

Arion Banki Covered Bonds



Risk Report: 31. December 2023

Asset Coverage Test	Amount
Loan Pool (A)	356,354
Collateral Reserve Account (B)	17,318
Liquidity Reserve Account (C)	5,971
Customer Deposits (W)	0
Total (A + B + C - W)	379,643
Outstanding Covered Bonds	313,072
Over Collateralization	66,571
Over Collateralization [%]	21.3%

As is outlined in the prospectus, the Asset Coverage Test (ACT) must be passed.

Interest Rate Sensitivity	Nominal	Base Case	Up100bp	Down100bp
Outstanding Covered Bonds	313,072	305,394	296,460	314,925
Loan Pool	356,354	464,358	413,715	526,220
Bank Account	23,289	23,289	23,289	23,289
Over Collateralization	66,571	182,253	140,544	234,584
Over Collateralization [%]	21.3%	59.7%	47.4%	74.5%

The Mark-To-Market (MTM) value of the underlying loan pool must exceed the MTM value of the Covered Bonds issuance. Furthermore, the program must withstand a parallel shift in the risk free interest curve.

Foreign Exchange Sensitivity	Nominal	Base Case	10% ISK Depreciation	10 % ISK Appreciation
Outstanding Covered Bonds	313,072	305,394	316,298	294,490
Loan Pool	356,354	464,358	464,358	464,358
Bank Account	23,289	23,289	25,135	21,443
Over Collateralization	66,571	182,253	173,195	191,311
Over Collateralization [%]	21.3%	59.7%	54.8%	65.0%

The Mark-To-Market (MTM) value of the underlying loan pool must exceed the MTM value of the Covered Bonds issuance. Furthermore, the program must withstand a 10% foreign exchange depreciation/appreciation with respect to net MTM value.

This is an automatically generated report from Arion Banks Risk Management. The information herein might change at a later date without notice. All amounts in Millions ISK.

Contact:
Investor Relations: samskiptasvid@arionbanki.is
Head of Funding: Eiríkur Dór Jónsson, eirikur.jonsson@arionbanki.is
Risk Management: Stefán Ingi Valdimarsson, stefan.v@arionbanki.is

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Cashflow Projection	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
Bank Account:	23,289												
Covered Bonds:		1,218			20,964	159	683	1,198			2,173	159	683
Loans in Default:			22	22	22	22	22	23	23	23	23	23	23
Performing Loans:		12	2,100	2,112	2,120	2,127	2,137	2,178	2,186	2,218	2,255	2,287	2,324
Cumulative Balance:	23,289	22,083	24,183	26,295	7,452	9,420	10,874	11,854	14,040	16,257	16,339	18,467	20,108

The cashflow coverage measures the ability of the underlying loan pool to service the programs debt obligation on its own. Ignoring both infusion of cash and new loans it is a snapshot view of the debt servicing capability of the pool.

Indexation Balance	Indexed	Non Indexed	Total
Covered Assets	170,544	209,099	379,643
Covered Bonds Issuance	-139,651	-173,420	-313,072
Net	30,893	35,679	66,571

Arion Bank strives to keep a balance between indexed loans and liabilities and non-indexed loans and liabilities. A part of this effort is to keep the balance of loans higher than liabilities for both indexed and non-indexed products.

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