

Arion Banki Covered Bonds



Risk Report: 30. November 2024

Asset Coverage Test	Amount
Loan Pool (A)	372,167
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,340
Customer Deposits (W)	0
Total (A + B + C - W)	378,507
Outstanding Covered Bonds	340,545
Over Collateralization	37,962
Over Collateralization [%]	11.1%

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	340,545	334,992	326,427	344,122
Loan Pool	372,167	518,981	460,103	591,197
Bank Account	6,340	6,340	6,340	6,340
Over Collateralization	37,962	190,329	140,016	253,415
Over Collateralization [%]	11.1%	56.8%	42.9%	73.6%

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	340,545	334,992	345,688	324,296
Loan Pool	372,167	518,981	518,981	518,981
Bank Account	6,340	6,340	6,445	6,235
Over Collateralization	37,962	190,329	179,738	200,920
Over Collateralization [%]	11.1%	56.8%	52.0%	62.0%

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	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025
Bank Account:	6,340												
Covered Bonds:		715	1,154		173	2,515	471	715	974		194	1,731	471
Loans in Default:		9	9	9	9	9	9	9	9	9	9	9	9
Performing Loans:		1,776	2,359	2,374	2,391	2,400	2,424	2,436	2,447	2,463	2,479	2,486	2,489
Cumulative Balance:	6,340	7,401	8,606	10,979	13,197	13,082	15,035	16,756	18,229	20,692	22,977	23,732	25,751

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	223,976	154,531	378,507
Covered Bonds Issuance	-177,467	-163,077	-340,545
Net	46,509	-8,546	37,962

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.