

## Market news

Total lending by the Housing Financing Fund (HFF) in June 2015 amounted to ISK 267m, and thereof ISK 249m were mortgages for privately owned homes. In comparison, in June 2014, these loans amounted to ISK 471m. The average amount of mortgages for privately owned homes was ISK 10.4m.

The yield of class HFF24 bonds decreased by 24 points in June. The yield of class HFF34 decreased by 2 points and HFF44 increased by 2 points. The total turnover of HFF bonds amounted to ISK 9.2bn this month, compared to ISK 12.1bn in May 2015. The HFF's payments due to HFF bonds and other liabilities amounted to ISK 12.5bn in June. Prepayments amounted to ISK 1.8bn similar to the previous month.

## 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 June, the amount of loans in arrears to individuals amounted to ISK 3.2bn, with the underlying loan value amounting to ISK 34.1bn or approximately 6.7% of HFF's loan portfolio to privately owned homes, compared to 9.73% in June of last year. There are 1,846 households currently in arrears, whereof 51 have had their loan payments deferred. A total of 4.33% of the households that have their property loans from HFF were in arrears with their loans at the end of the month, compared to 4.34% in May 2015.

The amount of loans in arrears to legal entities was ISK 4.1bn with an underlying loan value of ISK 24.5bn. Thus 16.43% 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 8.69% of the Fund's loan portfolio. The corresponding percentage in June 2014 was 11.25%.

*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 June

Series	HFF24	HFF34	HFF44
Outstanding amount (NV)	1,2	0,6	1,7

## HFF Auctions, Lending and Payments

Actual figures 2015	Forecast 2Q	Actual 2Q	Actual Jun '15
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	1,4	0,3
HFF total payments	0	21,8	12,4

HFF bond holders	HFF24	HFF34	HFF44
Banks and Savings banks	0,4%	0,2%	0,1%
Individuals	3,6%	1,1%	0,7%
Foreign Investors	1,2%	1,0%	1,0%
Other Corporations	5,1%	1,1%	0,7%
Credit Institutions	5,1%	5,2%	2,9%
Pension Funds	60,3%	75,0%	88,1%
Insurance Companies	4,1%	1,6%	0,7%
Securities and Investm. Funds	18,0%	14,1%	5,2%
Others	2,1%	0,7%	0,6%
Nominal Value	164,0	175,3	273,1

Of the total issuance of the face value, ISK 6 bn in all HFF bonds directly belong to the lending facilitation for HFF bond market makers. All figures are in ISK billion.

## June 2015

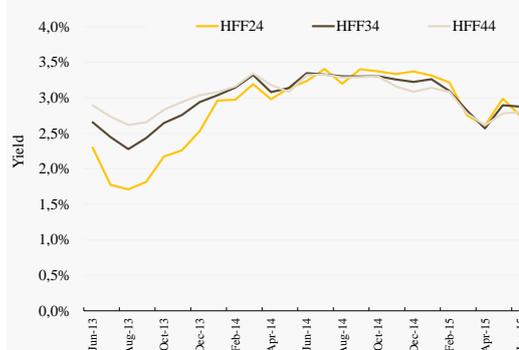
### Summary

- New mortgages for privately owned homes amounted to ISK 249 million
- Prepayments amounted to ISK 1.8 billion
- Privately owned homes in arrears decreased from last month
- 4.33% of homes are in arrears
- Total amount of loans in arrears is ISK 7.3billion, underlying loan amount equals 8,69% of loan portfolio
- HFF's appropriated properties numbered 1,531 whereof 711 apartments are rented out

### HFF Lending Rate

4.20% fixed rate

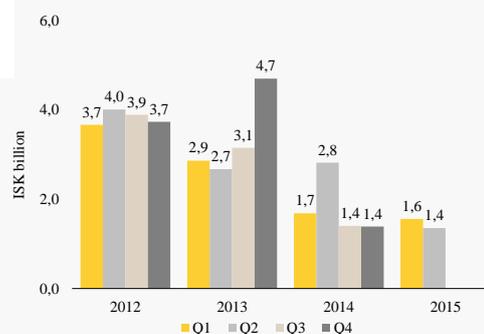
### Yield of HFF Bonds



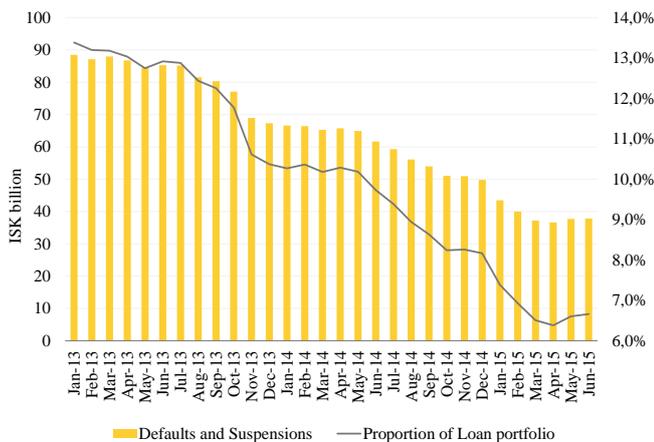
Series	Apr 2015	May 2015	Jun 2015	Duration	Face value	Outst.n. value
HFF24	2,61%	2,99%	2,74%	4,3	164,0	88,9
HFF34	2,57%	2,90%	2,88%	8,9	175,3	132,1
HFF44	2,61%	2,78%	2,80%	12,7	273,1	232,8

\*Yield on the last trading day of each month  
Duration (yrs) and class size (BISK) as of end of June '15  
Of the total issuance of the face value, ISK 6 bn in all HFF bonds directly belong to the lending facilitation for HFF bond market makers.

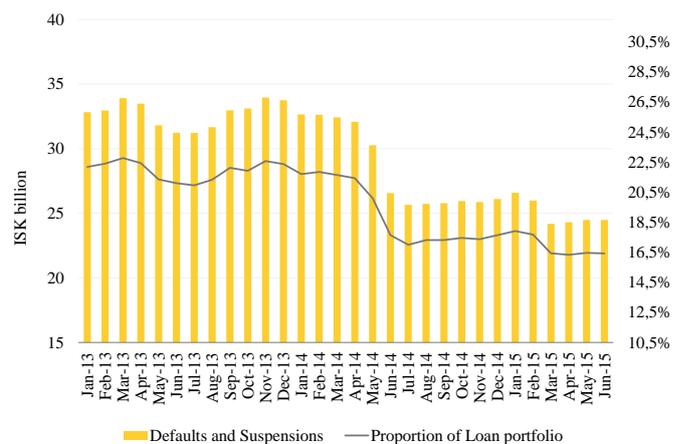
### Total Lending by Quarter



## Individuals - Defaults and Suspensions



## Legal Entities - Defaults and Suspensions



## HFF's Appropriated Property

### Property portfolio

The HFF owned 1,531 appropriated assets throughout Iceland by the end of June 2015 which is a decrease in assets of 28 from last month. Over the course of the month, the fund sold 57 properties and 29 appropriated assets were added to the HFF's portfolio. 186 appropriated assets have been added in 2015 and 544 appropriated assets have been sold.

In addition, bids for 79 properties have been accepted and bidders are currently engaged in financing.

Undergoing the sales process were 736 properties, most of which are already available for purchase while others are going through sales registration.

A total number of 711 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 are licensed to sell 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 1,531 properties that the HFF owned at the end of June, 1,470 properties have been rented out, are undergoing the sales process or other procedures. A further 61 properties await assessment and will they either be rented out or put in a selling process.

### HFF's Property According to Regions and Status, 31.06.2015

	For sale	Rented	Empty	Uninhabitable	In process	Total Jun'15	Total May '15
Capital Area	46	191	3		5	245	257
Sth. Peninsula	347	205	7		6	565	576
Western Region	81	56	16		3	156	161
Westfjords	32	11	4		1	48	46
Northw. Region	16	2	1			19	19
Northe. Region	36	41			4	83	80
Eastern Region	80	127	24			232	232
Southern Region	98	78	4	0	3	183	188
<b>Total</b>	<b>736</b>	<b>711</b>	<b>61</b>	<b>0</b>	<b>23</b>	<b>1,531</b>	<b>1,559</b>

### Sold properties

