

ARION BANKI HF.

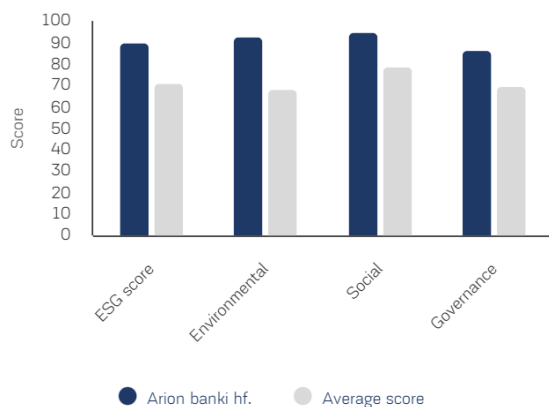
ESG SCORE **90 / A3**

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

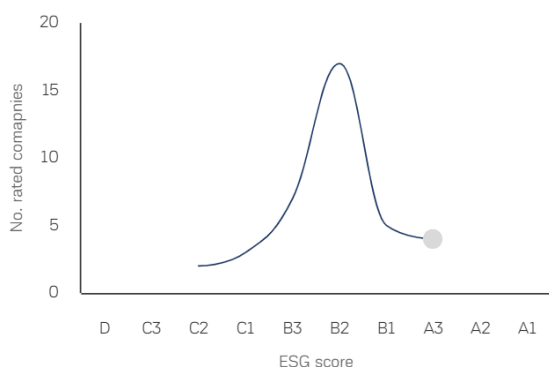
ESG RATING RESULTS

RESULTS	Weight	Score	Grade
Total Score	100%	90	A3
Environmental	10.5%	93	A2
E.1 Eco-Efficiency	4.5%	94	A2
E.2 Environmental Management	6%	93	A2
Social	24.5%	95	A2
S.1 Working Environment	7%	98	A1
S.2 Employee Welfare & Customer Satisfaction	17.5%	93	A2
Governance	65%	87	A3
G.1 Corporate Governance	10%	98	A1
G.2 Corporate Practices & Supplier Chain	23.5%	90	A3
G.3 Products & Services	31.5%	82	B1

COMPARISON



ESG RATING DISTRIBUTION



SHORT SUMMARY OF RESULTS

Arion banki continues to receive an excellent score in this ESG rating by Reitun, and comes out with 90 points, in category A3. The bank continues to put great effort into enhancing sustainability throughout its operations and upholding its commitment to comply with the UN’s Principles for Responsible Banking. The involvement of the board and management in sustainability-related issues at the bank is positive. The bank has already achieved good results in reducing the environmental impact of its own operations; but one of the bank’s main opportunities lies in reducing emission from its investment portfolio and lending. In December 2023, the bank officially committed to setting a Science-based Target and expressed its intention to become a member of the Net-Zero Banking Alliance, following the publication of its portfolio’s carbon footprint assessments in accordance with PCAF, accompanied by positive steps. Additionally, Arion banki has neutralized emission from its own operations with Certified Emission Reduction units for the first time. Arion banki continues to give increased priority to its offer of products and services and has achieved good results in this area. The bank continues to work towards its objective of ESG risk assessments of companies in its lending portfolio. The bank has sought finance through issues of green bonds and is in a good position when it comes to the provision of information on the impact of its lending to sustainable projects.

Arion’s subsidiary, Stefnir, and Arion’s asset management continues to place great emphasis on responsible investments and has both adopted the UN’s Principles for Responsible Investments (UN PRI). Stefnir has put great emphasis on sustainability in product development and has set up four sustainable funds since 2021. Stefnir has also published its first assessments of the portfolio’s carbon footprint in accordance with PCAF. Arion’s subsidiary, the insurance company Vörður, has an opportunity to support Arion’s sustainability portfolio and has the past years set its own sustainability goals. Financial undertakings in Iceland operate under an extensive regulatory system and scrutiny by the Central Bank’s Financial Supervisory Authority. Arion banki’s data security arrangements are in good order, its management system being certified according to ISO27001 since spring 2023. Furthermore, the bank is active in incentivizing its suppliers to act on value chain responsibility. Arion continues to maintain a strong connection with the community. The bank also continues to place strong emphasis on human resources and workplace surveys reveal high levels of employee satisfaction. Arion banki continues to establish clear and measurable targets to enhance sustainability throughout its operations and has set a good example for other market players in Iceland.

COMPARISON WITH DOMESTIC ISSUERS

Arion banki is well above average in all categories in comparison with other domestic issuers (currently about 40). The average overall score on the market is 72 points out of 100 possible, Category B2. In this assessment, Arion scores 90 points, which is the most that Reitun has awarded in an ESG rating to date. This places the bank in Category A3 along with three other entities.

Disclaimer

For the purposes of this analysis and ESG rating, it has been assumed that the materials and information to which Reitun has had access are in accordance with the facts. Where Reitun has received photocopies of documents, it is assumed that they correspond with the originals of the documents in question and that no subsequent additions or changes have been made to them. It is also assumed that all signatures on documents and agreements to which Reitun has had access are correct and that they are binding for the company..

The opinions and projections set forth here are based on the general information, and possibly on confidential information, which Reitun has had in its possession at the time of compilation of the rating. The principal sources used are annual financial statements and various materials from the party under examination and other available official information that has been published in the media and in other contexts which the company considers reliable. However, Reitun cannot be held responsible for the reliability or accuracy of this information and accepts no liability for the reliability of the sources of the information used. Data set out in the above discussion appears for the purpose of information only and should not be viewed as an offer of any sort and should not be taken as constituting advice concerning investments in financial instruments. Investors are urged to obtain independent guidance from their own advisors before investing in financial instruments, e.g. as regards their legal standing and tax position. Reitun and its employees can accept no responsibility for transactions based on the information and opinions set forth above.

While particular care has been taken to ensure that the information above is correct and accurate at the time of writing, Reitun and its employees can accept no responsibility for possible errors. The evaluation of this information reflects Reitun's opinions on the date of publication, but these opinions may change without notice. Neither Reitun nor its employees can be held responsible for damage or loss, direct or indirect, resulting from information found in this rating, or for the dissemination of such information.

In particular, attention is drawn to the fact that estimates and forward-looking statements may change without warning in either a positive or a negative way and are subject to external uncertainties and variables that are generally beyond Reitun's control. Reitun and its employees therefore cannot accept responsibility if the ESG rating of an individual issuer that has been assessed and given a rating by the company subsequently changes. Reitun cannot undertake to change the information published in this report if the premises on which it is based change or if it comes to light that it is incorrect or inaccurate.

Reitun, its employees, directors or other parties connected with Reitun may have interests at stake regarding particular companies addressed in its analyses, valuation reports and other publications at any given time. These interests may take various forms, e.g. as shareholders or advisors, or interests connected with other services provided. Issuers of securities that are valued by Reitun pay the company for this service. Valuations and analyses are nevertheless prepared independently by Reitun.

Reitun owns the copyright in all information presented in this report. Information found in this ESG rating may not be disseminated or utilised in any other manner without permission.