Press Release
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Arion Bank enters market making agreements on its covered bonds with Íslandsbanki, Kvika and Landsbankinn

Arion Bank has signed market making agreements with Íslandsbanki, Kvika and Landsbankinn on covered bonds issued by Arion Bank on Nasdaq Iceland hf.

The purpose of the agreements is to stimulate trading with the bonds covered by the agreements in order to generate normal market prices and to foster effective and transparent price formation.

The market makers will submit bids and asks for the bonds every day. The minimum nominal amount of orders shall be based on the size of each series in accordance with the following table:

Size of the series (ISK bn.)	Order size (ISK m.)
0-3	0
3-5	20
5-10	60
>10	80

The bond series ARION CBI 29, ARION CBI 26 and ARION CBI 48 are not subject to the aforementioned condition. The minimum amount shall be ISK 40 million for bond series ARION CBI 29, ARION CBI 26, and ISK 20 million for bond series ARION CBI 48.

The maximum bid-ask spread depends on the number of years to maturity at any given time, cf. table below:

Years to maturity	Maximum spread Non-indexed bonds	Maximum spread Indexed-linked bonds
0-6 months	No maximum	No maximum
6 months – 2 years	0.20%	No maximum

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2-4 years	0.30%	0.30%
4-6 years	0.35%	0.35%
6-9 years	0.60%	0.60%
9-12 years	0.70%	0.70%
12-18 years	1.00%	1.00%
18+ years	1.15%	1.15%

Arion Bank pays the market makers commission and will provide them with bond lending facilities. The maximum loan in each series of covered bonds shall be ISK 320 million at nominal value for benchmark series and ISK 80 million at nominal value for other series.

For any further information please contact:

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Attachments

Arion Bank enters market making agreements on its covered bonds with Íslandsbanki, Kvika and Landsbankinn