

## Market news

Total lending by the HFF in November 2016 amounted to ISK 549m, whereof 225m were mortgages for privately owned homes. In comparison, in October 2016, these loans amounted to ISK 334m. The average amount of mortgages for privately owned homes was ISK 12.5m.

The yield of all classes of HFF bonds declined in November. The yield of HFF24 declined by 7 bp, HFF34 by 3 bp and HFF44 by 4 bp. The total turnover of HFF bonds amounted to ISK 5.8bn this month, compared to ISK 3.5bn in October 2016.

The HFF's payments due to HFF bonds and other liabilities amounted to ISK 403m in November. Prepayments amounted to ISK 7bn.

## Development of defaulted loans

By the end of November, defaulted loans to individuals amounted to ISK 1.7bn, with the underlying loan value around ISK 16.9bn or approximately 3.7% of HFF's loan portfolio to privately owned homes. There are 922 households currently in arrears.

The amount of defaulted loans to legal entities was around ISK 551m with an underlying loan value of ISK 2.3bn. Thus 1.6% of the Fund's loans to legal entities are connected to defaults.

The total amount in default was ISK 2.2bn at the end of the month compared to ISK 2.2bn at the end of October. Defaults are a total of 3.2% of the Fund's loan portfolio. The corresponding percentage in November 2015 was 7.0%.

Defaults are considered to be loans in arrears for longer than 90 days.

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

Series	HFF24	HFF34	HFF44
Outstanding amount (NV)	0,0	0,5	0,3

## HFF Auctions, Lending and Payments

Actual figures 2016	Nov	YTD
HFF bond issuance (NV)	0	0,0
New HFF lending	0,5	11,8
HFF total payments	0,4	57,7

HFF bond holders	HFF24	HFF34	HFF44
Banks and Savings banks	0,4%	0,1%	0,1%
Individuals	3,1%	1,0%	0,6%
Foreign Investors	0,9%	1,0%	1,0%
Other Corporations	4,0%	1,7%	0,9%
Credit Institutions	3,7%	3,2%	2,1%
Pension Funds	68,2%	80,3%	89,6%
Insurance Companies	2,8%	1,2%	0,7%
Securities and Investm. Funds	14,9%	10,7%	4,3%
Others	2,0%	0,8%	0,7%
Nominal Value	160,4	171,7	269,5

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.

## November 2016

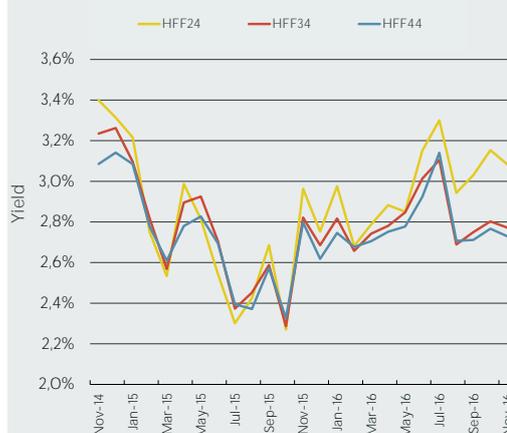
### Summary

- Total lending amounted to ISK 549m
- Nearly 98% of households are performing on their loans
- Underlying loan value in default equals 3.2% of loan portfolio
- HFF's apartments numbered 698 whereof 378 apartments are rented out

### HFF Lending Rate

4.20% fixed rate

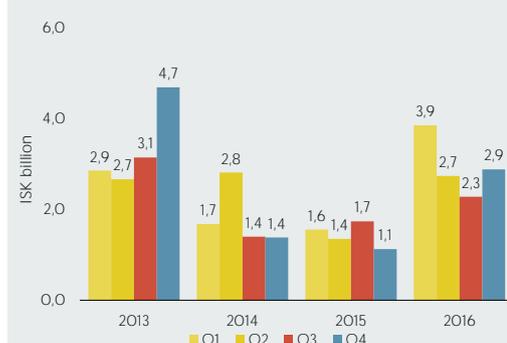
### Yield of HFF Bonds



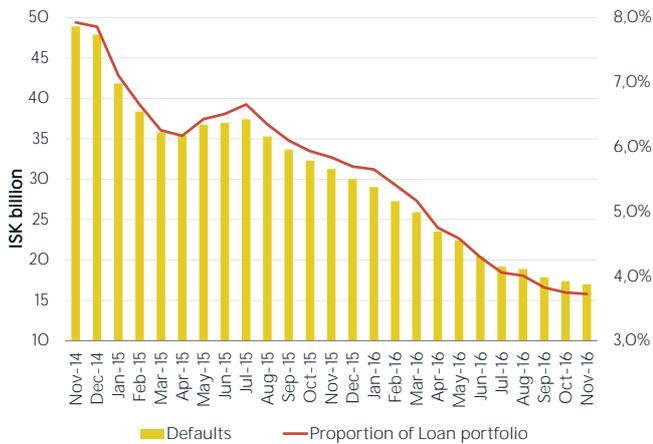
Series	Sep 2016	Oct 2016	Nov 2016	Duration	Face value	Outst.n. value
HFF24	3,03%	3,15%	3,08%	3,6	160,4	74,4
HFF34	2,75%	2,80%	2,77%	8,2	171,7	122,1
HFF44	2,71%	2,77%	2,73%	12,1	269,5	225,2

\*Yield on the last trading day of each month  
Duration (yrs) and class size (BISK) as of end of November '16  
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.

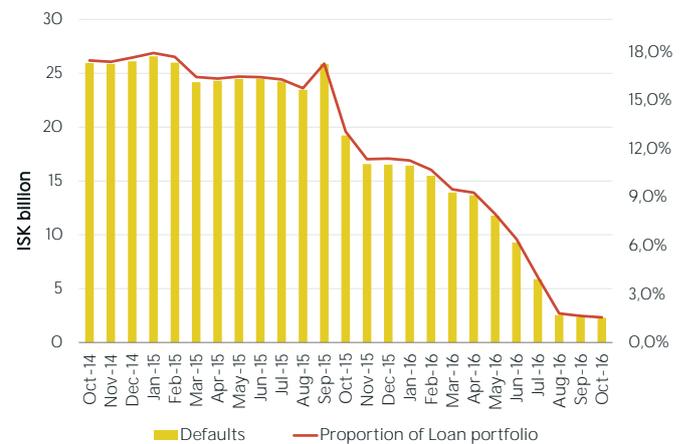
### Total Lending by Quarter



## Individuals - Defaults



## Legal Entities - Defaults



## HFF's Apartments held for sale

### Property portfolio

The HFF owned 698 properties throughout Iceland by the end of November. Over the course of the month, the fund sold 32 properties and 14 apartments were added to the HFF's portfolio. In addition, purchase offers for 77 properties have been accepted and bidders are currently engaged in financing the purchases.

Undergoing the sales process were 254 properties, most of which are already available for purchase others are going through sales registration. A number of 378 apartments were rented throughout the country. A majority were rented to families and individuals who resided in the properties when the HFF acquired them.

All estate agencies in Iceland may sell the HFF's properties. The HFF has a partnership agreement with the Association of Estate Agents (Félag fasteignasala) as regards 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. At the end of November 654 properties or 94% of the HFF's portfolio have been rented or are undergoing the sales process or other procedures. A further 44 properties await assessment and will they either be rented out or go into sales process.

### HFF's Property According to Regions and Status, 30.11.2016

	For sale	Rented	Empty	In process	Total Nov'16	Total Oct'16
Capital Area	23	80	9	10	122	128
Sth. Peninsula	34	114	5	2	155	161
Western Region	49	46	7	0	102	102
Westfjords	25	15	2	2	44	44
Northw. Region	8	5	1	0	14	14
Northe. Region	26	16	5	2	49	49
Eastern Region	50	31	2	1	84	85
Southern Region	39	71	13	5	128	133
<b>Total</b>	<b>254</b>	<b>378</b>	<b>44</b>	<b>22</b>	<b>698</b>	<b>716</b>

### Sold properties

