

Arion Banki Covered Bonds



Risk Report: 30. April 2024

Asset Coverage Test	Amount
Loan Pool (A)	355,303
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	5,848
Customer Deposits (W)	0
Total (A + B + C - W)	361,151
Outstanding Covered Bonds	314,845
Over Collateralization	46,306
Over Collateralization [%]	14.7%

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	314,845	306,538	297,566	316,113
Loan Pool	355,303	460,059	409,610	521,748
Bank Account	5,848	5,848	5,848	5,848
Over Collateralization	46,306	159,369	117,892	211,483
Over Collateralization [%]	14.7%	52.0%	39.6%	66.9%

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	314,845	306,538	317,301	295,775
Loan Pool	355,303	460,059	460,059	460,059
Bank Account	5,848	5,848	5,964	5,732
Over Collateralization	46,306	159,369	148,722	170,016
Over Collateralization [%]	14.7%	52.0%	46.9%	57.5%

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 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.

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Cashflow Projection	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
Bank Account:	5,848												
Covered Bonds:		298	700	1,205			2,413	298	700	1,194			2,375
Loans in Default:		9	9	9	9	9	9	9	9	9	9	10	10
Performing Loans:		1,740	2,139	2,181	2,189	2,219	2,255	2,287	2,324	2,361	2,391	2,409	2,418
Cumulative Balance:	5,848	7,290	8,730	9,705	11,894	14,113	13,955	15,944	17,569	18,736	21,128	23,537	23,580

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	180,176	180,975	361,151
Covered Bonds Issuance	-152,926	-161,919	-314,845
Net	27,250	19,056	46,306

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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