

**Arion Bank Structured Covered Bonds**  
**Covered Bond Fund Periodic Report for Period 31 March 2014 to 30 April 2014**

| Current Period  |                    |
|-----------------|--------------------|
| Number          | Value<br>ISK 000's |
| Brought Forward | 7.789              |
| Replenishment   |                    |
| Repurchased     |                    |
| Redemptions     | 16                 |
| Other Movements |                    |
| Carried Forward | 7.773              |

| Cumulative |                    |
|------------|--------------------|
| Number     | Value<br>ISK 000's |
|            |                    |
|            |                    |
|            |                    |

|                            |      |
|----------------------------|------|
| Annualised one month CPR   | 4,2% |
| Annualised three month CPR | 4,2% |
| Annualised 12 month CPR    | 3,6% |

(including redemptions and repurchases)

|                                 |        |
|---------------------------------|--------|
| Weighted Average Seasoning      | 104,99 |
| Weighted Average Loan size      | 15,2   |
| Weighted Average LTV            | 78,5%  |
| Weighted Average Remaining Term | 28,38  |

\* (see definition below)

**Original LTV Bands**

| Range         | Number | Balance       | Percentage |
|---------------|--------|---------------|------------|
| 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 kr. | 2,99%      |
| Total         | 7232   | 81.088.876    | 100%       |

**Current LTV Bands**

| Number | Balance 000's      | Percentage |
|--------|--------------------|------------|
| 432    | 2.922.225.504 kr.  | 2,48%      |
| 1321   | 16.579.130.468 kr. | 14,06%     |
| 2054   | 31.344.006.982 kr. | 26,58%     |
| 457    | 7.189.792.164 kr.  | 6,10%      |
| 479    | 8.057.021.741 kr.  | 6,83%      |
| 449    | 7.254.244.520 kr.  | 6,15%      |
| 501    | 8.659.845.883 kr.  | 7,34%      |
| 2080   | 35.931.954.631 kr. | 30,47%     |
| 7773   | 117.938.221.893    | 100%       |

**Arrears**

| Band                     | Number | Principal<br>ISK 000's | Overdue<br>ISK 000's | Percentage |
|--------------------------|--------|------------------------|----------------------|------------|
| Current                  | 7599   | 114.615.388            | 19.346               | 97,18%     |
| 1.00 - 1.99 months       | 3      | 24.106                 | 394                  | 0,02%      |
| 2.00 - 2.99 months       | 158    | 3.084.922              | 33.794               | 2,62%      |
| 3.00 - 3.99 months       | 12     | 196.353                | 3.683                | 0,17%      |
| 4.00 - 4.99 months       | 0      | 0                      | 0                    | 0,00%      |
| 5.00 - 5.99 months       | 0      | 0                      | 0                    | 0,00%      |
| 6.00 - 11.99 months      | 1      | 17.452                 | 897                  | 0,01%      |
| 12 months and over       | 0      | 0                      | 0                    | 0,00%      |
| Properties in Possession |        |                        |                      |            |
| Total                    | 7.773  | 117.938.222            | 58.115               | 100%       |

|                             |       |
|-----------------------------|-------|
| Excess Spread               |       |
| Current month               | 0,61% |
| Rolling three month average | 0,62% |

**Properties in possession**

**Stock**

| Current Period        |                    |
|-----------------------|--------------------|
| Number                | Value<br>ISK 000's |
| Brought Forward       |                    |
| Repossessed in Period |                    |
| Sold in Period        |                    |
| Carried Forward       |                    |

| Cumulative |                    |
|------------|--------------------|
| Number     | Value<br>ISK 000's |
|            |                    |
|            |                    |
|            |                    |

\* Arion Bank now buys trouble loans immediately from the fund, at face value. This means the fund will never come into possession of any housing assets.