

# Arion Bank Covered Bonds

Investor Report: July 2014



| Details                       | Indexed* | Non-Indexed | Total  |
|-------------------------------|----------|-------------|--------|
| Total Cover Pool Balance      | 8.436    | 14.952      | 23.388 |
| Average Loan Balance          | 12       | 15          | 14     |
| Average Customer Balance      | 17       | 16          | 17     |
| No. of Loans                  | 690      | 1.008       | 1.698  |
| No. of Borrowers              | 501      | 955         | 1.346  |
| No. of Properties             | 504      | 957         | 1.350  |
| WA Legal Maturity (in months) | 416      | 391         | 400    |
| WA Seasoning (in months)      | 22       | 20          | 20     |
| WA LTV                        | 68,7%    | 55,5%       | 60,3%  |
| WA Interest Rate              | 4,1%     | 7,1%        | 6,0%   |

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

| LTV Ranges     | Balance | Percent |
|----------------|---------|---------|
| Less than 40%  | 3.026   | 12,9%   |
| 40 - 50%       | 2.344   | 10,0%   |
| 50 - 60%       | 5.222   | 22,3%   |
| 60 - 70%       | 6.097   | 26,1%   |
| 70 - 80%       | 6.698   | 28,6%   |
| 80 - 90%       | 0       | 0,0%    |
| 90 - 100%      | 0       | 0,0%    |
| 100 - 110%     | 0       | 0,0%    |
| more than 110% | 0       | 0,0%    |
| Total          | 23.388  | 100,0%  |

| Property Type | Balance | Percent |
|---------------|---------|---------|
| Residential   | 23.099  | 98,8%   |
| Other         | 289     | 1,2%    |
| Total         | 23.388  | 100,0%  |

| Payment Frequency | Balance | Percent |
|-------------------|---------|---------|
| Monthly           | 23.350  | 99,8%   |
| Quarterly         | 38      | 0,2%    |
| Total             | 23.388  | 100,0%  |

| Valuation Type | Balance | Percent |
|----------------|---------|---------|
| FMR            | 19.235  | 82,1%   |
| Contract       | 3.660   | 15,6%   |
| External       | 411     | 1,8%    |
| Internal       | 57      | 0,2%    |
| Offer          | 52      | 0,2%    |
| Total          | 23.415  | 100,0%  |

| Ranking Order | Balance | Percent |
|---------------|---------|---------|
| 1. Rank       | 21.310  | 91,1%   |
| 2. Rank       | 2.071   | 8,9%    |
| 3. Rank       | 7       | 0,0%    |
| Total         | 23.388  | 100,0%  |

| Interest Rate Type | Balance | Percent |
|--------------------|---------|---------|
| 7.45% Non-Indexed  | 7.382   | 31,6%   |
| 6.45% Non-Indexed  | 4.156   | 17,8%   |
| 4.3% Indexed       | 2.236   | 9,6%    |
| 3.6% Indexed       | 1.981   | 8,5%    |
| 6.95% Non-Indexed  | 1.605   | 6,9%    |
| Other              | 6.028   | 25,8%   |
| Total              | 23.388  | 100,0%  |

| Arrears               | Balance | Percent |
|-----------------------|---------|---------|
| Not in Arrears        | 22.915  | 98,0%   |
| 0 - 30 days default   | 15      | 0,1%    |
| 30 - 90 days default  | 459     | 2,0%    |
| 90 - 180 days default | 0       | 0       |
| Total                 | 23.388  | 100,0%  |

| Area                         | Balance | Percent |
|------------------------------|---------|---------|
| Reykjavik                    | 10.152  | 43,4%   |
| Capital Area excl. Reykjavik | 9.375   | 40,1%   |
| Norðurland Eystra            | 1.647   | 7,0%    |
| Suðurland                    | 663     | 2,8%    |
| Vesturland                   | 650     | 2,8%    |
| Austurland                   | 431     | 1,8%    |
| Norðurland Vestra            | 258     | 1,1%    |
| Suðurnes                     | 173     | 0,7%    |
| Vestfirðir                   | 40      | 0,2%    |
| Total                        | 23.388  | 100,0%  |

| Maturity           | Balance | Percent |
|--------------------|---------|---------|
| Less than 15 years | 313     | 1,3%    |
| 15 - 20 years      | 608     | 2,6%    |
| 20 - 25 years      | 5.604   | 24,0%   |
| 25 - 30 years      | 1.166   | 5,0%    |
| 30 - 35 years      | 189     | 0,8%    |
| 35 - 40 years      | 15.508  | 66,3%   |
| Total              | 23.388  | 100,0%  |

Planned frequency for updates of this summary: 12 times per year.  
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