

# Arion Banki Covered Bonds



Risk Report: 31. May 2025

| Asset Coverage Test            | Amount  |
|--------------------------------|---------|
| Loan Pool (A)                  | 367,421 |
| Collateral Reserve Account (B) | 0       |
| Liquidity Reserve Account (C)  | 5,508   |
| Customer Deposits (W)          | 0       |
| Total (A + B + C - W)          | 372,929 |
| Outstanding Covered Bonds      | 302,487 |
| Over Collateralization         | 70,442  |
| Over Collateralization [%]     | 23.3%   |

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  | 302,487 | 297,891   | 290,179 | 306,101   |
| Loan Pool                  | 367,421 | 472,434   | 420,481 | 535,896   |
| Bank Account               | 5,508   | 5,508     | 5,508   | 5,508     |
| Over Collateralization     | 70,442  | 180,051   | 135,810 | 235,303   |
| Over Collateralization [%] | 23.3%   | 60.4%     | 46.8%   | 76.9%     |

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    | 302,487 | 297,891   | 308,580              | 287,202               |
| Loan Pool                    | 367,421 | 472,434   | 472,434              | 472,434               |
| Bank Account                 | 5,508   | 5,508     | 5,595                | 5,420                 |
| Over Collateralization       | 70,442  | 180,051   | 169,449              | 190,652               |
| Over Collateralization [%]   | 23.3%   | 60.4%     | 54.9%                | 66.4%                 |

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.

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| Cashflow Projection | May 2025 | Jun 2025 | Jul 2025 | Aug 2025 | Sep 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 | Feb 2026 | Mar 2026 | Apr 2026 | May 2026 |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Bank Account:       | 5,508    |          |          |          |          |          |          |          |          |          |          |          |          |
| Covered Bonds:      |          | 733      | 954      |          | 598      | 1,626    | 482      | 733      | 404      |          | 598      | 1,590    | 482      |
| Loans in Default:   |          | 9        | 9        | 9        | 9        | 9        | 9        | 9        | 9        | 9        | 10       | 10       | 10       |
| Performing Loans:   |          | 1,744    | 2,321    | 2,308    | 2,320    | 2,325    | 2,329    | 2,332    | 2,336    | 2,338    | 2,340    | 2,341    | 2,343    |
| Cumulative Balance: | 5,508    | 6,519    | 7,886    | 10,194   | 11,916   | 12,615   | 14,461   | 16,061   | 17,992   | 20,330   | 22,073   | 22,824   | 24,685   |

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         | 210,138  | 162,791  | 372,929  |
| Covered Bonds Issuance | -144,263 | -158,224 | -302,487 |
| Net                    | 65,875   | 4,567    | 70,442   |