

Arion Banki Covered Bonds



Risk Report: 31. March 2024

Asset Coverage Test	Amount
Loan Pool (A)	359,993
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,974
Customer Deposits (W)	0
Total (A + B + C - W)	366,967
Outstanding Covered Bonds	329,747
Over Collateralization	37,220
Over Collateralization [%]	11.3%

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	329,747	322,778	313,665	332,503
Loan Pool	359,993	473,061	420,981	536,764
Bank Account	6,974	6,974	6,974	6,974
Over Collateralization	37,220	157,257	114,290	211,235
Over Collateralization [%]	11.3%	48.7%	36.4%	63.5%

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 parallel shift in the risk free interest curve.

Foreign Exchange Sensitivity	Nominal	Base Case	10% ISK Depreciation	10 % ISK Appreciation
Outstanding Covered Bonds	329,747	322,778	333,596	311,959
Loan Pool	359,993	473,061	473,061	473,061
Bank Account	6,974	6,974	7,086	6,862
Over Collateralization	37,220	157,257	146,551	167,964
Over Collateralization [%]	11.3%	48.7%	43.9%	53.8%

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	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
Bank Account:	6,974												
Covered Bonds:		18,353	272	694	1,204			2,405	272	694	1,202		
Loans in Default:		24	24	25	25	25	25	25	25	26	25	26	26
Performing Loans:		1,660	2,151	2,160	2,200	2,209	2,240	2,276	2,308	2,345	2,383	2,413	2,431
Cumulative Balance:	6,974	-9,719	-7,840	-6,374	-5,377	-3,168	-929	-1,057	979	2,631	3,811	6,224	8,655

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	180,700	186,267	366,967
Covered Bonds Issuance	-150,583	-179,163	-329,747
Net	30,117	7,104	37,220

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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