

# Arion Banki Covered Bonds



Risk Report: 30. September 2024

Asset Coverage Test	Amount
Loan Pool (A)	366,147
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,763
Customer Deposits (W)	0
Total (A + B + C - W)	372,910
Outstanding Covered Bonds	336,702
Over Collateralization	36,208
Over Collateralization [%]	10.8%

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	336,702	328,892	320,174	338,191
Loan Pool	366,147	513,012	455,299	583,717
Bank Account	6,763	6,763	6,763	6,763
Over Collateralization	36,208	190,883	141,888	252,289
Over Collateralization [%]	10.8%	58.0%	44.3%	74.6%

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	336,702	328,892	339,917	317,866
Loan Pool	366,147	513,012	513,012	513,012
Bank Account	6,763	6,763	6,876	6,651
Over Collateralization	36,208	190,883	179,971	201,797
Over Collateralization [%]	10.8%	58.0%	52.9%	63.5%

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.

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Risk Report: 30. September 2024

Cashflow Projection	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025
Bank Account:	6,763												
Covered Bonds:		2,553	471	715	1,181			2,538	471	715	1,080		
Loans in Default:		9	9	9	9	9	9	9	9	9	9	9	9
Performing Loans:		1,876	2,303	2,350	2,386	2,417	2,437	2,447	2,473	2,485	2,497	2,514	2,531
Cumulative Balance:	<b>6,763</b>	<b>6,087</b>	<b>7,919</b>	<b>9,555</b>	<b>10,760</b>	<b>13,178</b>	<b>15,615</b>	<b>15,523</b>	<b>17,526</b>	<b>19,297</b>	<b>20,715</b>	<b>23,229</b>	<b>25,760</b>

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	209,279	163,632	372,910
Covered Bonds Issuance	-168,956	-167,745	-336,702
Net	40,323	-4,113	36,208

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.