

Arion Banki Covered Bonds



Risk Report: 31. August 2024

Asset Coverage Test	Amount
Loan Pool (A)	363,391
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,200
Customer Deposits (W)	0
Total (A + B + C - W)	369,591
Outstanding Covered Bonds	337,524
Over Collateralization	32,067
Over Collateralization [%]	9.5%

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	337,524	328,395	319,475	337,908
Loan Pool	363,391	488,812	434,731	554,931
Bank Account	6,200	6,200	6,200	6,200
Over Collateralization	32,067	166,617	121,456	223,223
Over Collateralization [%]	9.5%	50.7%	38.0%	66.1%

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	337,524	328,395	339,509	317,281
Loan Pool	363,391	488,812	488,812	488,812
Bank Account	6,200	6,200	6,314	6,086
Over Collateralization	32,067	166,617	155,617	177,617
Over Collateralization [%]	9.5%	50.7%	45.8%	56.0%

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.

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Cashflow Projection	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025
Bank Account:	6,200												
Covered Bonds:			2,481	374	711	1,191			2,466	374	711	1,172	
Loans in Default:	20	20	20	20	20	21	21	21	21	21	22	22	22
Performing Loans:	1,780	2,218	2,243	2,273	2,310	2,346	2,375	2,395	2,404	2,430	2,441	2,453	2,468
Cumulative Balance:	7,980	10,198	9,959	11,858	13,457	14,613	16,988	19,383	19,321	21,376	23,107	24,388	26,856

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	199,140	170,451	369,591
Covered Bonds Issuance	-168,385	-169,139	-337,524
Net	30,755	1,312	32,067

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.