

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	332,414
Over Collateralization	37,177
Over Collateralization [%]	11.2%

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	332,414	323,334	314,444	332,817
Loan Pool	363,391	488,812	434,731	554,931
Bank Account	6,200	6,200	6,200	6,200
Over Collateralization	37,177	171,678	126,487	228,314
Over Collateralization [%]	11.2%	53.1%	40.2%	68.6%

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	332,414	323,334	334,449	312,220
Loan Pool	363,391	488,812	488,812	488,812
Bank Account	6,200	6,200	6,314	6,086
Over Collateralization	37,177	171,678	160,677	182,678
Over Collateralization [%]	11.2%	53.1%	48.0%	58.5%

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.

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	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:			2,477	470	714	1,192			2,438	470	714	1,133	
Loans in Default:		20	21	20	20	21	21	21	21	21	21	22	22
Performing Loans:		1,702	2,261	2,289	2,326	2,362	2,392	2,411	2,421	2,447	2,458	2,469	2,485
Cumulative Balance:	6,200	7,902	7,686	9,504	11,116	12,286	14,678	17,089	17,071	19,048	20,792	22,128	24,613

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	-163,275	-169,139	-332,414
Net	35,865	1,312	37,177

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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