

Arion Banki Covered Bonds



Risk Report: 31. July 2024

Asset Coverage Test	Amount
Loan Pool (A)	347,296
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	7,508
Customer Deposits (W)	0
Total (A + B + C - W)	354,804
Outstanding Covered Bonds	319,205
Over Collateralization	35,599
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	319,205	310,082	301,471	319,268
Loan Pool	347,296	460,494	410,225	521,844
Bank Account	7,508	7,508	7,508	7,508
Over Collateralization	35,599	157,920	116,262	210,084
Over Collateralization [%]	11.2%	50.9%	38.6%	65.8%

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	319,205	310,082	320,909	299,256
Loan Pool	347,296	460,494	460,494	460,494
Bank Account	7,508	7,508	7,620	7,396
Over Collateralization	35,599	157,920	147,205	168,634
Over Collateralization [%]	11.2%	50.9%	45.9%	56.4%

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	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025
Bank Account:	7,508												
Covered Bonds:				2,405	374	711	1,174			2,368	374	711	1,155
Loans in Default:		24	24	24	24	25	25	25	26	26	26	26	26
Performing Loans:		1,728	2,132	2,166	2,197	2,235	2,271	2,300	2,320	2,329	2,355	2,366	2,378
Cumulative Balance:	7,508	9,236	11,368	11,129	12,952	14,475	15,572	17,873	20,192	20,153	22,134	23,790	25,012

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	185,595	169,208	354,804
Covered Bonds Issuance	-155,294	-163,911	-319,205
Net	30,301	5,297	35,599

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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