

Arion Bank Covered Bonds

Investor Report: June 2013



Details	Indexed*	Non-Indexed	Total
Total Cover Pool Balance	5,571	4,517	10,089
Average Loan Balance	12	12	12
Average Customer Balance	17	15	17
No. of Loans	447	364	811
No. of Borrowers	320	307	576
No. of Properties	323	307	579
WA Legal Maturity (in months)	424	388	408
WA Seasoning (in months)	11	15	13
WA LTV	69,5%	59,0%	64,8%
WA Interest Rate	4,1%	6,8%	5,3%

*Indexed mortgages linked to the consumer price index in Iceland as published by Statistics Iceland (Hagstofa Islands: www.hagstofa.is). Non Indexed are fixed rate mortgages

LTV Ranges	Balance	Percent
Less than 40%	976	9,7%
40 - 50%	754	7,5%
50 - 60%	1.350	13,4%
60 - 70%	2.400	23,8%
70 - 80%	4.610	45,7%
80 - 90%	0	0,0%
90 - 100%	0	0,0%
100 - 110%	0	0,0%
more than 110%	0	0,0%
Total	10.089	100,0%

Property Type	Balance	Percent
Residential	9.872	97,9%
Other	217	2,1%
Total	10.089	100,0%

Payment Frequency	Balance	Percent
Monthly	10.089	100,0%
Total	10.089	100,0%

Valuation Type	Balance	Percent
FMR	5.867	58,2%
Contract	3.693	36,6%
External	389	3,9%
Internal	138	1,4%
Total	10.086	100,0%

Ranking Order	Balance	Percent
1. Rank	8.848	87,7%
2. Rank	1.241	12,3%
Total	10.089	100,0%

Interest Rate Type	Balance	Percent
6.45% Non-Indexed	2.623	26,0%
4.3% Indexed	2.129	21,1%
7.45% Non-Indexed	1.313	13,0%
3.6% Indexed	1.075	10,7%
Other	2.949	29,2%
Total	10.089	100,0%

Arrears	Balance	Percent
Not in Arrears	9.884	98,0%
0 - 30 days default	136	1,4%
30 - 90 days default	40	0,4%
90 - 180 days default	29	0,3%
Total	10.089	100,0%

Area	Balance	Percent
Capital Area excl. Reykjavik	4.076	40,4%
Reykjavik	4.024	39,9%
Norðurland Eystra	833	8,3%
Vesturland	378	3,8%
Suðurland	343	3,4%
Austurland	185	1,8%
Norðurland Vestra	159	1,6%
Suðurnes	66	0,7%
Vestfirðir	23	0,2%
Total	10.089	100,0%

Maturity	Balance	Percent
Less than 15 years	44	0,4%
15 - 20 years	91	0,9%
20 - 25 years	2.953	29,3%
25 - 30 years	282	2,8%
30 - 35 years	21	0,2%
35 - 40 years	6.697	66,4%
Total	10.089	100,0%

Planned frequency for updates of this summary: 12 times per year.
Arion Bank is regulated by the Icelandic Financial Supervisory Authority (www.fme.is).

This report has been automatically generated by Arion Bank's Risk Management. The information within are obtained from different sources, not all of which are controlled by Arion Bank, but which Arion Bank deems to be reliable. Whilst reasonable care has been taken to ensure that the contents of this publication are not untrue or misleading, no representation is made as to its accuracy or completeness and no liability is accepted for any loss arising from reliance on it. Arion Bank endeavours to ensure that the information is accurate and up-to-date, and reserves the right to make corrections to the content at any time, without prior notice. However, Arion Bank cannot guarantee that such information is complete or that it has not been modified by an outside party, by means of a virus or system intrusion, for example.

The report is prepared for general circulation and general information only, but it is not intended for any person in the United States. This publication may not be re-produced in whole or in part without permission.

The report shall under no circumstances be used or considered as an investment advice or investment research, or an offer to sell, or a solicitation of any offer to buy any securities. It does not have regard to the specific investment objectives, financial situation or the particular needs of any person who may receive the report. Arion Bank accepts no liability whatsoever for any direct or consequential loss arising from the use of this publication or its contents.

Contact:
Investor Relations: samskiptasvidj@arionbanki.is
Head of Funding: Eirikur Magnus Jenson, eirikur.jenson@arionbanki.is
Risk Management: Otto S. Michelsen, otto.michelsen@arionbanki.is