

Arion Banki Covered Bonds



Risk Report: 28. February 2025

Asset Coverage Test	Amount
Loan Pool (A)	390,544
Collateral Reserve Account (B)	0
Liquidity Reserve Account (C)	6,207
Customer Deposits (W)	0
Total (A + B + C - W)	396,751
Outstanding Covered Bonds	350,651
Over Collateralization	46,100
Over Collateralization [%]	13.1%

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	350,651	345,795	337,645	354,474
Loan Pool	390,544	522,109	464,184	592,950
Bank Account	6,207	6,207	6,207	6,207
Over Collateralization	46,100	182,521	132,746	244,683
Over Collateralization [%]	13.1%	52.8%	39.3%	69.0%

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	350,651	345,795	356,480	335,109
Loan Pool	390,544	522,109	522,109	522,109
Bank Account	6,207	6,207	6,292	6,123
Over Collateralization	46,100	182,521	171,921	193,123
Over Collateralization [%]	13.1%	52.8%	48.2%	57.6%

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	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026
Bank Account:	6,207												
Covered Bonds:		420	2,408	472	717	949		469	1,622	472	717	395	
Loans in Default:		12	12	12	12	12	13	13	13	13	13	13	13
Performing Loans:		1,971	2,477	2,488	2,498	2,510	2,526	2,541	2,548	2,552	2,557	2,561	2,563
Cumulative Balance:	6,207	7,759	7,828	9,844	11,626	13,186	15,712	17,785	18,711	20,791	22,631	24,796	27,360

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	228,830	167,920	396,751
Covered Bonds Issuance	-191,248	-159,403	-350,651
Net	37,582	8,517	46,100