

# 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      | 331,585 |
| Over Collateralization         | 41,325  |
| Over Collateralization [%]     | 12.5%   |

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  | 331,585 | 323,816   | 315,123 | 333,089   |
| Loan Pool                  | 366,147 | 513,012   | 455,299 | 583,717   |
| Bank Account               | 6,763   | 6,763     | 6,763   | 6,763     |
| Over Collateralization     | 41,325  | 195,959   | 146,939 | 257,391   |
| Over Collateralization [%] | 12.5%   | 60.5%     | 46.6%   | 77.3%     |

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    | 331,585 | 323,816   | 334,842              | 312,790               |
| Loan Pool                    | 366,147 | 513,012   | 513,012              | 513,012               |
| Bank Account                 | 6,763   | 6,763     | 6,876                | 6,651                 |
| Over Collateralization       | 41,325  | 195,959   | 185,046              | 206,873               |
| Over Collateralization [%]   | 12.5%   | 60.5%     | 55.3%                | 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 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 | 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:      |          | 2,477    | 471      | 715      | 1,181    |          |          | 2,439    | 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: | 6,763    | 6,162    | 7,995    | 9,630    | 10,836   | 13,253   | 15,690   | 15,698   | 17,701   | 19,472   | 20,889   | 23,404   | 25,934   |

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 | -163,839 | -167,745    | -331,585 |
| Net                    | 45,440   | -4,113      | 41,325   |

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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