

Arion Banki Covered Bonds



Risk Report: 31. October 2024

Asset Coverage Test	Amount
Loan Pool (A)	354,412
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,094
Customer Deposits (W)	0
Total (A + B + C - W)	360,506
Outstanding Covered Bonds	339,541
Over Collateralization	20,965
Over Collateralization [%]	6.2%

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	339,541	333,004	324,310	342,273
Loan Pool	354,412	489,468	434,635	556,609
Bank Account	6,094	6,094	6,094	6,094
Over Collateralization	20,965	162,558	116,419	220,430
Over Collateralization [%]	6.2%	48.8%	35.9%	64.4%

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 parallel shift in the risk free interest curve.

Foreign Exchange Sensitivity	Nominal	Base Case	10% ISK Depreciation	10 % ISK Appreciation
Outstanding Covered Bonds	339,541	333,004	343,911	322,097
Loan Pool	354,412	489,468	489,468	489,468
Bank Account	6,094	6,094	6,202	5,986
Over Collateralization	20,965	162,558	151,759	173,357
Over Collateralization [%]	6.2%	48.8%	44.1%	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.

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Cashflow Projection	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025
Bank Account:	6,094												
Covered Bonds:		470	713	1,171		118	2,536	469	713	1,018		132	1,731
Loans in Default:		22	22	22	22	23	23	23	23	23	23	23	24
Performing Loans:		1,821	2,231	2,261	2,289	2,308	2,318	2,344	2,355	2,367	2,383	2,398	2,405
Cumulative Balance:	6,094	7,446	8,964	10,053	12,343	14,534	14,316	16,190	17,832	19,181	21,564	23,830	24,504

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	206,411	154,095	360,506
Covered Bonds Issuance	-174,128	-165,413	-339,541
Net	32,283	-11,318	20,965

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.