

Market developments

The Housing Financing Fund (HFF) issued ISK 703m in mortgages this month. Of that amount ISK 699m was for privately owned homes. In comparison, this amount was approximately ISK 700m in April 2012. The average amount for privately owned homes this month came to ISK 9.2m.

Yields on HFF bonds rose 9-139 points this month. So far this year, the yield on HFF14 has increased by 1.7%, HFF24 by 0.52%, HFF34 by 0.32% and HFF44 by 0.08%

The total turnover of HFF bonds reached ISK 28.3bn this month, compared to ISK 47.9bn in March 2013.

The Fund's amortization payments on HFF-bonds and other liabilities came to about ISK 9bn this month, and prepaid mortgages amounted to ISK 1.3 bn.

Defaults

At the end of April, the default ratio for privately owned homes had still declined, after reaching a peak in July 2012.

At the end of April, mortgage defaults associated with privately owned homes came to ISK 4.6bn with an underlying value of ISK 86.7bn, or approximately 13.04% of HFF's loan portfolio on privately owned homes. This is a 0.14% decrease from the previous month, with an underlying default amount being 0.18% lower than in April 2012. Homes in default numbered 4.600, and thereof 644 homes with suspended mortgage payments. This means that 9.1% of homes with HFF mortgages were in default at the end of the month.

At the end of the month, defaults on mortgages to legal entities amounted to ISK 2.9bn with an underlying value of ISK 33.5bn. Hence, 22.4% of the loan portfolio to legal entities was in default, a decrease of 0.4% from the previous month but 0.9% higher than at the end of April 2012.

Defaults or payment suspensions amounted to 14.76% of the Fund's portfolio, compared to 14.74% in April 2012.

Defaults are past due payments of 90 days and suspended mortgage payments.

Outst. amount in the securities lending facility at the end of last month

Series	HFF14	HFF24	HFF34	HFF44
Outstanding amount (NV)	1,9	0,0	0,4	0,8

HFF Auctions, Lending and Payments

Actual figures 2013	Forecast 2Q	Actual 2Q	Actual Jan-Apr
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	0,7	3,6
HFF total payments	0	9,0	29,5

HFF bond holders 30.4.2013	HFF14	HFF24	HFF34	HFF44
Banks and Savings banks	6,0%	3,6%	1,5%	1,0%
Individuals	4,5%	3,6%	1,5%	1,0%
Foreign Investors	26,3%	1,8%	1,8%	0,8%
Other Corporations	9,8%	3,5%	3,2%	0,5%
Credit Institutions	21,0%	6,1%	5,2%	3,2%
Pension Funds	2,8%	51,8%	67,8%	84,2%
Securities and Investment Funds	26,0%	23,6%	16,3%	7,3%
Others	3,6%	6,0%	2,6%	1,9%
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 2013

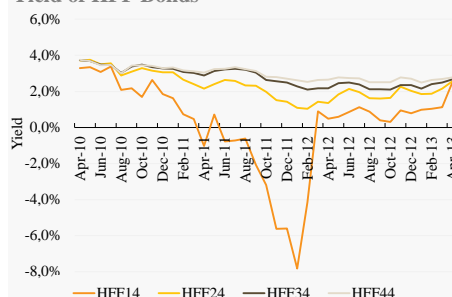
Summary

- New mortgages for privately owned homes amounted to ISK 703 million.
- Prepayments amounted to ISK 1.3 billion.
- Privately owned homes in default decreased from last month.
- 9.1% of homes are in default.
- Total amount in default is ISK 7.5 billion, underlying loan amount equals 14.8% of loan portfolio.
- HFF's appropriated properties numbered 2.416

HFF Lending Rate

4,20% With a prepayment fee
4,70% Without a prepayment fee

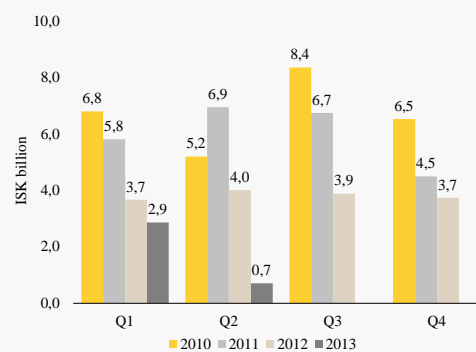
Yield of HFF Bonds



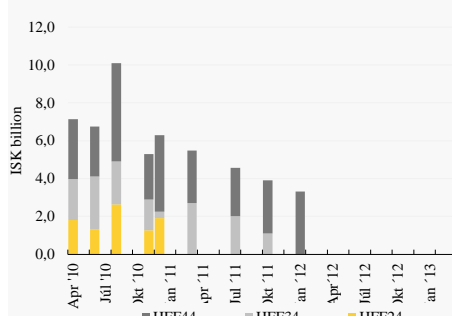
Series	Feb 2013	Mar 2013	Apr 2013	Duration	Face value	Outst.n.
HFF14	1,04%	1,12%	2,51%	0,9	70,0	12,2
HFF24	1,87%	2,16%	2,56%	5,3	164,0	104,9
HFF34	2,40%	2,49%	2,66%	9,7	175,3	141,3
HFF44	2,64%	2,69%	2,78%	13,4	273,1	243,4

*Yield on the last trading day of each month
Duration (yrs) and class size (MISK) as of end of April '13
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.

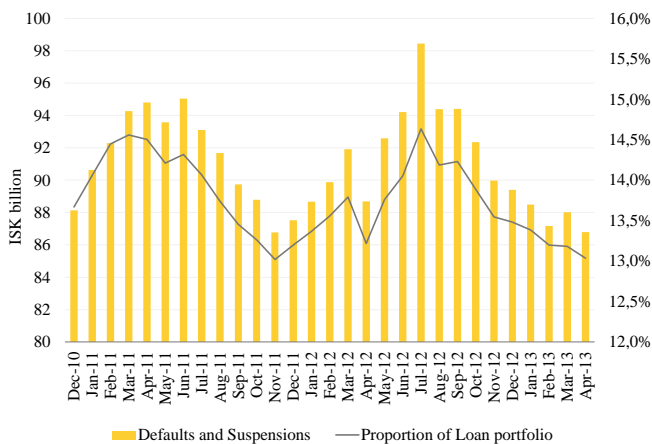
Total Lending by Quarter



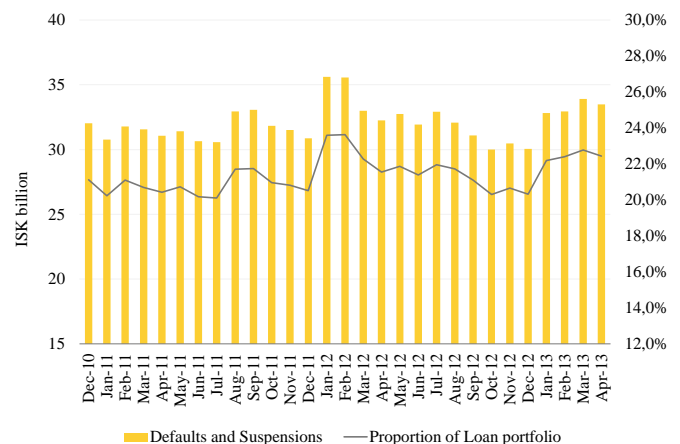
HFF Bond Auctions



Defaults and Suspensions of Individuals



Defaults and Suspensions of Legal Entities



HFF's Appropriated Property

Portfolio

At the end of April, HFF's appropriated properties throughout the country totaled 2.416, an increase of 39 since last month. Roughly half of these properties previously belonged to construction builders, rental associations or other legal entities.

A total of 1.047 properties were being rented throughout the country, 285 were uninhabitable; most of them in the building process, hence, not available, and some uninhabitable due to old age and poor condition. 860 properties were in the process of being sold, either already for sale or in the registration process. The table on the right exhibits the location of properties according to regions in addition to present usage.

Since the beginning of the year, the Fund has sold 88 properties and 72 property bids have been accepted. The Fund sold 38 properties during the same time in 2012 and has sold a total of 663 since the beginning of 2008.

As stated above, the Fund rents out 1.047 properties, most of them to families or individuals that occupied the property when acquired by the Fund. The Fund is also authorized to rent out its properties in the general market in areas experiencing a shortage of rental properties. Available rental properties are advertised on the major real - estate websites, in the „for rent“ category which is also the only place to submit applications. The allocation rules can be found on HFF's website. Rental rates are based upon current market rates at any given time, relative to location, size, age, etc.

All real estate agencies throughout the country are permitted to sell HFF's properties and a contract between the agencies and HFF states the process in which this should be done.

Out of HFF's 2.416 properties which the Fund owned by the end of the month, 1.984 have so far either been rented, or are in the process of being sold. Additionally, 432 properties await assessment. Many of them are located in regions where there is a significant supply of property, for rent and/or sale.

HFF's Property According to Regions and Status, 30.4.2013

	Rented		Uninhabitable	In process	Total apr. '13	Total mar. '13
Capital Area	309	130	66	22	527	507
Southern Peninsula	285	367	122	22	796	792
Western Region	92	129	39	5	265	276
Westfjords	17	40	15	0	72	73
Northwestern Region	8	9	0	1	18	17
Northeastern Region	89	56	2	7	154	146
Eastern Region	106	129	12	2	249	250
Southern Region	141	147	29	18	335	316
Total	1.047	1.007	285	77	2.416	2.377
- Process of being sold	0	628	232	0	860	858
- Rented/other	1.047	0	0	77	1.124	997
Total unoccupied/ in process	0	379	53	0	432	522

Sold properties

