

Arion Bank Covered Bonds

Investor Report: November 2012



Details	Indexed*	Non-Indexed	Total
Total Cover Pool Balance	2,518	3,341	5,859
Average Loan Balance	13	11	12
Average Customer Balance	20	16	18
No. of Loans	197	298	495
No. of Borrowers	124	214	330
No. of Properties	125	214	331
WA Legal Maturity (in months)	419	382	398
WA Seasoning (in months)	14	13	14
WA LTV	71,6%	63,0%	66,7%
WA Interest Rate	4,4%	6,5%	5,6%

*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%	629	10,7%
40 - 50%	447	7,6%
50 - 60%	559	9,5%
60 - 70%	654	11,2%
70 - 80%	3,570	60,9%
80 - 90%	0	0,0%
90 - 100%	0	0,0%
100 - 110%	0	0,0%
more than 110%	0	0,0%
Total	5,859	100,0%

Property Type	Balance	Percent
Residential	5,706	97,4%
Other	153	2,6%
Total	5,859	100,0%

Payment Frequency	Balance	Percent
Monthly	5,859	100,0%
Total	5,859	100,0%

Valuation Type	Balance	Percent
FMR	5,392	92,0%
Contract	363	6,2%
External	104	1,8%
Total	5,859	100,0%

Ranking Order	Balance	Percent
1. Rank	5,366	91,6%
2. Rank	493	8,4%
Total	5,859	100,0%

Interest Rate Type	Balance	Percent
6.45% Non-Indexed	3.077	52,5%
4.3% Indexed	2.017	34,4%
7.55% Non-Indexed	265	4,5%
5.4% Indexed	210	3,6%
3.85% Indexed	128	2,2%
4.2% Indexed	44	0,7%
3.75% Indexed	44	0,7%
4.19% Indexed	26	0,4%
4.7% Indexed	17	0,3%
4.85% Indexed	17	0,3%
4.95% Indexed	12	0,2%
5.3% Indexed	3	0,0%
Total	5.859	100,0%

Arrears	Balance	Percent
Not in Arrears	5.749	98,1%
0 - 30 days default	111	1,9%
more than 180 days default	0	0
Total	5.859	100,0%

Area	Balance	Percent
Capital Area excl. Reykjavik	2.637	45,0%
Reykjavik	2.063	35,2%
Norðurland Eystra	527	9,0%
Vesturland	248	4,2%
Suðurland	166	2,8%
Norðurland Vestra	95	1,6%
Austurland	66	1,1%
Suðurnes	57	1,0%
Total	5.859	100,0%

Maturity	Balance	Percent
Less than 15 years	39	0,7%
15 - 20 years	18	0,3%
20 - 25 years	2.137	36,5%
35 - 40 years	3.665	62,5%
Total	5.859	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 Jensson, eirikur.jensson@arionbanki.is](mailto:Eirikur.Magnus.Jensson@arionbanki.is)
Risk Management: [Otto S. Michelsen, otto.michelsen@arionbanki.is](mailto:Otto.S.Michelsen@arionbanki.is)