

**Arion Bank Structured Covered Bonds**  
**Covered Bond Fund Periodic Report for Period 30 June 2012 to 31 July 2012**

<b>Current Period</b>	
<b>Number</b>	<b>Value</b>
	<b>ISK 000's</b>
Brought Forward	8068
Replenishment	
Repurchased	
Redemptions	18
Other Movements	
Carried Forward	8050
	123.006.282

<b>Cumulative</b>	
<b>Number</b>	<b>Value</b>
	<b>ISK 000's</b>

Annualised one month CPR	2,3%
Annualised three month CPR	4,1%
Annualised 12 month CPR	5,2%

(including redemptions and repurchases)

Weighted Average Seasoning	81,57
Weighted Average Loan size	15,3
Weighted Average LTV	88,0%
Weighted Average Remaining Term	30,26

\* (see definition below)

**Original LTV Bands**

<b>Range</b>	<b>Number</b>	<b>Balance</b>	<b>Percentage</b>
0.00 - 25.00	623	3.976.589	4,90%
25.01 - 50.00	1677	16.382.050	20,20%
50.01 - 75.00	2641	32.697.549	40,32%
75.01 - 80.00	893	11.918.661	14,70%
80.01 - 85.00	810	10.699.089	13,19%
85.01 - 90.00	180	1.683.585	2,08%
90.01 - 95.00	144	1.307.642	1,61%
> 95.00	264	2.423.712	2,99%
Total	7232	81.088.876	100,00%

**Current LTV Bands**

<b>Number</b>	<b>Balance 000's</b>	<b>Percentage</b>
301	1.761.318	1,44%
1022	12.079.202	9,86%
1766	27.299.889	22,29%
497	7.330.193	5,99%
455	7.158.792	5,85%
406	6.839.888	5,58%
485	8.036.753	6,56%
3083	51.966.403	42,43%
8015	122.472.437	100%

**Arrears**

<b>Band</b>	<b>Number</b>	<b>Principal</b>	<b>Overdue</b>	<b>Percentage</b>
		<b>ISK 000's</b>	<b>ISK 000's</b>	
Current	7562	113.906.085	176	92,60%
1.00 - 1.99 months	232	4.158.159	19.695	3,38%
2.00 - 2.99 months	121	2.299.388	21.917	1,87%
3.00 - 3.99 months	69	1.448.105	19.332	1,18%
4.00 - 4.99 months	20	368.317	6.947	0,30%
5.00 - 5.99 months	24	424.292	10.053	0,34%
6.00 - 11.99 months	10	174.179	5.488	0,14%
12 months and over	12	227.758	21.107	0,19%
Properties in Possession				
Total	8050	123.006.282	104.715	100%

Excess Spread	
Current month	0,59%
Rolling three month average	0,51%

**Properties in possession**

**Stock**

<b>Current Period</b>	
<b>Number</b>	<b>Value</b>
	<b>ISK 000's</b>
Brought Forward	33
Repossessed in Period	11
Sold in Period	5
Carried Forward	39
	730.750

<b>Cumulative</b>	
<b>Number</b>	<b>Value</b>
	<b>ISK 000's</b>
	73
	1.472.250
	34
	741.500
	39
	730.750

Average time Possession to Sale	277
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