

## Market news

Total lending by the Housing Financing Fund (HFF) in April 2015 amounted to ISK 906m, thereof ISK 296m were mortgages for privately owned homes. In comparison, in April 2014, these loans amounted to ISK 318m. The average amount of mortgages for privately owned homes was ISK 11.9m.

The yield of class HFF24 bonds decreased by 14 points in April. The yield of class HFF34 decreased by 25 points and HFF44 by 16 points. The total turnover of HFF bonds amounted to ISK 10bn this month, compared to ISK 17,1bn in March 2015. The HFF's payments due to HFF bonds and other liabilities amounted to ISK 9.1bn in April. Prepayments amounted to ISK 1.4bn compared to 2.6bn in March.

## Development of loans in arrears

The proportion of the underlying loan value of individuals in arrears decreased from the previous month. By the end of April, the amount of loans in arrears to individuals amounted to ISK 3.2bn, with the underlying loan value amounting to ISK 33bn or approximately 4.96% of HFF's loan portfolio to privately owned homes, compared to 10.28% in April of last year. There are 1,838 households currently in arrears, whereof 73 have had their loan payments deferred. A total of 4.28% of the households that have their property loans from HFF were in arrears with their loans at the end of the month, compared to 4.52% in March 2015.

The amount of loans in arrears to legal entities was ISK 3.9bn with an underlying loan value of ISK 24bn. Thus 16.34% of the Fund's loans to legal entities are connected to loan in arrears. Arrear loans or loans with deferred payments are a total of 7.02% of the Fund's loan portfolio. The corresponding percentage in April 2014 was 12.4%.

*Defaults are considered to be loans in arrears for longer than 90 days and loans where payments have been deferred.*

## Outst. amount in the securities lending facility at the end of April

Series	HFF24	HFF34	HFF44
Outstanding amount (NV)	0,5	0,5	1,6

## HFF Auctions, Lending and Payments

Actual figures 2015	Forecast 2Q	Actual 2Q	Actual Apr '15
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	0,9	0,9
HFF total payments	0	9,1	9,1

HFF bond holders	HFF24	HFF34	HFF44
Banks and Savings banks	0,8%	0,4%	0,2%
Individuals	3,6%	1,1%	0,7%
Foreign Investors	1,3%	1,0%	1,0%
Other Corporations	5,1%	1,2%	0,7%
Credit Institutions	5,6%	5,2%	2,9%
Pension Funds	59,6%	75,0%	88,2%
Insurance Companies	3,9%	1,6%	0,7%
Securities and Investm. Funds	18,0%	13,9%	5,0%
Others	2,1%	0,6%	0,6%
Nominal Value	164,0	175,3	273,1

Of the total issuance of the face value, ISK 9.6 bn in all HFF bonds directly belong to the lending facilitation for HFF bond market makers. All figures are in ISK billion.

## April 2015

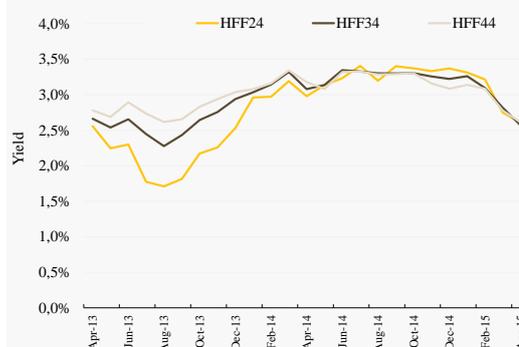
### Summary

- New mortgages for privately owned homes amounted to ISK 296 million
- Prepayments amounted to ISK 1.4 billion
- Privately owned homes in arrears decreased from last month
- 4.28% of homes are in arrears
- Total amount of loans in arrears is ISK 7.1billion, underlying loan amount equals 7.02% of loan portfolio
- HFF's appropriated properties numbered 1,667 whereof 754 apartments are rented out

### HFF Lending Rate

4.20% fixed rate

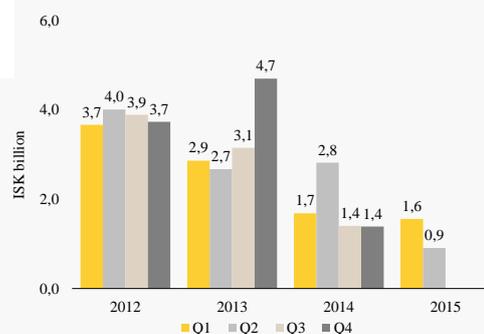
### Yield of HFF Bonds



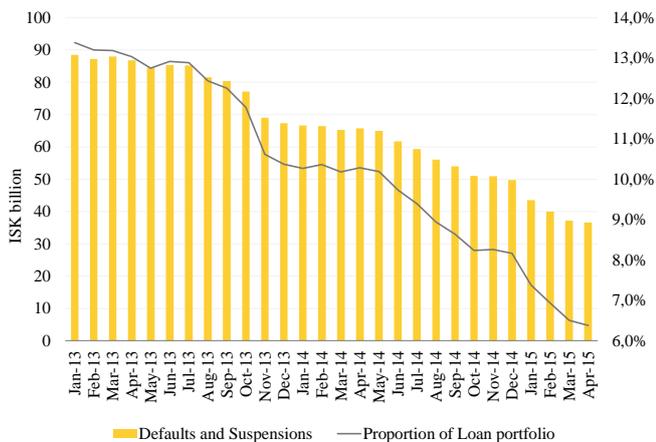
Series	Feb 2015	Mar 2015	Apr 2015	Duration	Face value	Outst.n. value
HFF24	3,22%	2,75%	2,61%	4,5	164,0	93,0
HFF34	3,10%	2,82%	2,57%	8,7	175,3	136,8
HFF44	3,08%	2,78%	2,61%	12,9	273,1	237,1

\*Yield on the last trading day of each month  
Duration (yrs) and class size (BISK) as of end of April '15  
Of the total issuance of the face value, ISK 9.6 bn in all HFF bonds directly belong to the lending facilitation for HFF bond market makers.

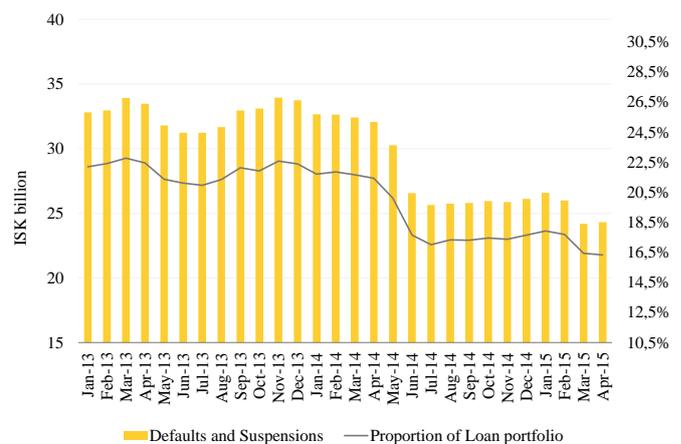
### Total Lending by Quarter



## Individuals - Defaults and Suspensions



## Legal Entities - Defaults and Suspensions



## HFF's Appropriated Property

### Property portfolio

The HFF owned 1,667 appropriated assets throughout Iceland by the end of April 2015 which is a decrease in assets of 117 from last month. Over the course of the month, the fund sold 152 properties and 35 appropriated assets were added to the HFF's portfolio. 119 appropriated assets have been added in 2015 and 342 appropriated assets have been sold.

In addition, bids for 108 properties have been accepted and bidders are currently engaged in financing.

Undergoing the sales process were 823 properties, most of which are already available for purchase with others are going through sales registration.

A total number of 754 apartments were rented out throughout the country. The vast majority was rented to families and individuals who resided in the properties when the HFF acquired them. Approximately 75% of new appropriated assets will be rented out in the same manner.

All real estate agencies in Iceland may sell the HFF's properties. The HFF has a partnership agreement with the Association of Estate Agents (Félag fasteignasala) regarding the procedures that must be employed when selling properties owned by the Fund. The Fund's properties are rented at market price, taking into account comparable properties according to location, size, age, etc.

The table to the right contains an overview of the location of properties, categorized according to regions and their use/disposal. Of the 1,667 properties that the HFF owned at the end of April, 1,600 properties have been rented or are undergoing the sales process or other procedures. A further 67 properties await assessment and will they either be rented out or put in a selling process.

### HFF's Property According to Regions and Status, 31.04.2015

	For sale	Rented	Empty	Uninhabitable	In process	Total Apr'15	Total Mar'15
Capital Area	61	190	5		8	264	320
Sth. Peninsula	387	274	10		3	674	680
Western Region	93	51	13		2	159	195
Westfjords	31	9	6		1	47	47
Northw. Region	16	2	0			18	18
Northe. Region	38	35			4	81	75
Eastern Region	84	123	25			234	238
Southern Region	113	70	4	0	3	190	211
<b>Total</b>	<b>823</b>	<b>754</b>	<b>67</b>	<b>0</b>	<b>23</b>	<b>1,667</b>	<b>1,784</b>

### Sold properties

