

Stress Test: Interest Rate Sensitivity

Description	Nominal	Base Case	Up 100 bp	Down 100 bp
Covered Bonds Issuance	162.847	187.882	178.779	197.768
Underlying Loan Pool	186.741	239.217	208.193	277.659
Bank Account	11.250	11.250	11.250	11.250
Over Collateralization	35.144	62.585	40.665	91.142
Over Collateralization %	21,6%	33,3%	22,7%	46,1%

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	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021
Bank Account	11.250,3												
Covered Bonds:			716,4	303,3		933,4	1.416,6		716,4	303,3		933,4	1.416,6
Loans in Default:		4,0	4,0	4,0	4,0	4,0	4,0	4,0	4,0	4,0	4,0	4,0	4,0
Performing Loans:		42,4	908,0	908,4	907,1	906,5	906,9	906,8	907,5	906,5	904,9	904,0	903,3
Cumulative Balance:	11.250,3	11.292,7	11.484,3	12.089,4	12.996,5	12.969,6	12.459,9	13.366,8	13.557,8	14.161,0	15.065,9	15.036,4	14.523,2

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	132.270	54.472	186.741
Covered Bonds Issuance	-113.586	-49.261	-162.847
Net	18.684	5.210	23.894

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.
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