeting series (2013)
- Annual conference day with all employees - group work
- Conference days of individual divisions, departments and branches
- Staff meetings
- Intranet
- Yearly workplace audit
- Bankapúls
- Performance reviews
- Management training

Shareholders, investors and analysts

- Annual General Meeting
- Annual report
- Interim financial statements
- Business plan

Authorities and regulators

- Respond to queries from the parliamentary Business and Economic Committee
- Comment on bills of legislation
- Regular information disclosure to Icelandic State Financial Investments
- Regular information disclosure to the Financial Supervisory Authority
- Regular information disclosure to the Icelandic Competition Authority
- Macroeconomic forecast of Landsbankinn Economic Research

Suppliers

- Eco-label Svanurinn certification of Landsbankinn's canteen, completed in 2013
- Follow-up on contracts

Interest groups and consumers' associations

- Analysis of industrial sectors by Economic Research
- Annual consultation with the Consumers' Association of Iceland
- Employee volunteerism
- Collaboration on community projects with universities
- Lectures by the bank's experts at university level
- Allocation from the Community Fund
- Participation in the initiative Inspired by Iceland with the Ministry of Industry and Promote Iceland
- Participation in Meet in Reykjavík

CSR in practice

Closing of branches and CSR

While work on the CSR policy and implementation has been in full swing, Landsbankinn has introduced some restraint measures in its operation. These measures have, amongst other things, called for the merger and closure of bank branches both in rural areas and in the capital region.[19] It was somewhat controversial that the bank should close branches in rural Iceland while returning a profit and commentators questioned its commitment to CSR.

The bank received queries along the lines of:

- How is closing branches in sparsely populated areas in keeping with corporate social responsibility?
- Doesn't CSR call for the operation of branches in sparsely populated areas where residents have no other options?
- Were any factors other than financial considered in the discussion leading up to and in the aftermath of the closing?
- What was the weight of CSR in the decision-making process?
- What are the near-term developments in branch services?
- Is it Landsbankinn's policy to reduce the number of branches?

In order to address these questions, it is necessary to discuss the ideology of CSR in connection with other factors and discuss how economic, social and environmental issues are integrated in the company's daily operations and decision-making. It is not in the spirit of CSR to rationalise or object to specific changes based on a narrow perspective (such as social issues) without having regard for overall interests. Worth mentioning here is that efficiency is one of the prerequisites of future welfare. Ineffective operation does not contribute to future welfare. Both arguments for efficiency and social concerns must be kept in mind while considering the question of closing branches and outlets. If the conclusion is that branches cannot be run in an efficient manner (having due regard for their importance to the community), there is nothing in the ideology of CSR that opposes closing. CSR does, however, require that companies analyse the consequences of such business decisions thoroughly and apply mitigating measures were possible.

It can easily be argued that a company is more responsible towards an area where it has operated than others. It follows that decisions to close outlets or reduce operation must be accompanied by consideration of possible mitigating measures.

It is of note here that ISO 26000, the international standard of

19 http://www.eftasurv.int/press--publications/press-releases/state-aid/nr/1725 and http://www.eftasurv.int/media/state-aid/290-12-COL.pdf

Landsbankinn offered employees free bicycle maintenance as part of the country-wide initiative Cycle to Work in May 2012.

guidelines on Social Responsibility, provides that companies shall refrain in as far as possible from discontinuing the provision of core services vital to communities. Electricity, heating and water are given as examples of such services. Modern society tends to categories telecommunications and banking as vital. Banks must therefore take a decision on what is deemed core service and how it should be provided. It does not automatically follow that core services must be provided through formal outlets or physical presence - branches have become simply one means of service provisions amongst many.

Rapid developments in banking and new and safer self-service solutions require that banks re-evaluate and adapt their operations on an on-going basis. Landsbankinn regularly reviews its service to customers, both the form of such service as well as its extent.

There is no simple answer to the question about the weight of CSR in decisions to close branches, as the measures of financial and social issues differ. Scholars have for decades attempted to measure social issues against a financial yardstick with varying success. In cases like this, it is important that executives are aware of the social impact of their decisions and that due regard is had for the results. The discussion alone influences decisions and leads to better results.

Transportation Agreement

Landsbankinn has placed great emphasis on aiding employees in taking advantage of eco-friendly transportation to and from work. In May 2011, the bank offered permanent employees the opportunity to sign a Transportation Agreement for the first time. The Agreement stipulates that employees must use eco-friendly transportation to get to and from work no less frequently than three times per week. Employees were also required to use eco-friendly transport during work hours when possible. Signatories to the Agreement must also renounce their parking grant.

Promotional videos were made to introduce the Transportation Agreement, featuring various means of transport, such as cycling and buses. Employee facilities, such as locker rooms and showers, needed to be improved. Most problematic, however, was that Reykjavík city centre does not offer storage facilities for bicycles.

Other initiatives undertaken by Landsbankinn to further the use of eco-friendly transportation:

- Last spring, Landsbankinn offered employees free check-ups and minor maintenance of bicycles in preparation for summer.
- Landsbankinn has exchanged missives and met with representatives of the environmental division of the City of Reykjavík due to the lack of facilities for bicycles in the city centre and lobbied for locked bicycle storage so that employees can leave their bicycles close to their place of employment as and when needed.

- Landsbankinn has pioneered the possibility to start a car sharing service in Iceland. In collaboration with several other companies, Landsbankinn invited an expert from Goteborg, Sweden, to discuss the possibility of introducing car sharing services in Iceland and subsequently hosted an open meeting in Tjarnarbíó. There is a good chance that this service will be established in 2013.

- According to the tax assessment of the Directorate of Internal Revenue, the Transportation Agreements were taxable as employee benefits if they only covered transport to and from work. In December 2012, Landsbankinn lobbied to change the tax assessment to make the Transportation Agreement tax exempt. This resulted in an amended tax assessment in 2012 so that employers are authorised to pay employees up to ISK 7,000 per month to support eco-friendly travel to and from work.

Since Landsbankinn introduced the Transportation Agreement, 359 employees have become signatories. At year-end 2012, 325 employees were active signatories, meaning that 36 individuals had rescinded the Agreement or ceased employment at Landsbankinn.

Equal rights policy

An Equal Rights Committee was established at Landsbankinn in spring 2011. It was comprised of three representatives appointed by the bank's HR department and three by Landsbankinn's Employees' Association. The Equal Rights Committee's first task was to review the bank's equal rights policy. The Committee consulted with, amongst others, the Icelandic Centre for Gender Equality and UN Women in Iceland.

Equality touches on many issues and the Equal Rights Committee decided to limit its scope to gender equality, disregarding for the time being equal rights in a wider sense, such as for minority groups.

In August 2011, Landsbankinn received a review of its then equality policy from the Centre for Gender Equality. The review emphasised that Landsbankinn hone the wording of provisions on wage term equality by gender, gender equality, sexual harassment, job development and follow up on the equality policy.

In February 2012, Landsbankinn's Executive Board approved a new equality policy[20] with a 6 point action plan and predetermined criteria to measure success. The criteria are based on Act No. 10/2008, on equal status and equal rights for males and females, and on the human resources guidelines of the Global Reporting Initiative. All articles of the policy and criteria of the action plan refer directly to

20 http://www.landsbankinn.is/library/Documents/Bankinn/jafnrettisstefna_asamt_adgerdaaaetlun_mars_2012.pdf

Act No. 10/2008, on equal status and equal rights for males and females, or the human resources guidelines of the Global Reporting Initiative

Main points of emphasis in equal rights issues:

1. Landsbankinn is a workplace where men and women enjoy equal opportunities for employment and board membership.

2. Landsbankinn aims to attain a gender balance in its workforce and to avoid earmarking certain jobs for either gender.

3. Landsbankinn pays equal wages to men and women for equally valuable work.

4. Landsbankinn is a workplace that allows its employees to harmonise work and private life.

5. Landsbankinn does not tolerate bullying, discrimination, gender-based or sexual harassment.

6. Landsbankinn ensures that men and women have equal opportunities for job development, to train and study.

The definition of terms proved most problematic in creating the equality policy. It was difficult to define precisely the meaning of equal pay and equal terms or equally valuable work. Each article is however based on one or more criteria that describe how to measure performance according to the provision.

Landsbankinn's HR department is responsible for the implementation of the equality policy. The Equal Rights Committee functions as a supervisory body for the policy and any action undertaken based on the policy. The Committee is also responsible for reviewing the policy and action plan regularly.

Covenant of Ethical Conduct

Landsbankinn carried out a thorough review of its Code of Conduct and Rules of Procedure in early 2011. It was decided at the outset to separate the Rules of Procedure from the Code of Conduct. It was also deemed important that the Code of Conduct constitute a covenant[21] between the bank and its employees, to be reviewed on an annual basis.

The code of ethical conduct set forth in the Covenant is written from the point of view of general employees and describes their work practices and behaviour in order to reinforce the message that responsibility lies with every single individual. It is the duty of every employee to read and comply with the code. Though not an exhaustive guide to everyday situations, every employee should practice following both the letter and the spirit of the code and, above all, to exercise good judgement in questionable circumstances. The Covenant

21 http://www.landsbankinn.is/um-bankann/stjornarhaettir/reglur/sidasattmali/

of Ethical Conduct encourages individuals to ponder the effects of certain actions rather than set out exhaustive guidelines with inherent dos and don'ts.

The Covenant is the cornerstone of the bank's HR policy and Rules of Procedure which are set out by the relevant departments, divisions or units.

The Covenant applies to all employees of the bank and its subsidiaries, as well as contractors and agents that undertake work for the bank or other representatives of Landsbankinn.

The objective of the Covenant of Ethical Conduct is to promote discussion of ethical issues. This goal has been attained in that queries and comments on the Covenant have increased greatly. The bank is of the opinion that the Covenant has had a positive effect within the bank.

Some aspects of the Covenant were criticised by employees for being too vague and not instructive enough. A frequent example was a section that prohibits employees from accepting gifts from customers if these are likely to effect the employee's judgement without setting out clear limits.

The bank has created a Committee to update the Covenant, respond to questions and consider comments. The Committee is comprised of the Compliance Offices, the expert on CSR, the HR Manager and the Chairman of the Landsbankinn Employees' Association. The Covenant on Ethical Conduct is reviewed yearly and employees are invited to submit comments in the bank's intranet.

Financial instruction

Landsbankinn's objective with financial instruction is to increase financial literacy, inform individuals on their finances and aid them in gaining good knowledge of products and services offered at each time. Providing professional advice and quality information is one of Landsbankinn's main goals and financial instruction is intended as additional support.

Financial instruction to the bank's customers emphasises:

- Ensuring adequate knowledge of the bank's products and services
- Increasing financial literacy
- Listening to the customers' needs and responding with increased instruction

It is worth reiterating that significant organisational changes took place at Landsbankinn during the year. These changes affected training and education so that courses offered were somewhat reduced compared to previous years.

Financial instructions for secondary school students

Landsbankinn has in previous years offered financial instruction to students of secondary schools with the aim of boosting financial literacy, prepare students to take financial decisions and plan for the future. This instruction is available to all secondary schools and is carried out in collaboration with the schools' representatives.

The tenth graders of Tjarnarskóli Elementary in Reykjavík were the victors of Raunveruleikurinn in fall 2012.

Younger employees of Landsbankinn have handled instruction to secondary school students in order to take advantage of peer mentoring.

Last year about 790 students in secondary school received financial education

Guidance on innovation to secondary school and university students

Towards the end of 2012, Landsbankinn for the first time offered guidance on innovation to secondary schools. This guidance includes information on the innovation environment in Iceland and instruction clips on various practical aspects of innovation.

Landsbankinn's objective with guidance on innovation is to encourage young people to implement their ideas, be it within existing companies, schools or by establishing their own business.

Landsbankinn also invited secondary school and university students to a screening of "The Startup Kids", a movie sponsored by the bank. Screening of the movie sparked discussion of innovation in Iceland. Screenings are scheduled to continue this year.

Raunveruleikurinn

Raunveruleikurinn is an interactive simulation designed to provide financial instructions to the upper classes of elementary school. The game is intended to give insight into the decisions normal people must take during their lifetime.

The game was played by 9th graders in spring and 10th graders in fall. A total of 115 classes from 81 schools participated, with players numbering just over 2000.

Instructional events

For several years, Landsbankinn has offered customers courses on financial matters titled Thursday Finance Seminars ("Fimmtudagskvöld eru fjármálakvöld"). These have been well received. In 2011, Landsbankinn hosted twelve finance seminars and eleven in 2010. Due to organisational changes, these were fewer in 2012, or six, but will be more in 2013.

Pamphlet on financial competency

Landsbankinn sends a pamphlet titled "Financial competency" to all parents/guardians of customers who are turning 18. The aim of the pamphlet is to promote financial literacy and parents/guardians are encouraged to share its contents with the young adult. In 2012, the pamphlet was sent to 3,405 parents/guardians.

Table 3: Raunveruleikurinn 2012	Number of schools	Number of classes	Number of students
Spring, 9th grade	39	55	1000
Fall, 10th grade	42	60	1042

Table 4: Publication on Landsbankinn's "Umræðan" website

Discussion forum "Umræðan"	Number of publications
Op-ed	41
The economy	112
Diary of Asset Management	53
Fjárhagur blog	112
Critique	9 book reviews

Discussion forum "Umræðan"

Landsbankinn aims to promote and participate in objective and informed discussion on the economy and the finances of individuals and companies. For the past two years, Landsbankinn has hosted Umræðan on its website, a forum for the publication of articles by experts. The aim is for Umræðan to provide an active forum for readers who wish to be up-to-date on financial and economic matters.

Just over 200 articles and reports were published on Umræðan during the year (see breakdown):

Lunch meetings for companies

The objective of the lunch meetings for companies is to build connections and services for corporates and invite their executives to listen to educational presentations by Landsbankinn's experts and managers of companies that bank with Landsbankinn. Four lunch meetings were held in 2012 and they were attended by 200 managers.

Social participation

Landsbankinn supports the Icelandic community in a myriad powerful ways. Direct and indirect financial support for the community is part of the bank's policy on corporate social responsibility. Direct financial support amounted to ISK 214m in 2012. In addition, employee participation, through advice and volunteer work on various collaborative ventures, such as the Christmas allocation of the Reykjavík Mothers' Aid Society and the national charity promotion "Á allra vörum", constitutes direct support. The bank places emphasises on supporting the following ventures.

Community Fund

Landsbankinn's Community Fund[22] was created towards the end of 2010 and it is key in the bank's support for society. Five types of grants were awarded in 2012, athletics achievement grants, scholarships, innovation grants and environmental grants. ISK 48.8m were allocated from the Community Fund in 2012. The judging panels were to a majority comprised of experts in each field.

Community grants

Landsbankinn's community grants are intended to support various social concerns, such as projects by humanitarian and charitable organisations, projects in the fields of education, research and science, projects connected to culture and the arts, preventative measures and youth activities and specialised publication. Two allocations were made in 2012, with 40 grants amounting in total to ISK 20m. Over 850 applications were received for both allocations.

Scholarships

The aim of the scholarships is to support exceptional students

22 http://bankinn.landsbankinn.is/samfelagsleg-abyrgd/studningur-vid-samfelagid/samfelagssjodur/

Recipients of Landsbankinn's community grant, first allocation.

at different school levels. Over 1,000 applications were received in 2012 and grants were awarded in the total amount of ISK 5.4m.

Innovation grants

Landsbankinn's aim in awarding innovation grants is to afford pioneers the opportunity to develop new business ideas and new products and market old ideas to new region. Innovation grants are also intended to support pioneers in purchasing materials, equipment or specialist services in relation to innovation or to undertake studies that verifiably develop skills necessary to implement the business idea. Around 250 applications were received in 2012 and grants were awarded in the total amount of ISK 15m.

Environmental grants

Environmental grants are intended to support projects in the fields of environmental and nature conservation. Grants to environmental projects are in line with the bank's policy on social responsibility and obligations. Around 130 applications were received in 2012 and grants were awarded in the total amount of ISK 5m.

Athletics achievement grants

Athletics achievement grants were awarded for the first time in 2012 to support outstanding athletes that have achieved success in their field. Grants were also awarded to young and promising athletes with great potential. Around 120 applications were received and grants were awarded in the total amount of ISK 3.4m.

Socially relevant initiatives

A significant part of the bank's social support[23] is in the form of socially relevant service and advice to customers. These initiatives are part of Landsbankinn's marketing efforts.

"Support a good cause"

Individuals and companies can subscribe to a good cause through online banking by pledging monthly support to a charity. Doners can choose between 80 charities.

Menningarnótt - Reykjavík Cultural Night

Landsbankinn has been an active participant in the Reykjavík Cultural Night from the beginning and has both hosted an open house and sponsored the project throughout. The bank has placed great emphasis on ensuring that its financial support directly benefit artists and groups organising events for Reykjavík Cultural Night. For that purpose, a special fund was created in collaboration with Höfuðborgarstofa. Its objective is to support original and special ideas. Several smaller grants are awarded to ensure support for as many as possible. The lion's share of the bank's financial support for Reykjavík Cultural Night is funnelled through the fund.

23 http://bankinn.landsbankinn.is/samfelagsleg-abyrgd/studningur-vid-samfelagid/

Collaboration with sports clubs

Landsbankinn supports sports clubs throughout Iceland, with special emphasis on children and youth divisions but also athletics achievement programmes.

Following the establishment of Landsbankinn hf. all collaboration agreements with sports clubs were reviewed by the Marketing Department and relevant branches. A great deal of emphasis was placed on meeting the needs of sports clubs with whom the old bank had collaborated successfully for many years. New agreements were signed with most clubs based on altered assumptions and providing for lower funding, most notably where Landsbankinn had been a leading sponsor.

New Colours for the Community

New Colours for the Community is the theme of Landsbankinn's strategy to support sports clubs. The aim is to connect the bank's support for sports clubs and charities. For that purpose, Landsbankinn waives its rights to advertising on the jerseys of its partners in the venture and invites the clubs to select a charity to advertise instead. The sports club keeps its funding according to the agreement with the bank and a pledge fund is created for the club and its charity. For each win in the league, Landsbankinn credits a specified amount to the fund. The sports club can invite companies and individuals to pledge their support for the club and the chosen charity. All pledges are divided equally between the sports club and the charity. 25 sports clubs and as many charities participate in the project.

Inspired by Iceland

Landsbankinn and the Ministry of Industry have established a development fund to support the marketing campaign Inspired by Iceland[24], a three-year project intended to lengthen the tourist season in Iceland. The founders allocated a total of ISK 70m to the fund. The fund's objective is to be an active participant in the development of companies and projects in the travel industry that can support a longer tourist season.

Weekend seminars on job creation and innovation and Gulleggið

Landsbankinn has hosted events that directly benefit innovators. One such venture is the Weekend seminars on job creation and innovation, held in collaboration with Innovit, the aim of which is to boost job creation in Iceland. Landsbankinn is also the principal sponsor of Gulleggið, an innovation competition held by Innovit.

Háskólasjóður H/f Eimskipafélags Íslands

Háskólasjóður H/f Eimskipafélags Íslands was created by expat Icelanders in 1964 who donated their stock portfolio in Eimskipafélagið. The fund was created in memory of Icelanders who emigrated to

24 http://www.iceland.is/islandalltarid/kynning/

Table 5: Main financial grants in 2012

Þróunarsjóður ferðaþjónustunnar – Inspired by Iceland	40,000,000
Community grants	20,000,000
Innovation grants - 23	15,000,000
The Vigdís Finnbogadóttir Institute of Foreign Languages	10,000,000
Football Association of Iceland	8,000,000
Scholarships - 15	5,400,000
Environmental grants - 14	5,000,000
Weekend seminars on job creation and innovation by Innovit and Landsbankinn	4,400,000
Athletics achievement grants - 12	3,400,000
"Á allra vörum"	3,000,000
Reykjavík Cultural Night fund	3,000,000
Sjónarhóll	2,500,000
Akureyri Theatre Company	2,200,000
Innovit - Gulleggið	1,750,000
ÚTÓN - Útflutningsskrifstofa tónlistar (Iceland Music Export)	1,500,000
The Night of Lights, community festival in Reykjanesbær	1,000,000
Akureyri University	1,000,000
SÍBS - renewal of equipment at Múlalundur	1,000,000

the US and Canada and its main objective is to support promising students at the University of Iceland. Landsbankinn is the custodian and manager of the fund. The Board of Directors of the fund is comprised of the Chairman of Landsbankinn's Board and the Chancellor of the University of Iceland. The Chairman of Landsbankinn's Board of Directors chairs the fund.

A total of 89 students have been promised funding since the fund started awarding grants in 2006 and total allocations now amount to ISK 975m. Of that amount, ISK 500m went towards construction of Háskólatorg in 2006 and 2007. In 2012, grants in the amount of ISK 102m were paid out for allocations in 2006-2012 and the fund's obligations in the form of funding commitments at year-end 2012 amounted to ISK 59mr.[25]

The fund awarded grants in 2012 to 8 PhD students in the amount of ISK 38.4m.

Svanni - Women's Loan Guarantee Fund

Landsbankinn and Svanni - Women's Loan Guarantee Fund collaborate to grant credit to women in business. The fund and the bank jointly guarantee the loans. Landsbankinn guarantees half of loan amounts and the fund the other half, ensuring easier access to funding to female business operators and increasing the opportunity for women to establish companies.[26] The partnership agreement is part of Landsbankinn's efforts to boost the economy and encourage innovation domestically.

25 Annual financial statements of Háskólasjóður H/f Eimskipafélags Íslands 2012.
26 www.svanni.is

Social performance indicators

Economic performance indicators

The bank's financial position is described in the Annual Financial Statement. Statistics and information on economic values generated in the bank's operations and going to shareholders, stakeholders and society are summarised below.

EC 1 – Direct economic value

The direct economic contribution of Landsbankinn in 2012 was as follows:

EC 3 – Liabilities for pension payments and bonus plans

According to law pension insurance premium shall be a minimum of 12%. Landsbankinn meets this by paying 6% to a mutual insurance division in addition to the employee's contribution of 4%. In addition Landsbankinn pays the equivalent of 2% of employee wages to a personal pension fund for the first three years of employment and then 7% (5% is added after 3 years) after that. The right to this payment is subject to the same rule as other seniority rights for employment at other financial undertakings.[28]

The employee can then decide to pay an additional 2% to a personal pension fund whereby Landsbankinn contributes 2% in turn.

There were no future liabilities due to bonus plans on the bank's books at the end of last year.

EC 4 – Financial assistance received from government

Landsbankinn receives no government grants. The State Treasury is the bank's largest

Table 6: Direct economic value[27]	2012	2011
Revenue	49,141	51,585
Operating cost and investment	9,996	7,905
Wages and related expenses	13,176	11,169
Dividends	0	0
Income tax	4,125	-597
Financial sponsorship	214	195
Total economic contribution	27,511	18,672
Economic gain	21,630	32,913
Proportion of economic contribution of gains	56%	36%

27 Consolidated information

28 This arrangement took effect 1998. Those who were hired before that time pay to the Bankers' Pension Fund Proportion Division where the bank pays 14.4% on top of the employee 4% premium.

owner with an 81.3% share and the endowment capital has not been considered a government grant.[29]

EC 6 – Policy and proportion of procurement from locally-based suppliers

The bank's policy for communications with suppliers and for asset sale[30] states that the bank "seeks to buy products and services in the local community if it is economically viable and professionally feasible". Landsbankinn defines economic viability in the same way as in Article 45 of the Public Procurement Act No. 84/2007.

Iceland is Landsbankinn's local community and procurement is divided into purchases in Icelandic króna and in foreign currencies. In 2012, 87% of Landsbankinn procurement of products and services were in Icelandic króna.

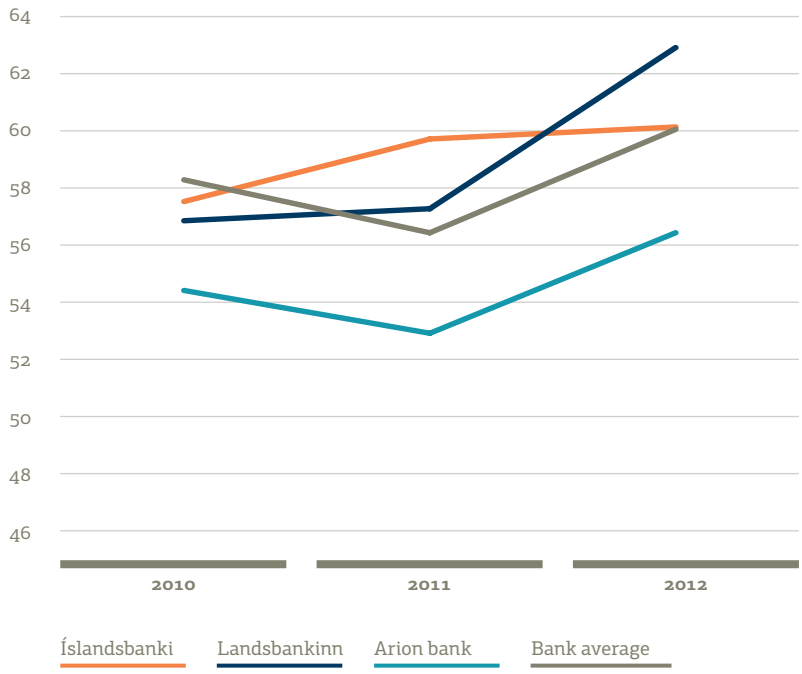
The customer

PR 5 – Customer satisfaction

The Icelandic Customer Satisfaction Index is composed of three questions concerning customer satisfaction and their expectations vis-a-vis the company, where a connection has been demonstrated between customer satisfaction and loyalty. From 2011 to 2012, the bank went up from 57.3 to 62.9 points, or by 5.6 points. At the same time, the average for banks went up by 3.6 points, from 56.4 to 60.0 points. Landsbankinn rose highest among those companies measured in the Customer Satisfaction Index in 2012 and the customers of Landsbankinn are the most satisfied in the financial market.

Landsbankinn also measures customer loyalty four times a year where customers randomly answer questions that provide indications of their emotional relations to their main retail bank. These measurements are conducted by Gallup.

Picture 1: Customer Satisfaction (source Capacent)



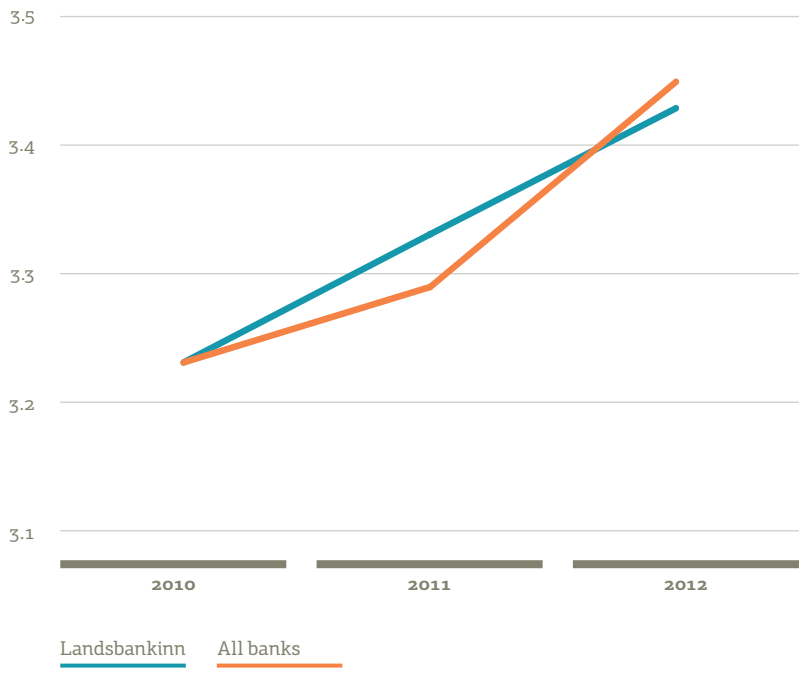
29 http://www.eftasurv.int/press--publications/press-releases/state-aid/nr/1725 and http://www.eftasurv.int/media/state-aid/290-12-COL.pdf
30 http://bankinn.landsbankinn.is/samfelagsleg-abyrgd/samskipti-vid-birgja/

The average customer loyalty in 2012 went up from 3.33 to 3.43, or by about 0.1.

PR 6 & PR 7– Code of ethics and standards observed with respect to marketing and derogations there from

The stated objective is that all marketing material with the bank's name should be clear and understandable and that all messages should be informative and transparent. Specific emphasis is on accessible and clear presentation of material in advertisements, booklets and on the bank's website. Strong emphasis is on providing customers with printed information, informative meetings, interactive material for young people and personal advice by staff.

Picture 2: Customer loyalty



The Covenant of Ethical Conduct of Landsbankinn stipulates that staff is to act professionally and honestly by seeking information, abiding by law, rules, accepted work procedures and other criteria applying to their work in each instance. In addition to obeying general legislation on consumer protection and marketing, marketing personnel are subject to guiding ethics of the Society of Icelandic Advertising Agencies[31] and the guidelines of the Consumer Spokesman and Ombudsman for Children on marketing targeting children.[32]

Furthermore, Landsbankinn takes note of the regulation on investor protection and the business conduct of financial undertakings No. 995/2007, which purpose it is to ensure that information on investment funds are presented clearly and correctly.[33]

There were no exemptions from the above mentioned rules in 2012.

PR 8 – Number of tips/complaints regarding breaches of confidentiality

In the first half of the year one location recorded tips from individuals but none from companies. Registered tips/complaints from individuals in 2012 were 981,

31 http://www.sia.is/Sidanefnd/Sidareglur/
32 http://www.barn.is/barn/upload/files/frettir/undirritud_lokagerd_leidbein_an_adalformala_og_nedanmalsskyringa_28_1_2009x.pdf
33 http://www.reglugerd.is/interpro/dkm/WebGuard.nsf/key2/995-2007

of which 9 were due to alleged breaches of confidentiality.

Tips/complaints from companies are recorded in several different systems but work is under way to unify the recording. Therefore the bank considers it impossible to provide detailed information on the number of tips/complaints from companies.

The bank's website includes a tip system for customers[34] and itemisation of last year's main tips and complaints.[35]

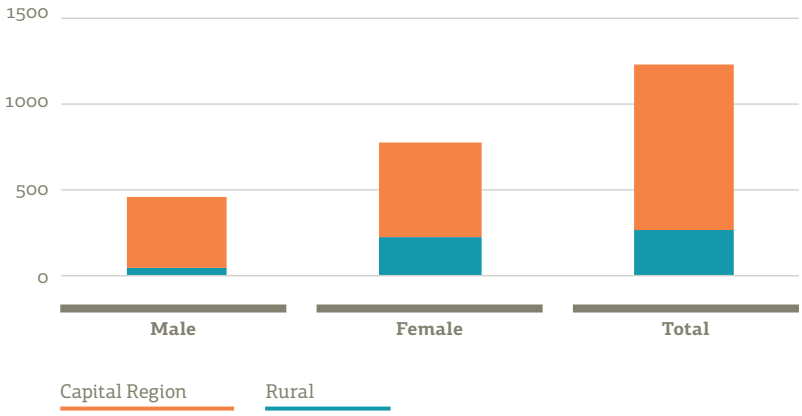
Human Resources

Figures on human resources do not include part-time work in cleaning services, employees of the personnel association or the Board of Directors.

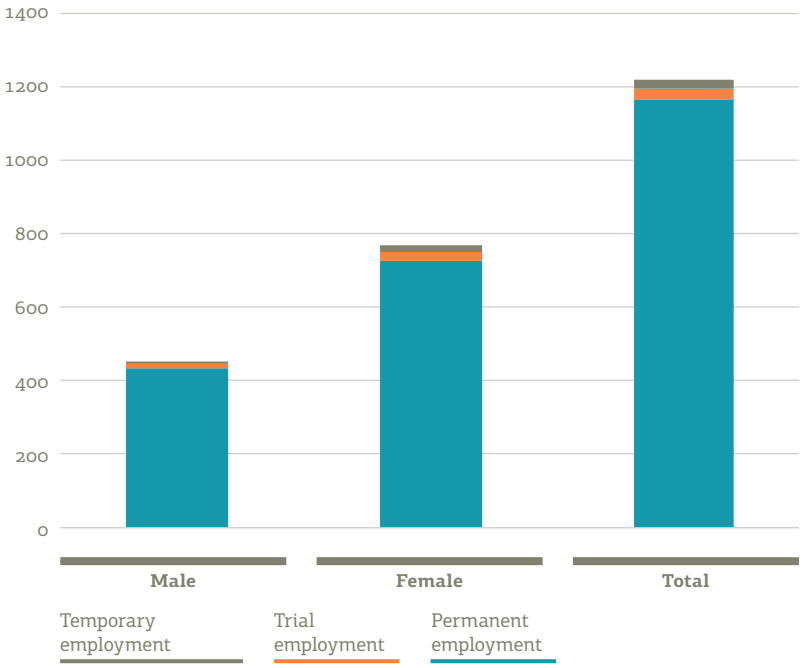
In 2012 the bank had a total of 1299 employees in 1217[36] full-time equivalent jobs. Average employee age is 43 years and average time of employment is 12 years. The Global Reporting Initiative stipulates division by region and information here is in two categories, capital area and rural areas.

34 http://bankinn.landsbankinn.is/hafdu-samband/
35 ttp://bankinn.landsbankinn.is/hafdu-samband/sun-durlidun-abendinga/
36 Full-time equivalents at Landsbankinn without subsidiaries. Full-time equivalents with subsidiaries is 1233.

Picture 3: No. of full-time equiv. positions



Picture 4: Summary by modality of employment



LA 1 – Workforce by region

7.7% of the total number of employees are employed part-time and 92.3% full-time.

Trial employees are beginning their employment at Landsbankinn, and then they receive permanent employment after 3 to 9 months.

LA 2 – Age distribution and employee turnover rate

Picture 5 to 7 provide information on age distribution and employee turnover.

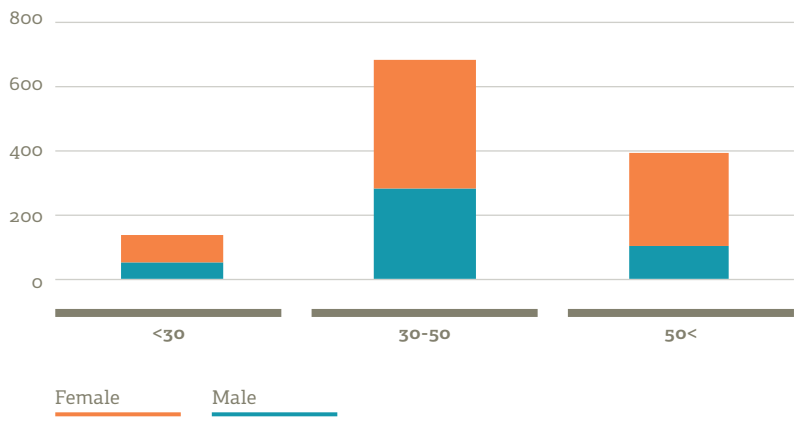
LA 3 – Employee benefits

Landsbankinn's employees can receive benefits from three parties, the Confederation of Icelandic Bank and Finance Employees, Landsbankinn Employee's Association and Landsbankinn hf. The terms vary depending on whether employment is trial or permanent. In some instances, trial employees can enjoy the same terms as permanent employees.

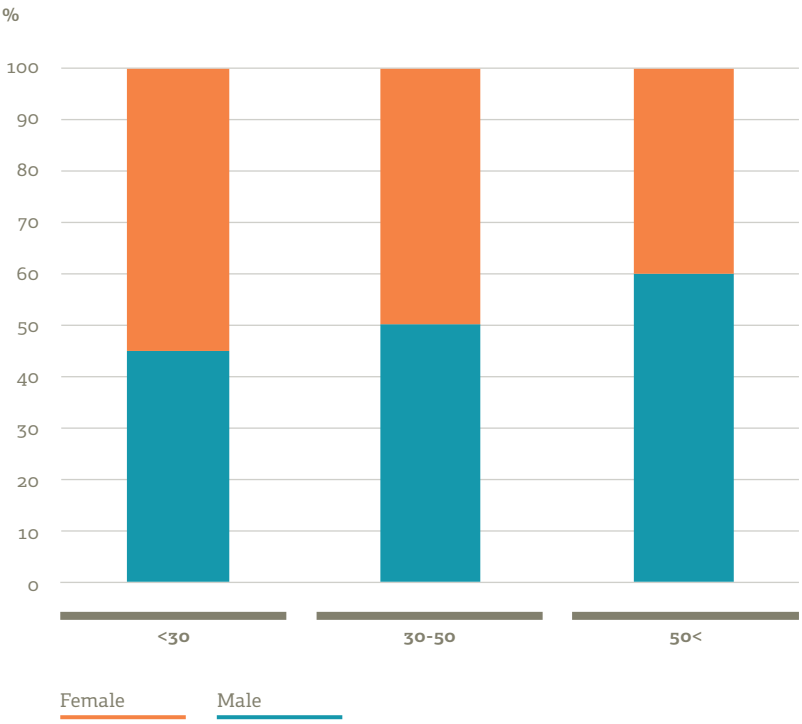
All employees, both trial and permanent, have access to a consulting physician, lunch, accident insurance, parental leave as well as a sickness fund.

All permanent employees have life assurance, receive disability

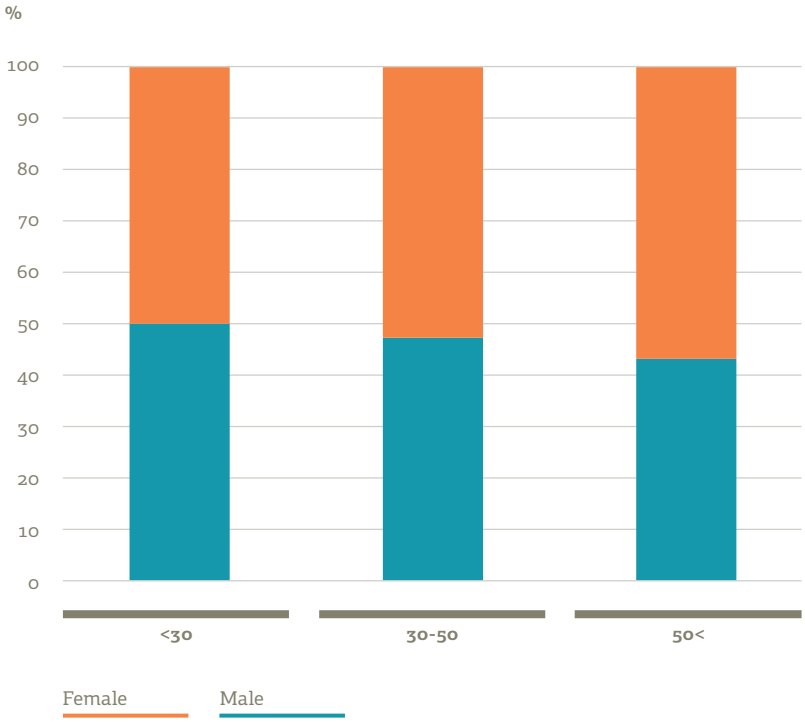
Picture 5: Summary of employees by age



Picture 6: New recruits – percentage within a specific age period



Picture 7: Left employment – percentage within a specific age period



payments if needed and are paid a part of the difference between wages and payments from the parental leave fund. Then statutory pension payments are paid (employee 4% and employer 8%). For employees with more than 3 years of service Landsbankinn pays also 5% to a personal pension fund.[37]

No employee of the bank had a share purchase option or performance-link as part of their wages in 2012.

All permanently employed have access to the following benefits:

- Transportation Agreement for eco-friendly means of transport to and from work
- Subsidised annual pass for public transport
- Reimbursement of ophthalmologic examination and subsidy for spectacles
- Sport subsidy
- Grants for courses and university studies
- Daily sickness allowance
- Childbirth grant
- Employment anniversary payments
- Subsidised parking in central Reykjavík

Permanent employees can receive subsidies from the support fund of the Confederation of Icelandic Bank and Finance Employees:

- Physiotherapy
- Psychotherapy
- Cancer check-up
- Spectacles and contacts
- Laser operation of the eyes
- Cardiology examination/ risk assessment
- Parental course
- Gait analysis/assistive devices
- Health institute stays
- Weight management
- Hearing aids
- Smoking course
- Adoption
- Artificial/in vitro fertilisation
- Funeral grant

In addition to the above, permanent employees receive discounts on banking services, insurance and computer software.

37 See also explanatory note in footnote 28

Table 7: Number of training events	
The bank's products and services	74
The bank's systems	40
Security issues	38
Other	41
Management training	31
Personal development	34
Laws and regulations	32
Computer skills	18
Finances	18
IT information management	12
Information technology	11
Project management	6

LA 4 – Percentage of employees covered by collective wage agreements

All Landsbankinn employees are covered by collective wage agreements, also the Executive Board.

LA 5 – Minimum notice period

The minimum notice period for employees is as follows:

- Trial employees – 2 months
- Permanent employees – 3 months
- Permanent employees with more than 10 years' work experience at a financial undertaking or at least 45 years of age – 6 months

LA 7 – Number of days on sick leave

Employees of financial undertakings have considerably extensive rights in illness. These are linked to length of employment, based on a 12 month period and are as follows:

- Trial employees have a right to full wages for 30 days and ½ wages for 30 days
- Permanent employees have a right to full wages for 3 months and ½ wages for 3 months
- After 10 years of employment the right to full wages is for 4 months and ½ wages for 4 months
- After 15 years of employment the right to full wages is for 6 months and ½ wages for 6 months
- After 20 years of employment the right is 12 months of full wages

The average number of sick leave days in 2012 was 6.92 compared to 7.2 days in 2011. No distinction is made between sick leave days due to job related stress or injury and illness. It is most common for employees to be injured on their way to or from work or outside work hours, and uncommon that it happens in the workplace. Work related illness is not recorded separately as these are most frequently musculoskeletal problems which may also be caused by other factors than the working environment.

LA 10 – Average hours of training per employee

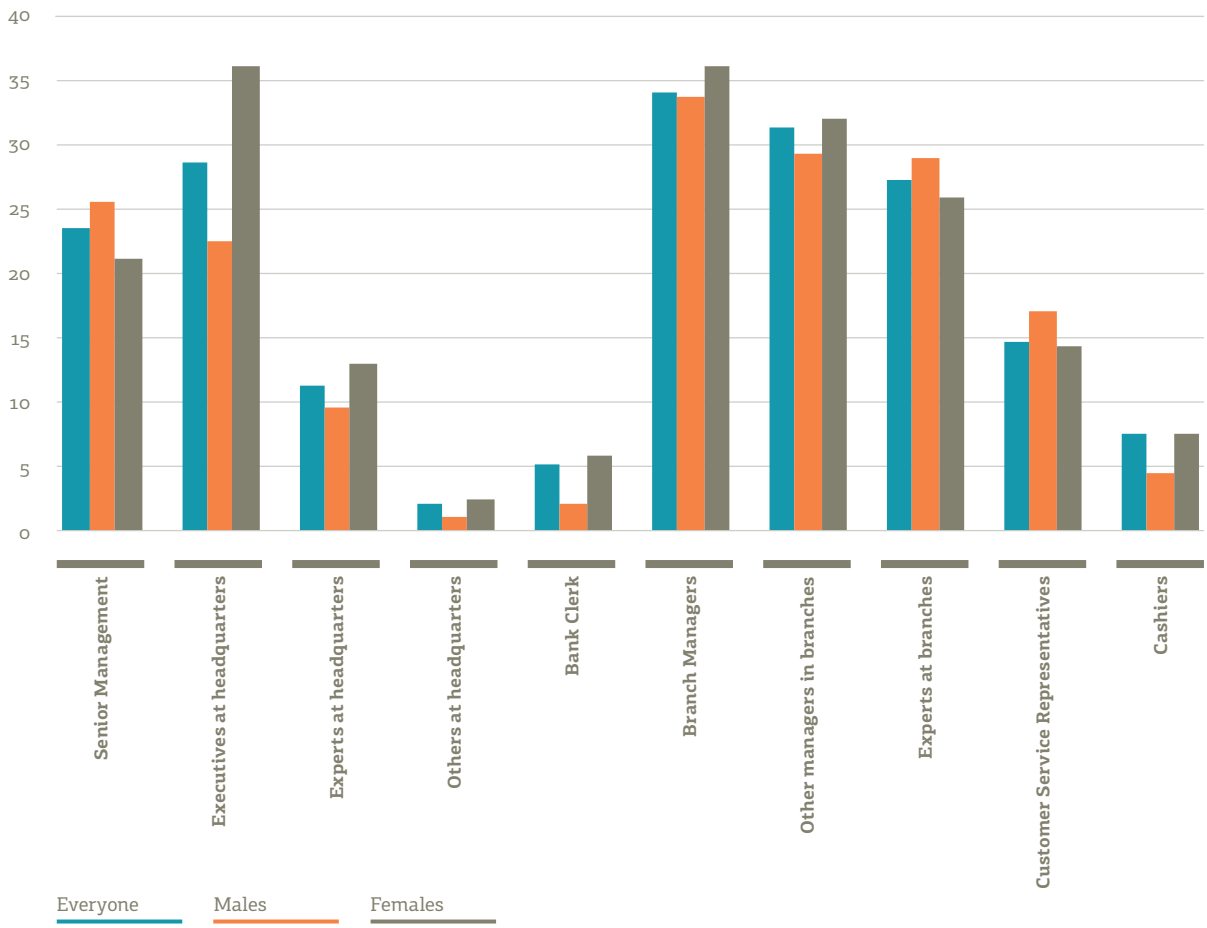
Number of training events

In 2012, Landsbankinn's employees attended 355 training events held by Training & Development or as home assignments. Most events this year were in the bank's products and services category. Other important categories during the year were laws and rules, management training and personal skills.

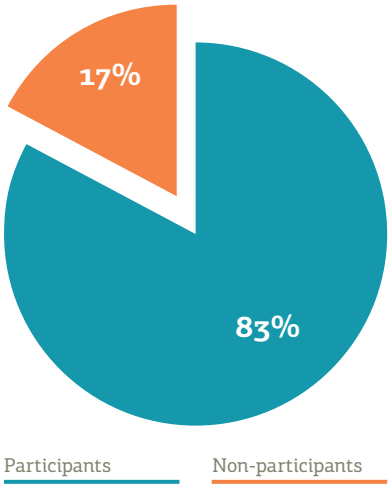
Proportion of employees attending training

83% of the bank's employees took part in organised training within the bank in 2012. Each employee in this group attended four events on average. There is little difference in training participation between men and women, as

Picture 8: Average number of training hours



Picture 9: Proportion of employees attending training



82% of men took part and 83% of women.

Average number of training hours, job title and gender

In 2012, the average number of training hours for each full-time equivalent in the bank was 16 hours. Table 15 shows the average number of training hours divided by job titles and gender. Management and specialists in branches attended most training last year, or between 23.5 -34.3 hours. Secretaries, other employees of headquarters than specialists and cashiers have the lowest average number of training hours or between 2.2-5.1 hours. It is one of the main points of emphasis in the bank's policy of gender equality that men and women have equal opportunities to train and study. In 2012, the difference between average number of training hours for men and women is in most instances within 4 hours and it varies which gender is higher. The greatest difference is among managers at headquarters where women have on the average attended 36.1 hours of training per year compared to 22.6 hours for men.

Table 8: Proportion by job titles	Male	Female	Total	Male	Female	Of total
CEO	1		1	100%	0%	
Managing Director	3	4	7	43%	57%	0.60%
Head (of)	31	9	40	78%	22%	3.30%
Branch Manager	19	5	24	79%	21%	2.00%
Middle Manager	32	66	98	33%	67%	8.00%
Expert with university degree	221	179	400	55%	45%	32.90%
Expert	90	128	218	41%	59%	18.00%
Others	53	376	429	12%	88%	35.20%
Total	450	767	1,217	37%	63%	

LA 12 – Percentage of employees receiving regular performance and career development reviews, by gender

During the first part of the year all employees were offered an employee interview, but Human Resources only checked their implementation to the extent that employees were asked, during a workplace audit, whether they had had such an interview.

At the end of 2012, employee interviews were altered with the introduction of performance evaluations and career development reviews with predetermined criteria. As of 2013, all employees are to have a career development review and a performance evaluation which Human Resources will monitor.

According to a 2012 spring workplace audit, 1003 employees had gone through an employee interview but 127 had not. The difference between this number and the number of employees indicated in item LA 1 is the number that has not had an employee interview.

LA 13 – Composition of management and breakdown of employees by gender, age group and minority group

Management and employees are only sorted by gender (see LA1) but not by minority groups. The LA2 indicator provides an age distribution within the bank but not by job title.

LA 14 – Ratio of salary of men to women by employee category

A structural change took effect in the bank on 1 October, whereby many job titles were changed and employees were transferred between job titles. For that reason not all information on the wage ratio is comparable between years.

LA 15 – Parental leave

On average there were 16.41 women and 9.33 men on parental leave in any month. Last year women were 687 weeks on parental leave and men 228 weeks. Average absence of women due to parental leave was 3.49 weeks per month but 2.05 weeks for men.

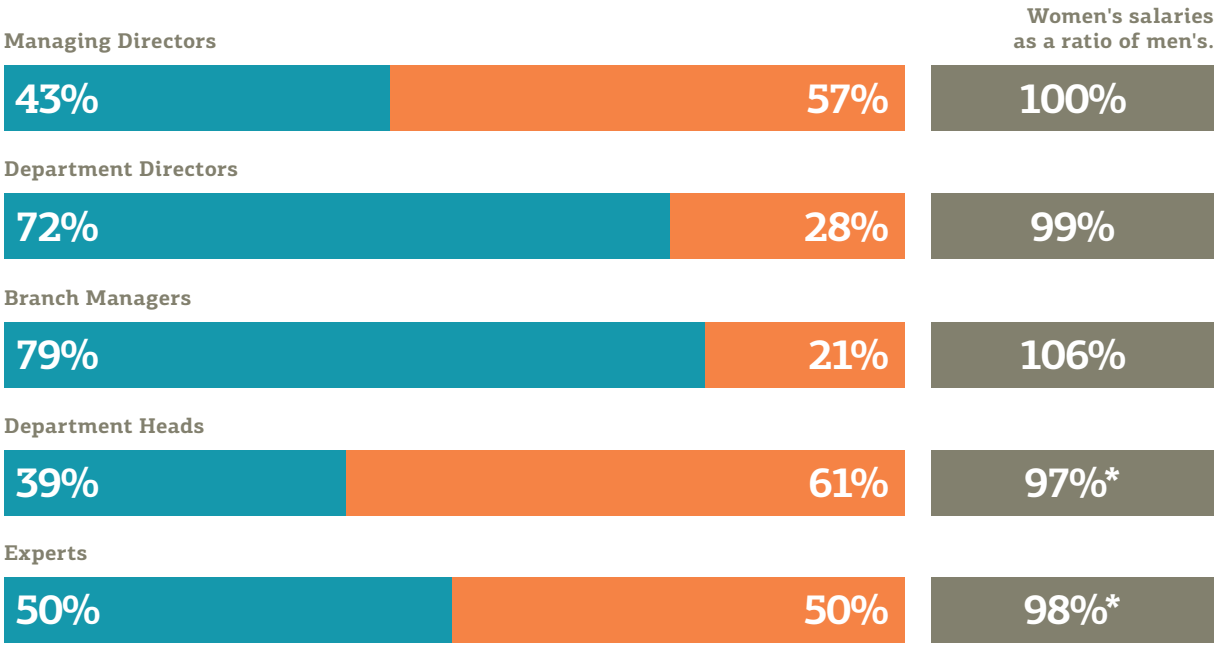
No employee left the bank immediately following parental leave.

Human rights and social indicators

Compliance addresses Landsbankinn reaction to corruption mainly in relation to the bank's protection against conflicts of interest and measures against money laundering.

Compliance wants to point out in general that the bank's rules on how to avoid conflicts of interest include the principle that "emplo-

Picture 10: Ratio of salary of men to women by employee category



* Measured by operating unit.

yees of Landsbankinn, irrespective of amounts, may not receive any gifts, incentive payments, fees, remuneration or benefits from a customer in order to arrange transactions in a certain manner at the cost of other customers".

SO 2 - Percentage and total number of business units analysed with respect to corruption

Conflicts of interest

Landsbankinn rules on management of operational risk state that "all functions and units shall perform a coordinated risk assessment of operational risk at least every two years". The risk assessment consists of self-assessment and a special methodology for categorising risk.

Conflicts of interest are a known type of operational risk. In order to ensure that the risk from conflicts of interest is always assessed in the periodic risk assessment, it was decided in 2012 to include a fixed question on the assessment of conflicts of interest in the self-assessment.

Ever since conflicts of interest became a fixed part of the assessment of operational risk, 55% of the bank's various departments have performed a risk assessment.

Measures against money laundering

In 2012, Compliance assessed risk on account of money laundering in all the bank's departments, or 100%.

SO 3 - Percentage of employees trained in anti-corruption policies and procedures.

Conflicts of interest

Newcomer courses are held regularly covering the bank's main rules of procedure, including rules on conflict of interest.

Compliance also hosts regular presentation of rules on conflict of interest for Markets employees. In 2012, 34 Markets employees were given a presentation, or 71%. Following the presentation all the department's employees took an on-line exam.

Measures against money laundering

The newcomer course covered the bank's measures against money laundering and terrorist financing.

Compliance also hosts courses regularly for the bank's operating units where there may be danger of money laundering or corruption. Every year all employees are

subjected to an on-line exam in measures against money laundering and terrorist financing. In 2012, 97% of the employees took the exam.

SO 4 - Actions taken in response to incidents of corruption

Conflicts of interest and misconduct in general

Landsbankinn's rules on conflict of interest stipulate the bank's main measures to mitigate risk of conflicts of interest damaging customer interest. The rules also identify possible conflicts of interest that may arise between customers, between customers and the bank and within the bank.

Landsbankinn has also set various special rules to prevent conflict of interest, including: 1) rules on separation of functions (so-called China walls), 2) rules of access to facilities, 3) rules on employee security trading, 4) rules on employee participation in management and business, 5) rules on gifts, incentive payments and travel offers, 6) rules on insider trading and treatment of insider information, and 7) rules on management of changes in products and product development.

The bank has processes and work descriptions in place with regard to employee misconduct. Compliance receives notices of employee misconduct and handles such cases in cooperation with Internal Audit and the Legal Department.

Landsbankinn has also adopted rules on protection and support to whistle blowers.

In 2012, there was one case of alleged misconduct and/or corruption.

Measures against money laundering

Landsbankinn's rules against money laundering and terrorist financing stipulated on the main actions to be taken by the bank to prevent such practices, such as a due diligence check of customers, obligation to report any suspicion, instruction to employees and control.

SO 6 - Value of contributions to politicians, political parties, and related associations

No contributions were paid to politicians, individual candidates, political parties or related associations in 2012 as political organisations and candidates are not allowed to receive contribu-

tions from companies where a state or a municipality holds control or a majority share.[38]

SO 7 - Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

On three occasions settlements were reached with the Icelandic Competition Authority concerning acquisitions by Landsbankinn of companies as a part of debt settlements and due to company takeovers by the bank's subsidiary and associated company.

The Icelandic Competition Authority issued a decision in 2012 on the acquisition by Landsbankinn of the savings bank Sparisjóður Svarfdæla and at the same time Landsbankinn decided against the acquisition.

Landsbankinn was not subjected to penalties for competition issues in 2012.

SO 8 – Monetary value of fines and number of cases where Landsbankinn has not complied with laws and regulations

Regulatory bodies made no remarks on Landsbankinn's operations in 2012. Remarks means serious issues that are not considered comments and are published on the Financial Supervisory Authority's or another comparable authority's web as part of its transparency policy.

HR 5 – The number of operations identified in which the employee right to exercise freedom of association and collective wage bargaining may be at significant risk, and actions taken to secure these rights

As Landsbankinn operates only in Iceland it is assumed that there is low risk of violations of employee rights concerning the right to collective wage bargaining and freedom of association.

Environmental indicators

EN 1 - Use of paper

Landsbankinn's internal use of paper and statements sent to customers from the Icelandic Banks' Data Centre was 37.1 tons in 2012. This is the equivalent of

- about 7.6m pages
- about 30 kg per full-time equivalent in the bank or
- about 310 grams per customer, which equals 63 pages

There are no figures on paper use in material published by Landsbankinn.

EN 4 – Electricity / hot water consumption

Landsbankinn has access to information on the consumption of electricity in 44,146 square meters of the 56,272 that the bank has at its disposal, or 78.45%.

38 According to Act No. 162/2006 on the Financial Affairs of Political Organisations and Candidates and Their Duty to Provide Information.

Electricity consumption in 2012 was 8,377 MWh for that surface. Total consumption for 2012 is therefore estimated at 10,678 MWh for the bank as a whole.

Housing where Landsbankinn does not have access to figures on electricity consumption is mainly leased housing where there are no separate meters or electricity consumption is a part of the lease.

Electricity consumption per square meter of housing is therefore 190 kWh/m^2.

Hot water consumption is subject to the same limitations as electricity consumption. Heating utilities state consumption in cubic meters of water but not energy content (kWh). Measured water consumption was 180,728 m^3 for 44,146 square meters. Estimated total consumption of hot water from a utility is therefore 230,370 m^3.

Hot water consumption per square meter of housing is therefore 4.1 m^3.

Electricity in Iceland is produced in hydroelectric power plants and water for heating houses is mostly from geothermal power plants. Both are renewable resources.

EN 5 – Measures to reduce energy consumption

The IT department of Landsbankinn undertook to change its server room last year, in order to reduce energy consumption among other things. The main objective is to adopt a so-called free cooling environment. The result is that installed electricity is reduced by 1200 kW and cooling by 2000 kW per year. Another positive effect is that the server room could be reduced by 700 m^2.

EN 16/ EN 17 – Total direct and indirect greenhouse gas emissions

Landsbankinn has only been able to keep track of carbon dioxide emissions due to flights to and from Iceland and for employee use of vehicles owned by Landsbankinn. The figures do not include emissions due to domestic flights, taxis or rented cars.

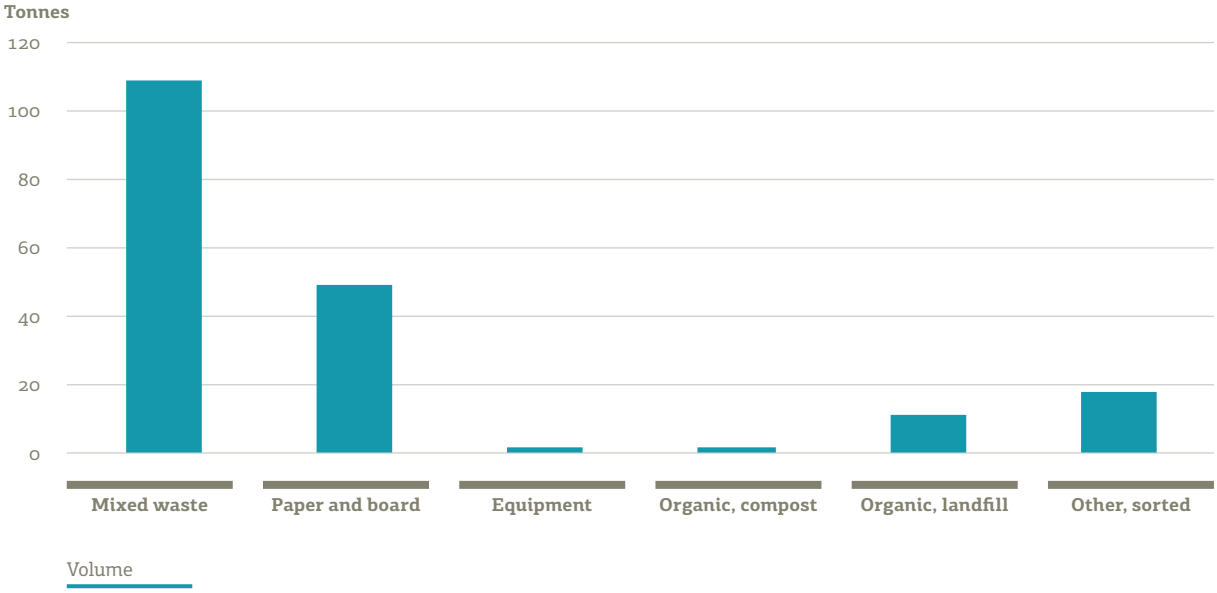
The total fuel consumption of Landsbankinn was 15,726 litres of gasoline, 30,237 litres of diesel fuel and 4,503 Nm^3 of methane gas. Total carbon dioxide emissions were 117.5 tons which is a reduction of 15% from the previous year. The reason for this is that mid-year last year Landsbankinn replaced larger passenger cars and jeeps with smaller passenger cars and methane powered cars.

Estimated resulting savings in fuel consumption are about ISK 1.5 million.

Landsbankinn employees flew a total of 275 legs to and from Keflavík Airport in 2012, which is an increase of 21% from the year before. Total carbon dioxide emission for these legs was 114 tons, a 9% increase from the previous year. Average emission per leg was 410 kg in 2012 compared to 460 kg in 2011.

Total emissions for flights to and from Iceland and driving of own vehicles was 231.5 tons.

Picture 11: Quantity of waste by disposal method



In addition to the above, emission of cooling mediums is the equivalent of 7.5 tons of carbon dioxide.

EN 18 – Initiatives to reduce greenhouse gas emissions

At mid-year 2012, Landsbankinn replaced its car fleet with smaller, more fuel efficient and eco-friendly vehicles. The objective was for the new cars to fall within a definition set by the City of Reykjavík for environmentally sound vehicles

Examples of vehicles replaced are Toyota Land Cruiser jeeps and larger passenger cars, for small diesel cars (VW Polo) and methane cars, two VW Passat and four VW Caddy.

These changes lowered the emission of greenhouse gas from cars used and owned by Landsbankinn by 20.8 tons, or 15%.

Landsbankinn also took the initiative to have a few companies begin preparations for introducing car sharing, which is a short term hire of cars. A meeting was held in February 2012 with car rentals, car dealerships and the oil companies, and in May an open public meeting was held to introduce the idea.

EN 19 – Emissions of ozone-depleting substances

Landsbankinn uses two cooling mediums. One is R407c which does not affect the ozone layer, and last year's refill of that substance was 1 kg. The other is R404a which contains ODP[39] 0.04. Consumption of that substance was 1.8 kg. Total emission of ozone depleting substances was therefore the equivalent of 0.072 ODP (1 ODP has the same effect as the emission of 1 kg of the CFC-12 cooling medium).

These substances have some greenhouse effects. Emission of one kg of R404a has the same Global Warming Potential as 3,300 kg of carbon dioxide. The equivalent figure for R407c is 1600 kg. Therefore, emission of cooling mediums from the bank has the same effect as emission of 7.5 tons of carbon dioxide.

EN 22 – Total weight of waste by type and disposal method

Total waste from Landsbankinn was 188.5 tons.

EN 26 – Initiatives to mitigate environmental impacts of products and services

On 1 January 2012, Landsbankinn stopped mailing paper account statements to customers. Statements are now accessible in the online bank. Last year it was considered whether it was feasible to discontinue sending

39 ODP is ozone depleting potential (Ozone Depleting substances). ODP for Freon is 1 (CFC-11) and then the ODP value of other substances is defined as percentage thereof.

Reykjavík	Twice a week to Hrafnista in Reykjavík and once monthly to Hátún, Langahlíð, Hæðargarður and Furugerði
Selfoss	Once a week to senior citizens' service block Grænamörk
Hvolsvöllur	Once a week to senior citizens' residence Kirkjuhvolur
Akranes	Once a week to senior citizens' residence Höfði
Grundarfjörður	Once a week to Fellaskjól
West Fjords	Once a week to Flateyri, Súðavík, Bíldudalur and Reykhólahreppur
Suðurnes peninsula	Once a week to Vogar and Garður
East Iceland	Once a week to Eskifjörður and Stöðvarfjörður. Three times a week to Fáskrúðsfjörður and as per arrangement to the health care centre at Vopnafjörður and the nursing home at Hornafjörður

paper notices to customers.

Landsbankinn installed a central print management system for internal printing. The main impetus was for a more efficient operation, reconciliation with society and the environment and more security for data.

The printing solution is a cloud-printing approach where all documents for printing are sent to a collective print queue. The user then collects the print-out by logging onto one of the bank's printers and selects which documents are to be printed at that time. Documents that are not printed within a determined time are deleted from the queue. Default values are set for duplex printing and black and white printing. It is estimated that the new arrangement for printing can reduce printing of paper by approximately 15%.

Financial indicators

Financial indicators are specific indicators that apply only to services provided by financial undertakings.

FSS 14 – Specialised customer service

Landsbankinn has been obliged to restructure operations with measures that have included both the capital area and other areas, in branches and in headquarters. Landsbankinn has, nevertheless, maintained service visits to those locations where branches have been closed down, and the bank also visits senior citizens and others unable to leave their homes. Basic service is provided, such as deposits, withdrawals, payment and registration of bills for direct credit along with basic consultation. Last year the following visits were undertaken:

FS16 - Means of increasing financial knowledge

The methodology applied by Landsbankinn to work with financial literacy is described in the chapter Fræðsluviðburðir on page 23. The results of the bank's measures last year are as follows:

- Last year about 790 students in secondary school received financial education
- In total 2042 students in 115 classes in 81 schools took part in computer game Raunveruleikurinn
- Last year 3405 legal guardians of customers that were turning 18 received the booklet "Financial Independence" which, as the name indicates, is about gaining legal financial independence.
- There were a total of 227 postings about finance on the discussion forum Umræðan held out by Landsbankinn.

References

The report is made with reference to GRI application level C.

Hanna Valdís Thorsteinsdóttir performed a deviation analysis of the report content and compared to GRI criteria. She did not, however, verify statistics.

In instances where indicators are not reported or partly reported this is because information is missing or has not been available in an accessible/comparable format in the bank's information systems.

Indicators marked N/A are considered not relevant to Landsbankinn.

The GRI content index is at www.landsbankinn.is/