

Market news

Total lending by the Housing Financing Fund (HFF) in November 2015 amounted to ISK 421m, all of which were mortgages for privately owned homes. In comparison, in November 2014, these loans amounted to ISK 339m. The average amount of mortgages for privately owned homes was ISK 12.4m.

HFF's Board of Directors decided at a meeting on the 5th of November, that Klettur Property Management would be sold following a sales procedure, focusing on maximizing the value of the property in accordance with the criteria underlying its establishment. The sale will be advertised in greater detail when the final terms of the sales procedure have been defined.

The yield of all classes of HFF bonds rose November. The yield of HFF24 rose by 69 basis points, HFF34 by 53 bp and the HFF44 by 47 bp. The total turnover of HFF bonds amounted to ISK 22.8bn this month, compared to ISK 11.9bn in October 2015.

The HFF's payments due to HFF bonds and other liabilities amounted to ISK 772m in November. Prepayments amounted to ISK 5.8bn compared to 4.2bn in October.

Development of loans in arrears

By the end of November, the amount of defaulted loans to individuals amounted to ISK 3.3bn, with the underlying loan value amounting to ISK 32.1bn or approximately 6.0% of HFF's loan portfolio to privately owned homes, compared to 6.09% in October. There are 1,606 households currently in arrears, whereof 46 have had their loan payments deferred. Out of 50 thousand households, that have their property loans from the HFF, 96.41% were performing at the end of the month

The proportion of the underlying loan value of legal entities in arrears decreased in November. The amount of defaulted loans to legal entities was around ISK 3.0bn with an underlying loan value of ISK 17.9bn. Thus 12.29% of the Fund's loans to legal entities are connected to defaults compared to 13.27% in October.

Defaults or loans with deferred payments are a total of 7.34% of the Fund's loan portfolio. The corresponding percentage in November 2014 was 10.03%.

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 November

Series	HFF24	HFF34	HFF44
Outstanding amount (NV)	0,5	0,7	1,7

HFF Auctions, Lending and Payments

Actual figures 2015	Forecast 4Q	Actual 4Q	Actual Nov '15
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	0,9	0,4
HFF total payments	0	9,9	0,8

HFF bond holders	HFF24	HFF34	HFF44
Banks and Savings banks	0,2%	0,2%	0,2%
Individuals	3,5%	1,1%	0,7%
Foreign Investors	1,2%	1,0%	1,0%
Other Corporations	4,0%	1,4%	0,9%
Credit Institutions	3,0%	3,1%	1,6%
Pension Funds	63,4%	77,0%	88,7%
Insurance Companies	3,5%	1,6%	0,8%
Securities and Investm. Funds	19,0%	13,8%	5,5%
Others	2,1%	0,7%	0,6%
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 2015

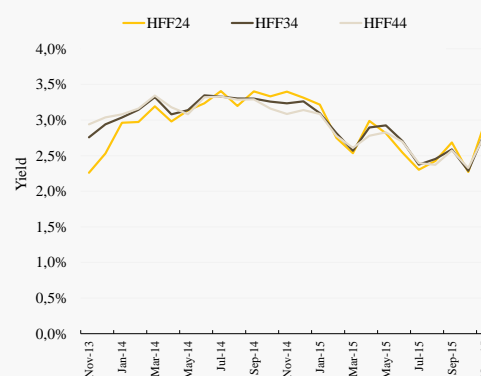
Summary

- New mortgages for privately owned homes amounted to ISK 421 million
- Prepayments amounted to ISK 5.8 billion
- 96.41% of households are performing on their loans
- Legal entities in arrears decreased from last month
- Underlying loan amount in default equals 7.34% of loan portfolio
- HFF's appropriated properties numbered 1,403 whereof 651 apartments are rented out

HFF Lending Rate

4.20% fixed rate

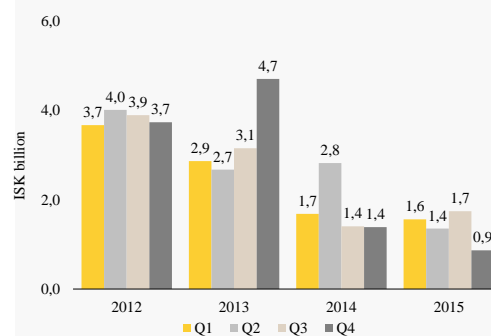
Yield of HFF Bonds



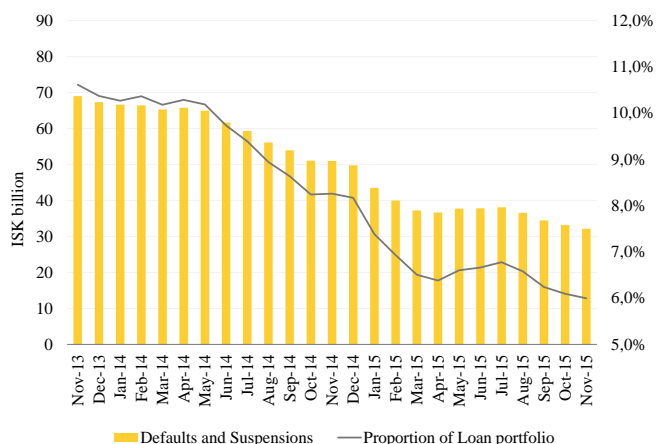
Series	Sep 2015	Oct 2015	Nov 2015	Duration	Face value	Outst.n. value
HFF24	2,69%	2,27%	2,96%	4,0	160,4	82,8
HFF34	2,59%	2,29%	2,82%	8,6	171,7	127,0
HFF44	2,57%	2,33%	2,80%	12,4	269,5	229,7

*Yield on the last trading day of each month
Duration (yrs) and class size (BISK) as of end of November '15
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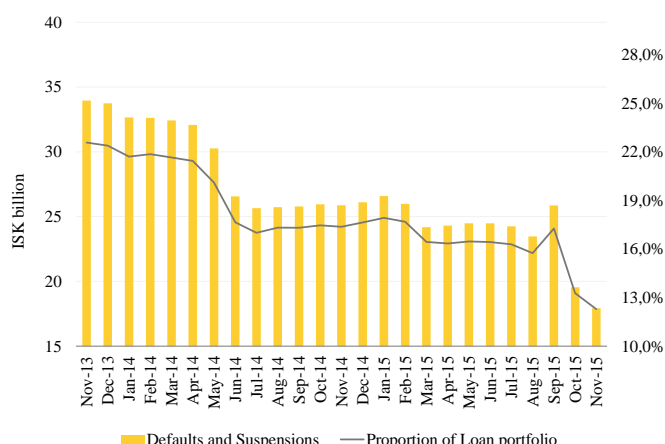
Total Lending by Quarter



Individuals - Defaults and Suspensions



Legal Entities - Defaults and Suspensions



HFF's Appropriated Property

Property portfolio

The HFF owned 1,403 appropriated assets throughout Iceland by the end of November. Over the course of the month, the fund sold 76 properties and 28 appropriated assets were added to the HFF's portfolio. Overall 318 appropriated assets have been added since the beginning of the year.

The HFF has sold 803 properties this year. In addition, purchase offers for 93 properties have been accepted and bidders are currently engaged in financing the purchases. Overall the funds property sales are going well according to plans.

Undergoing the sales process were 651 properties, most of which are already available for purchase others are going through sales registration. An equal number of apartments were rented throughout the country. The vast majority were rented to families and individuals who resided in the properties when the HFF acquired them. Approximately 75% 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 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 1,315 properties or 94% of the HFF's portfolio have been rented or are undergoing the sales process or other procedures. A further 88 properties await assessment and will they either be rented out or go into sales process.

HFF's Property According to Regions and Status, 30.11.2015

	For sale	Rented	Empty	In process	Total Nov'15	Total Oct'15
Capital Area	55	192	13	4	264	268
Sth. Peninsula	236	192	17	2	447	482
Western Region	77	51	12	2	142	145
Westfjords	34	10	6	0	50	50
Northw. Region	15	2	1		18	20
Northe. Region	39	33	1	2	75	75
Eastern Region	102	95	32		229	231
Southern Region	93	76	6	3	178	180
Total	651	651	88	13	1.403	1.451

Sold properties

