

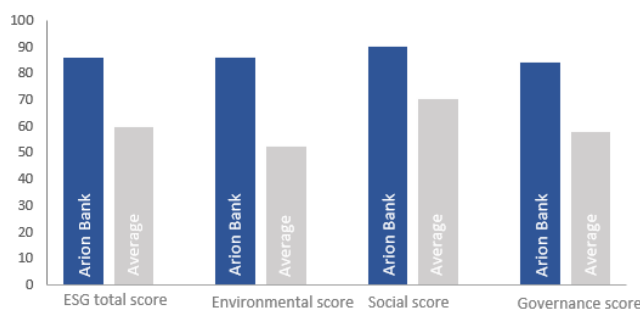
A1 - A3	B1 - B3	C1 - C3	D
Excellent	Good	Medium	Poor

RATING

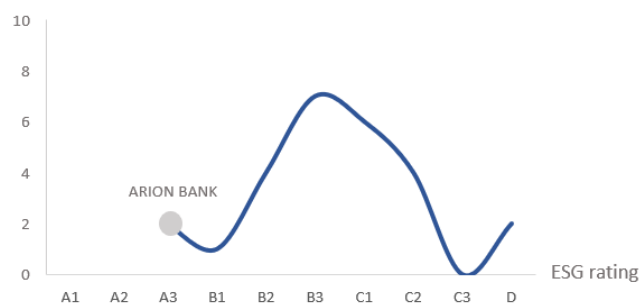
Arion Bank achieves outstanding results in Reitun's ESG rating, with 86 points of 100 possible, placing it in category A3.

ESG RATING RESULTS

	Weight	Score	Rating
Environmental	15.0%	86	A3
E.1 Eco - Efficiency	7.5%	97	A1
E.2 Environmental Management & Oversight	7.5%	75	B2
Social	25.0%	90	A3
S.1 Working Environment	7.5%	82	B1
S.2 Employee Welfare & Customer Satisfaction	17.5%	93	A2
Governance	60.0%	84	B1
G.1 Corporate Governance & Supplier Chain	9.0%	85	B1
G.2 Corporate Practices	21.0%	95	A2
G.3 Products & Services	30.0%	76	B2

COMPARISON**ESG RATING DISTRIBUTION**

No. of rated companies

**SHORT SUMMARY OF RESULTS**

Arion Bank has been successful in areas related to environmental, social and governance (ESG). As a result, it is placed in category A, which is the highest category for this rating. One of the more significant risk factors in this analysis relates to how financial institutions have incorporated ESG considerations into their financial decisions. Arion Bank has shown innovation and developed a methodology to assess investments, primarily listed companies, regarding ESG. The bank monitors its portfolio and aids with further improvements. With that, the bank uses its position to exert influence in a positive way. Arion has undertaken to comply with the UN's Principles of Responsible Investments (PRI) and Principles of Responsible Banking (PRB). Arion Bank is currently working towards its objectives of developing a green loan structure for its lending activities and aims to assess the carbon footprint of its lending portfolio. The bank offers better lending terms for eco-friendly vehicles and a green deposit account, which is a novelty in Icelandic banking services. It is beneficial towards the society that the bank emphasizes on taking environmental consideration into account in its operations and thus support the development of the society towards further sustainability. Generally, Icelandic financial institutions' governance-related risk is believed to be low due to the country's geographical location and strict regulatory framework and the bank therefore meets the set criteria. Information security is a high-risk factor and the bank manages that risk factor well. Financial institutions are exposed to constant risks posed by cyber-attacks and rapid technological development; therefore, part of that risk is considered to be unmanageable. Arion Bank has a strong connection with the community and takes an active role in supporting charities and providing financial supports which have a positive impact on the community. Human resources within the bank are well taken care of and the job satisfaction is recorded to be high. Environmental issues from internal operation are handled in a responsible way and emissions from operations are carbon neutralized. This rating shows outstanding results of Arion Bank performance in issues related to ESG and the bank sets a good example for the Icelandic market.

COMPARISON WITH DOMESTIC ISSUERS

Arion Bank is well above average in all categories in comparison with other domestic issuers that have received an ESG rating by Reitun (approx. 30). The market average currently shows an overall points of 60 out of 100 possible, category B3. Arion bank receives highest given rating and shares it with one other issuer. The bank and the other issuer show outstanding performance in these aspects of the Icelandic market.

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