

Arion Bank Structured Covered Bonds
Covered Bond Fund Periodic Report for Period 31 August 2012 to 30 September 2012

| Current Period | |
|-----------------|--------------------|
| Number | Value ISK 000's |
| Brought Forward | 8,033 |
| Replenishment | |
| Repurchased | |
| Redemptions | -10 |
| Other Movements | |
| Carried Forward | 8023 |
| | 121,308,077 |

| Cumulative | |
|------------|--------------------|
| Number | Value ISK 000's |
| | |
| | |
| | |
| | |
| | |

Annualised one month CPR
 Annualised three month CPR
 Annualised 12 month CPR

| |
|------|
| 3.0% |
| 2.4% |
| 4.7% |

(including redemptions and repurchases)

Weighted Average Seasoning
 Weighted Average Loan size
 Weighted Average LTV
 Weighted Average Remaining Term

| |
|-------|
| 83.52 |
| 15.1 |
| 87.4% |
| 30.27 |

* (see definition below)

Original LTV Bands

Range

0.00 - 25.00
 25.01 - 50.00
 50.01 - 75.00
 75.01 - 80.00
 80.01 - 85.00
 85.01 - 90.00
 90.01 - 95.00
 > 95.00
 Total

| Number | Balance | Percentage |
|--------|---------------|------------|
| 623 | 3,976,589 | 4.90% |
| 1677 | 16,382,050 | 20.20% |
| 2641 | 32,697,549 | 40.32% |
| 893 | 11,918,661 | 14.70% |
| 810 | 10,699,089 | 13.19% |
| 180 | 1,683,585 | 2.08% |
| 144 | 1,307,642 | 1.61% |
| 264 | 2,423,712 kr. | 2.99% |
| 7232 | 81,088,876 | 100.00% |

Current LTV Bands

| Number | Balance 000's | Percentage |
|--------|--------------------|------------|
| 310 | 1,763,310,537 kr. | 1.47% |
| 1036 | 12,167,770,644 kr. | 10.11% |
| 1804 | 27,544,794,203 kr. | 22.89% |
| 519 | 7,361,785,609 kr. | 6.12% |
| 408 | 6,629,548,913 kr. | 5.51% |
| 424 | 7,209,921,404 kr. | 5.99% |
| 477 | 7,734,394,022 kr. | 6.43% |
| 2979 | 49,943,226,490 kr. | 41.50% |
| 7957 | 120,354,751,822 | 100% |

Arrears

Band

Current
 1.00 - 1.99 months
 2.00 - 2.99 months
 3.00 - 3.99 months
 4.00 - 4.99 months
 5.00 - 5.99 months
 6.00 - 11.99 months
 12 months and over
 Properties in Possession
 Total

| Number | Principal ISK 000's | Overdue ISK 000's | Percentage |
|--------|------------------------|----------------------|------------|
| 7,772 | 116,623,568 | 20,392 | 96.14% |
| 0 | 0 | 0 | 0.00% |
| 112 | 1,991,985 | 19,128 | 1.64% |
| 70 | 1,385,398 | 19,442 | 1.14% |
| 20 | 377,801 | 7,140 | 0.31% |
| 16 | 361,620 | 8,249 | 0.30% |
| 26 | 418,148 | 13,219 | 0.34% |
| 7 | 149,557 | 15,539 | 0.12% |
| 8023 | 121,308,077 | 103,108 | 100% |

Excess Spread
 Current month
 Rolling three month average

| |
|-------|
| 0.59% |
| 0.59% |

Properties in possession

Stock

Brought Forward
 Repossessed in Period
 Sold in Period
 Carried Forward

| Current Period | |
|----------------|--------------------|
| Number | Value ISK 000's |
| 39 | 730750 |
| 2 | 54400 |
| 0 | |
| 41 | 785,150 |

| Cumulative | |
|------------|--------------------|
| Number | Value ISK 000's |
| 89 | 1784450 |
| 48 | 999300 |
| 41 | 785,150 |

Average time Possession to Sale

| |
|-----|
| 265 |
|-----|