

## Market news

Total lending by the Housing Financing Fund (HFF) in April 2014 amounted to ISK 318m, all of which were mortgages for privately owned homes. In comparison, in April 2013, these loans amounted to ISK 699m. The average amount of mortgages for privately owned homes was ISK 9.1m.

The yield of HFF24, HFF34 and HFF44 declined in April. The decrease was 16–24 points. The yield of HFF14 rose by 70 points. The total turnover of HFF bonds amounted to ISK 11.5bn this month, compared to ISK 21.2bn in March 2014.

The HFF's payments due to HFF bonds and other liabilities amounted to ISK 9.2bn in April. Prepayments amounted to ISK 1.6bn compared to 2.4bn in March.

## Development of defaulted loans

The proportion of the underlying loan value of individuals in arrears increased slightly from the previous month. By the end of April, the amount of defaulted loans to individuals amounted to ISK 4.4bn, with the underlying loan value amounting to ISK 65.8bn or approximately 10.28% of HFF's loan portfolio to privately owned homes, compared to 13.04% in April last year. There are 3,441 households currently in arrears, whereof 213 have had their loan payments deferred. A total of 7.10% of the households that have their property loans from HFF were in arrears with their loans at the end of the month, compared to 9.08% in April 2013.

The amount of defaulted loans to legal entities was ISK 3.9bn with an underlying loan value of ISK 32.1bn. Thus 21.44% of the Fund's loans to legal entities are connected to defaults. Defaults or loans with deferred payments are a total of 12.40% of the Fund's loan portfolio. The corresponding percentage in April 2013 was 14.76%.

*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 last month

Series	HFF14	HFF24	HFF34	HFF44
Outstanding amount (NV)	0,0	0,0	0,0	1,6

## HFF Auctions, Lending and Payments

Actual figures 2014	Forecast 2Q	Actual 2Q	Actual April
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	0,3	0,3
HFF total payments	0	9,2	9,2

HFF bond holders 30.04.2014	HFF14	HFF24	HFF34	HFF44
Banks and Savings banks	22,1%	3,5%	0,5%	0,2%
Individuals	4,2%	2,5%	1,0%	0,8%
Foreign Investors	8,7%	1,5%	1,1%	0,0%
Other Corporations	16,0%	4,6%	3,2%	0,5%
Credit Institutions	17,4%	6,8%	5,7%	3,0%
Pension Funds	4,9%	51,0%	70,8%	88,7%
Insurance Companies	3,4%	3,7%	1,6%	0,6%
Securities and Investm. Funds	23,0%	24,1%	15,4%	5,7%
Others	0,3%	2,2%	0,6%	0,5%
Nominal Value	70,0	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 2014

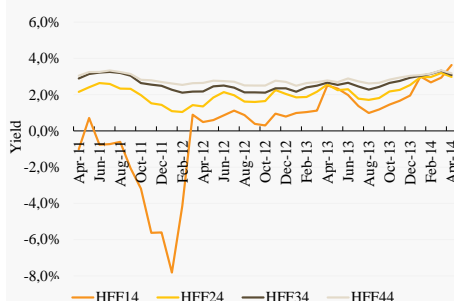
### Summary

- New mortgages for privately owned homes amounted to ISK 318 million
- Prepayments amounted to ISK 1.6 billion
- Privately owned homes in arrears increased slightly from last month
- 7.10% of homes are in arrears
- Total amount in default is ISK 8.3 billion, underlying loan amount equals 12.40% of loan portfolio
- HFF's appropriated properties numbered 2,111, whereof 930 apartment is rented

### HFF Lending Rate

4.20% fixed rate

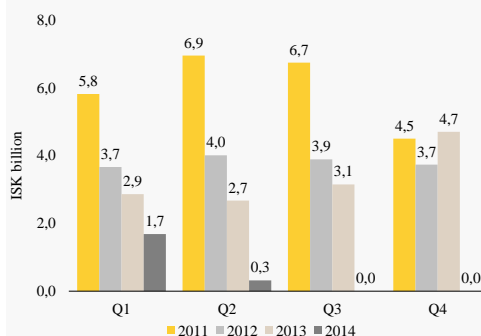
### Yield of HFF Bonds



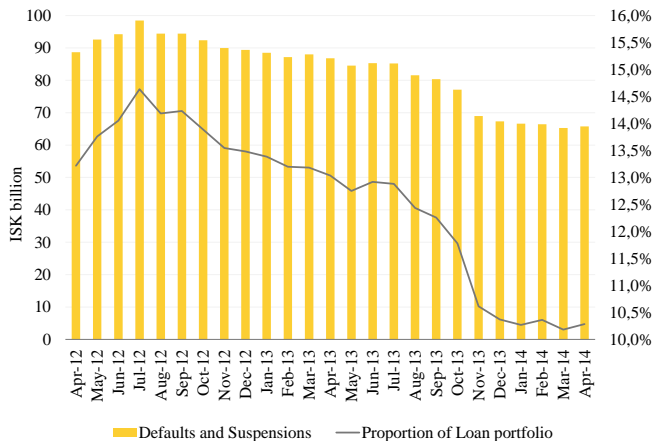
Series	Feb 2014	Mar 2014	Apr 2014	Duration	Face value	Outst.n. value
HFF14	2,67%	2,94%	3,64%	0,4	70,0	4,2
HFF24	2,97%	3,19%	2,98%	4,8	164,0	97,0
HFF34	3,14%	3,32%	3,08%	9,2	175,3	136,8
HFF44	3,16%	3,34%	3,18%	12,7	273,1	239,3

\*Yield on the last trading day of each month  
Duration (yrs) and class size (BISK) as of end of April 14  
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.

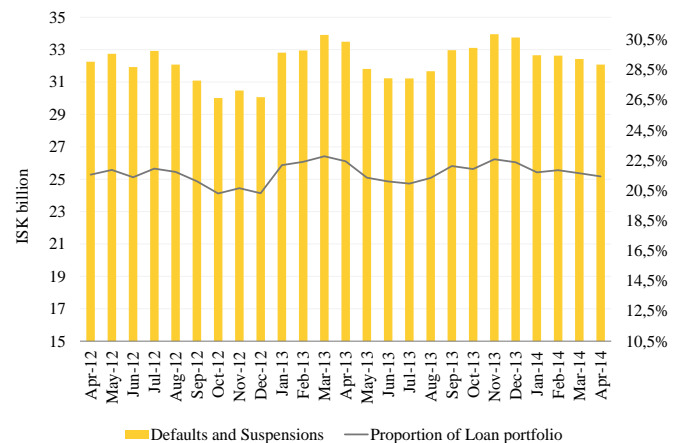
### Total Lending by Quarter



## Individuals - Defaults and Suspensions



## Legal Entities - Defaults and Suspensions



## HFF's Appropriated Property

### Property portfolio

The HFF owned 2,111 appropriated assets throughout Iceland by the end of April. This number decreased by ten from the end of March. In April a number of 40 appropriated assets were added to the HFF's portfolio, overall 180 appropriated assets have been added since the beginning of the year.

In the first four months of the year the HFF sold 675 properties. As opposed to 88 properties for the same period in 2013. A letter of intent to sell or purchase offers for 201 properties were accepted in April, thereof 154 to the same party. Bidders are currently engaged in financing the purchases. The Fund is also finalizing the sale of a 22-unit apartment building in Selfoss. In total the HFF has sold 1,550 properties since the beginning of 2008.

Undergoing the sales process were 1,012 properties, most of which are already available for purchase others are going through sales registration. A number of 930 apartment were rented throughout the country. The vast majority were rented to families and individuals who resided in the properties when the HFF acquired them. Most of the recently added appropriated assets will be rented out in the same manner.

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 vast majority were rented to families and individuals who resided in the properties when the HFF acquired them.

The table to the right contains an overview of the location of properties, categorized according to regions and their use/disposal. Of the 2,111 properties that the HFF owned at the end of April 2014, 1,972 properties have been rented or are undergoing the sales process or other procedures. A further 139 properties await assessment, most of which will go into sales process.

### HFF's Property According to Regions and Status, 30.04.2014

	For sale	Rented	Empty	Uninhabitable	In process	Total Apr '14	Total Mar '14
Capital Area	94	278	5	2	7	386	394
Sth. Peninsula	420	335	55	8	7	825	814
Western Region	151	77	24		4	256	250
Westfjords	46	11	14		0	71	71
Northw. Region	10	4	5		1	20	20
Northe. Region	53	49	3		5	110	107
Eastern Region	84	77	14		3	178	175
Southern Region	154	99	6	3	3	265	290
<b>Total</b>	<b>1.012</b>	<b>930</b>	<b>126</b>	<b>13</b>	<b>30</b>	<b>2.111</b>	<b>2.121</b>

### Sold properties

