# Arion Banki Covered Bonds

Risk Report: 31. January 2025

| Asset Coverage Test | Amount |
|---|---|
| Loan Pool (A) | 380,702 |
| Collateral Reserve Account (B) | 0 |
| Liquidity Reserve Account (C) | 6,281 |
| Customer Deposits (W) | 0 |
| Total (A + B + C - W) | 386,983 |
| Outstanding Covered Bonds | 347,127 |
| Over Collateralization | 39,856 |
| Over Collateralization [%] | 11.5% |

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 | 347,127 | 342,370 | 334,055 | 351,230 |
| Loan Pool | 380,702 | 529,315 | 469,946 | 602,025 |
| Bank Account | 6,281 | 6,281 | 6,281 | 6,281 |
| Over Collateralization | 39,856 | 193,226 | 142,172 | 257,076 |
| Over Collateralization [%] | 11.5% | 56.4% | 42.6% | 73.2% |

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 | 347,127 | 342,370 | 353,113 | 331,627 |
| Loan Pool | 380,702 | 529,315 | 529,315 | 529,315 |
| Bank Account | 6,281 | 6,281 | 6,366 | 6,196 |
| Over Collateralization | 39,856 | 193,226 | 182,568 | 203,884 |
| Over Collateralization [%] | 11.5% | 56.4% | 51.7% | 61.5% |

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.

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| Cashflow Projection | Jan 2025 | Feb 2025 | Mar 2025 | Apr 2025 | May 2025 | Jun 2025 | Jul 2025 | Aug 2025 | Sep 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank Account: | 6,281 | | | | | | | | | | | | |
| Covered Bonds: | | | 343 | 2,410 | 473 | 719 | 955 | | 384 | 1,622 | 473 | 719 | 396 |
| Loans in Default: | | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Performing Loans: | | 1,890 | 2,449 | 2,458 | 2,486 | 2,497 | 2,510 | 2,528 | 2,545 | 2,553 | 2,557 | 2,562 | 2,566 |
| Cumulative Balance: | **6,281** | **8,172** | **10,277** | **10,325** | **12,338** | **14,117** | **15,672** | **18,200** | **20,362** | **21,292** | **23,376** | **25,219** | **27,389** |

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 | Other | Total |
|---|---|---|---|
| Covered Assets | 220,959 | 166,024 | 386,983 |
| Covered Bonds Issuance | -187,096 | -160,031 | -347,127 |
| Net | 33,863 | 5,993 | 39,856 |


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