



Press Release

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Arion Bank issues inaugural international covered bond – the tightest spread from an Icelandic issuer for more than a decade

Arion Bank has today issued a new 5-year covered bond for a total of €300 million. It is the first international covered bond issue from an Icelandic bank. The bond issue was well oversubscribed, with orders received from over 30 investors from 12 different countries and total demand of over €700 million. The orderbook was made up of a high-quality institutional sponsorship from asset managers, official institutions as well as bank treasuries. Today's bond issue follows a well-received marketing campaign last week where investors met the issuer directly or via virtual platforms.

The covered bond was sold at a 0.27% spread over interbank rates, which is the best funding spread that any Icelandic entity, including the Treasury of Iceland, has achieved in the international markets since the Bank was established 13 years ago. The transaction was managed by Barclays Bank Ireland PLC (structuring advisor), Deutsche Bank AG, and UBS Europe SE.

Benedikt Gíslason, CEO of Arion Bank:

"We are delighted with the response from international investors to the Bank's first international covered bond issue. The pricing of the bond is the tightest that any Icelandic entity has achieved for more than a decade. This issue represents an important step in diversifying the funding of mortgages at Arion Bank and brings us closer to the international funding model. For example, a substantial proportion of mortgages in Norway are currently funded by covered bond issues in euros. We hope that issues such as these will result in lower interest rates for our customers in the future."

For any further information please contact:

Eiríkur Magnus Jensson, Head of Treasury at eirikur.jensson@arionbanki.is, tel. +354 856 7468 or Theodór Friðbertsson, Head of Investor Relations at Arion Bank, ir@arionbanki.is, tel. +354 856 6760

Attachments

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