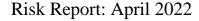
Arion Bank Covered Bonds





Stress Test: Interest Rate Sensitivity						
Description	Nominal	Base Case	Up 100 bp	Down 100 bp		
Covered Bonds Issuance	236.115	254.510	245.109	264.620		
Underlying Loan Pool	295.841	326.636	287.003	375.415		
Bank Account	9.257	9.257	9.257	9.257		
Over Collateralization	68.983	81.383	51.152	120.053		
Over Collateralization %	29,2%	32,0%	20,9%	45,4%		

As is outlined in the prospectus, 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 with respect to net MTM value. The Base Case shows MTM values for the current environment, the next column shows an upward parallel shift of a 100 basis points and the third column similarly shows a parallel 100 bp downward shift.

Cashflow Projection													
Description	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023
Bank Account	9.257,2												
Covered Bonds:			555,7	330,6		42.471,1	2.110,3		555,7	330,6			2.089,6
Loans in Default:		6,6	7,0	7,0	7,0	7,0	7,0	7,0	7,0	7,0	7,0	7,0	7,0
Performing Loans:		35,9	1.502,1	1.503,9	1.490,6	1.490,5	1.489,8	1.490,1	1.489,2	1.489,9	1.487,7	1.487,6	1.486,9
Cumulative Balance:	9.257,2	9.293,1	10.239,6	11.412,8	12.903,4	28.077,2	28.697,6	27.207,5	26.274,0	25.114,7	23.627,0	22.139,4	22.742,1

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. Cashflow from mortgages in default (30 days or more) is ignored. The cumulative Balance shows how cash is accumulated or drained from the Covered Bond account.

Indexation Balance							
Description	Indexed	Non-Indexed	Total				
Underlying Loans	112.524	183.318	295.841				
Covered Bonds Issuance	-109.796	-84.963	-195.059				
Net	2.727	98.355	100.782				

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.

Planned frequency for updates of this summary: 12 times per year. Arion Bank is regulated by the Icelandic Financial Supervisory Authority (www.fme.is).

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