

# Arion Banki Covered Bonds



Risk Report: 31. January 2024

Asset Coverage Test	Amount
Loan Pool (A)	351,523
Collateral Reserve Account (B)	16,492
Liquidity Reserve Account (C)	6,135
Customer Deposits (W)	0
Total (A + B + C - W)	374,150
Outstanding Covered Bonds	316,774
Over Collateralization	57,376
Over Collateralization [%]	18.1%

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	316,774	309,687	300,602	319,388
Loan Pool	351,523	461,336	410,846	523,038
Bank Account	22,628	22,628	22,628	22,628
Over Collateralization	57,377	174,277	132,872	226,278
Over Collateralization [%]	18.1%	56.3%	44.2%	70.8%

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 parallel shift in the risk free interest curve.

Foreign Exchange Sensitivity	Nominal	Base Case	10% ISK Depreciation	10 % ISK Appreciation
Outstanding Covered Bonds	316,774	309,687	320,369	299,005
Loan Pool	351,523	461,336	461,336	461,336
Bank Account	22,628	22,628	24,388	20,868
Over Collateralization	57,377	174,277	165,355	183,199
Over Collateralization [%]	18.1%	56.3%	51.6%	61.3%

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 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.

Contact:  
Investor Relations: samskiptasvid@arionbanki.is  
Head of Funding: Eiríkur Dór Jónsson, eirikur.jonsson@arionbanki.is  
Risk Management: Stefán Ingi Valdimarsson, stefan.v@arionbanki.is

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Cashflow Projection	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025
Bank Account:	22,628												
Covered Bonds:				20,206	238	686	1,188			2,177	238	686	1,182
Loans in Default:		0	25	25	25	25	25	25	26	26	26	26	26
Performing Loans:		23	2,083	2,088	2,097	2,107	2,148	2,156	2,188	2,225	2,257	2,294	2,331
Cumulative Balance:	22,628	22,651	24,734	6,616	8,476	9,897	10,856	13,012	15,200	15,247	17,266	18,874	20,024

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	170,037	204,114	374,151
Covered Bonds Issuance	-145,943	-170,832	-316,774
Net	24,094	33,282	57,377

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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