
Cover Pool Information

10.09.2014

Covered Bond



Landsbankinn Covered Bonds report



Report date: 10.09.2014

| Portfolio Characteristics | Indexed* | Non-Indexed | Total |
|----------------------------|----------|-------------|-------|
| Total Cover Pool Balance | 1.547 | 2.567 | 4.113 |
| Average Loan Balance | 18 | 17 | 17 |
| No. Of Loans | 85 | 155 | 240 |
| No. Of Borrowers | 85 | 155 | 240 |
| No. Of Properties | 85 | 156 | 241 |
| WA LTV | 57% | 54% | 55% |
| WA Seasoning (Years) | 6,47 | 2,12 | 3,76 |
| WA Remaining terms (Years) | 29,04 | 29,30 | 29,20 |
| WA Interest Rate | 4,07% | 6,95% | 5,87% |

*Indexed mortgage linked to the consumer price index in iceland as published by statistic Iceland (Hagstofa Íslands: www.hagstofa.is). Non Indexed are fixed rate mortgages

| LTV % | Exposure (ISK) | Percentage | No. Loans | Percentage |
|--------------|----------------|-------------|------------|-------------|
| 0-20 | 51 | 1% | 4 | 2% |
| 20-30 | 318 | 8% | 23 | 10% |
| 30-40 | 387 | 9% | 25 | 10% |
| 40-50 | 758 | 18% | 45 | 19% |
| 50-60 | 740 | 18% | 42 | 18% |
| 60-70 | 1.105 | 27% | 60 | 25% |
| 70-80 | 753 | 18% | 41 | 17% |
| 80-90 | 0 | 0% | 0 | 0% |
| more than 90 | 0 | 0% | 0 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Area | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| Reykjavík | 2.075 | 50% | 120 | 50% |
| Höfuðborgarsvæðið | 1.386 | 34% | 75 | 31% |
| Norðurland eystra | 213 | 5% | 15 | 6% |
| Suðurland | 159 | 4% | 11 | 5% |
| Suðurnes | 94 | 2% | 6 | 3% |
| Vesturland | 63 | 2% | 4 | 2% |
| Vestfirðir | 27 | 1% | 2 | 1% |
| Austurland | 72 | 2% | 6 | 3% |
| Norðurland vestra | 24 | 1% | 1 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Payment frequency | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| Monthly | 4.113 | 100% | 240 | 100% |
| Other | 0 | 0% | 0 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Days in arrears | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-----------------|----------------|-------------|------------|-------------|
| Not in arrears | 4.023 | 98% | 236 | 98% |
| 1-30 | 90 | 2% | 4 | 2% |
| 31-60 | 0 | 0% | 0 | 0% |
| 31-90 | 0 | 0% | 0 | 0% |
| More than 90 | 0 | 0% | 0 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Seasoning (Years) | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| 0-3 | 2.950 | 72% | 173 | 72% |
| 3-6 | 111 | 3% | 8 | 3% |
| 6-9 | 605 | 15% | 34 | 14% |
| 9-12 | 447 | 11% | 25 | 10% |
| more than 12 | 0 | 0% | 0 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Remaining (Years) | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| 0-5 | 24 | 1% | 2 | 1% |
| 5-10 | 64 | 2% | 6 | 3% |
| 10-20 | 750 | 18% | 45 | 19% |
| 20-30 | 947 | 23% | 53 | 22% |
| more than 30 | 2.327 | 57% | 134 | 56% |
| Total | 4.113 | 100% | 240 | 100% |

| Loan Balance (m.) | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| 0-30 | 3.857 | 94% | 232 | 97% |
| 30-60 | 256 | 6% | 8 | 3% |
| 60-90 | 0 | 0% | 0 | 0% |
| more than 90 | 0 | 0% | 0 | 0% |
| Total | 4.113 | 100% | 240 | 100% |

| Interest type | Exposure (ISK) | Percentage | No. Loans | Percentage |
|-------------------|----------------|-------------|------------|-------------|
| 3Y interest reset | 456 | 11% | 26 | 11% |
| 5Y interest reset | 1.657 | 40% | 100 | 42% |
| Fixed | 1.075 | 26% | 60 | 25% |
| Floating | 924 | 22% | 54 | 23% |
| Total | 4.113 | 100% | 240 | 100% |

| Issuance | Amount |
|---|--------|
| Cover Pool Eligable for Calculation - Exposure ISK | 4.113 |
| Cover Pool Eligable for Calculation - Number of Mortgages | 241 |
| Total Issuance | 3.478 |
| Substitution - Cash | 138 |
| Substitution - Government Bond | 0 |
| Minimum Over Collateralisation | 20,0% |
| Over Collateralisation | 22,3% |

Comments from Risk Management

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of financial assets and liabilities to various interest rate scenarios. The following table shows the current results from the net present value test as well as the stress tests that are run weekly on the cover pool. The table shows both the net present value for assets and liabilities as well as the ratio of the net present value to the nominal value of assets and liabilities. All numbers are in ISK millions.

"Nominal" is the original value. The net present value test is labelled „Base" while the stress tests, on the interest rate level (100 bp) and consumer price index (50 bp) are labelled by the name of the risk factor that is being changed and the direction in which it is being moved. Risk factor adverse behavior is based on the "Base" net present value test and takes into account any netting possibilities.

Stress Test: Interest Rate Sensitivity

| Risk factor | NPV | | NPV ratio | | Diff |
|--|--------|-------------|-----------|-------------|------|
| | Assets | Liabilities | Assets | Liabilities | |
| Nominal | 4.140 | 3.420 | 100,00% | 100,00% | 720 |
| Base | 4.235 | 3.478 | 102,29% | 101,69% | 757 |
| Risk free interest rate - downward shift | 4.400 | 3.573 | 106,27% | 104,46% | 827 |
| Risk free interest rate - upward shift | 4.091 | 3.386 | 98,81% | 99,02% | 704 |
| Adverse behavior | 3.827 | 3.478 | 92,43% | 101,69% | 349 |
| Consumer Price index - downward shift | 3.791 | 3.478 | 91,57% | 101,69% | 313 |
| Consumer Price index - upward shift | 4.181 | 3.478 | 101,00% | 101,69% | 704 |

Planned frequency for updates of this summary: 4 times a year.

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