

Arion Bank Covered Bonds

Investor Report: February 2014



Details	Indexed*	Non-Indexed	Total
Total Cover Pool Balance	8.789	5.167	13.956
Average Loan Balance	13	11	12
Average Customer Balance	17	13	17
No. of Loans	700	466	1.166
No. of Borrowers	508	411	825
No. of Properties	512	413	830
WA Legal Maturity (in months)	418	376	403
WA Seasoning (in months)	16	21	18
WA LTV	69,1%	54,5%	63,8%
WA Interest Rate	4,1%	6,9%	5,1%

*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%	1.889	13,5%
40 - 50%	723	5,2%
50 - 60%	1.653	11,8%
60 - 70%	3.289	23,6%
70 - 80%	6.401	45,9%
80 - 90%	0	0,0%
90 - 100%	0	0,0%
100 - 110%	0	0,0%
more than 110%	0	0,0%
Total	13.956	100,0%

Property Type	Balance	Percent
Residential	13.650	97,8%
Other	306	2,2%
Total	13.956	100,0%

Payment Frequency	Balance	Percent
Monthly	13.956	100,0%
Total	13.956	100,0%

Valuation Type	Balance	Percent
FMR	9.004	64,4%
Contract	4.463	31,9%
External	399	2,9%
Internal	66	0,5%
Offer	52	0,4%
Total	13.983	100,0%

Ranking Order	Balance	Percent
1. Rank	11.598	83,1%
2. Rank	2.359	16,9%
3. Rank	-284.960	0
Total	13.956	100,0%

Interest Rate Type	Balance	Percent
6.45% Non-Indexed	2.440	17,5%
4.3% Indexed	2.225	15,9%
3.6% Indexed	2.053	14,7%
7.45% Non-Indexed	1.891	13,6%
4.2% Indexed	751	5,4%
3.5% Indexed	707	5,1%
3.85% Indexed	678	4,9%
Other	3.212	23,0%
Total	13.956	100,0%

Arrears	Balance	Percent
Not in Arrears	13.483	96,6%
0 - 30 days default	326	2,3%
30 - 90 days default	148	1,1%
Total	13.956	100,0%

Area	Balance	Percent
Reykjavik	5.802	41,6%
Capital Area excl. Reykjavik	5.465	39,2%
Norðurland Eystra	1.044	7,5%
Vesturland	477	3,4%
Suðurland	473	3,4%
Austurland	320	2,3%
Norðurland Vestra	210	1,5%
Suðurnes	118	0,8%
Vestfirðir	48	0,3%
Total	13.956	100,0%

Maturity	Balance	Percent
Less than 15 years	164	1,2%
15 - 20 years	263	1,9%
20 - 25 years	3.757	26,9%
25 - 30 years	362	2,6%
30 - 35 years	59	0,4%
35 - 40 years	9.352	67,0%
Total	13.956	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