

Market developments

The Housing Financing Fund (HFF) issued ISK 1.1 billion in mortgages this month. Of that amount, ISK 800 million was for privately owned homes. In comparison, this amount was approximately ISK 1 billion in July 2012. The average amount for privately owned homes this month, came to ISK 10.2 million.

So far this year, the Fund has issued 502 mortgages for private ownership compared to 850 for the same period, last year.

Yields for all HFF bonds declined 16-61 points in July. So far this year, HFF14 has risen 0.58%, HFF34 0.10%, HFF44 0.03%. HFF24, however, has dropped 0.26% during the same period.

The total turnover of HFF bonds reached ISK 30.4 billion this month, compared to ISK 32.2, last month.

The Fund's amortization payments on HFF-bonds and other liabilities came to ISK 410 million this month, and prepaid mortgages amounted to ISK 1.9 billion.

Defaults

At the end of the July, mortgage defaults associated with privately owned homes came to ISK 5 billion with an underlying value of ISK 85.2 billion, or approximately 12.88% of HFF's loan portfolio on privately owned homes. This is a 0.04% decrease from the previous month. The default ratio this month was 1.75% lower than last month when defaults reached a peak. Homes in default numbered 4.482, thereof 627 homes with suspended mortgage payments. This means that 8.95% of homes with HFF mortgages were in default this month.

At the end of the month, defaults on mortgages associated with legal entities came to ISK 4.1 billion with an underlying value of ISK 31.1 billion. Hence, 20.96% of the loan portfolio to legal entities was in default, a decrease of 0.14% from the previous month, and 1% lower than in July 2012.

Defaults or payment suspensions amounted to 14.37% of the Fund's portfolio, compared to 15.97% in July 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)	1,8	0,1	0,6	0,7

HFF Auctions, Lending and Payments

Actual figures 2013	Forecast 3Q	Actual 3Q	Actual Jan-July
HFF bond issuance (NV)	0	0	0,0
New HFF lending	0	1,1	6,7
HFF total payments	0	0,4	42,6

HFF bond holders 31.7.2013	HFF14	HFF24	HFF34	HFF44
Banks and Savings banks	13,9%	2,3%	1,0%	0,9%
Individuals	4,2%	3,3%	1,5%	0,9%
Foreign Investors	13,2%	1,8%	1,8%	0,6%
Other Corporations	11,7%	4,4%	3,3%	0,5%
Credit Institutions	23,1%	5,9%	5,4%	3,3%
Pension Funds	4,1%	52,5%	68,2%	85,2%
Securities and Investment Funds	24,0%	24,0%	16,5%	6,9%
Others	5,7%	5,9%	2,4%	1,8%
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.

July 2013

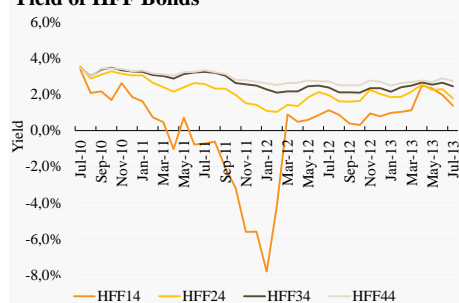
Summary

- New mortgages for privately owned homes amounted to ISK 800 million
- Prepayments amounted to ISK 1.9 billion
- Privately owned homes in default decreased remotely from last month
- 9% of homes are in default
- Total amount in default is ISK 9.1 billion, underlying loan amount equals 14.4% of loan portfolio
- HFF's appropriated properties numbered 2.578

HFF Lending Rate

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

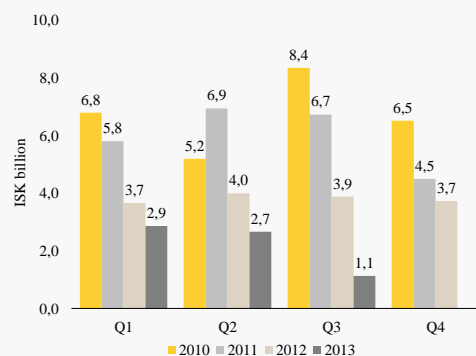
Yield of HFF Bonds



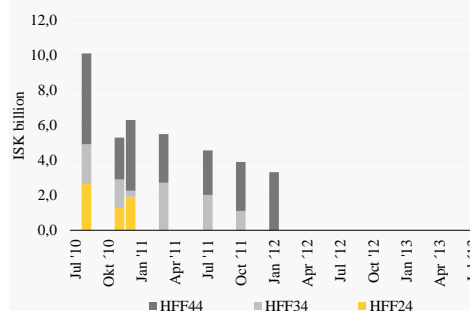
Series	May 2013	June 2013	July 2013	Duration	Face value	Outst.n.
HFF14	2,33%	1,98%	1,37%	0,6	70,0	12,2
HFF24	2,25%	2,30%	1,77%	5,1	164,0	104,9
HFF34	2,54%	2,66%	2,45%	9,6	175,3	141,3
HFF44	2,69%	2,89%	2,74%	13,5	273,1	241,4

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

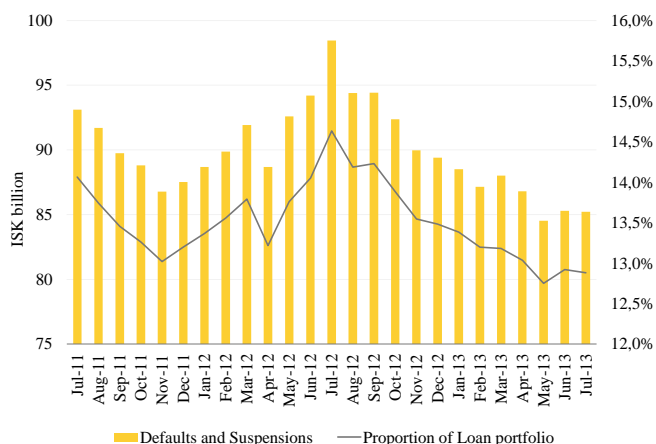
Total Lending by Quarter



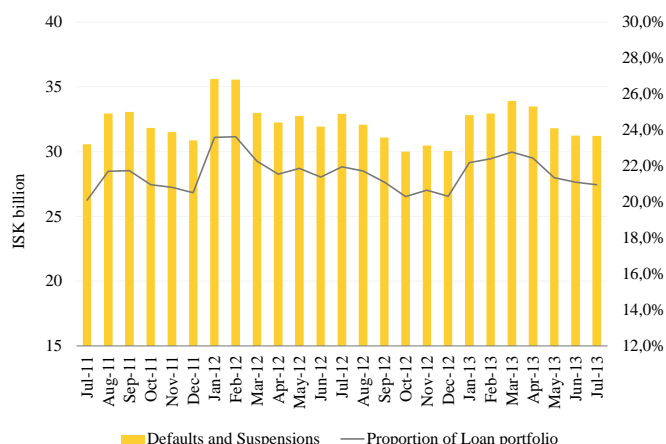
HFF Bond Auctions



Individuals - Defaults and Suspensions



Legal Entities - Defaults and Suspensions



HFF's Appropriated Property

Portfolio

At the end of July, HFF's appropriated properties throughout the country totaled 2,578, an increase of 35 since last month. Roughly half of these properties previously belonged to construction builders, rental associations or other legal entities.

A total of 1,197 properties were being rented throughout the country, 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.

A total of 283 properties were uninhabitable; most of them in the building process, and some old or in poor condition. However, uninhabitable properties are considerably fewer than last month.

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 127 properties, compared to 71 during the same time last year. A total of 702 have been sold since the beginning of 2008.

Out of HFF's 2,578 properties which the Fund owned by the end of July, 2,109 have so far either been rented, or are in the process of being sold. Additionally, 469 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, 31.7.2013

	Rented		Uninhabitable	In process	Total July '13	Total June '13
Capital Area	386	134	63	14	597	581
Southern Peninsula	299	384	126	8	817	813
Western Region	100	132	37	6	275	274
Westfjords	15	45	15	0	75	74
Northwestern Region	8	10	0	1	19	19
Northeastern Region	100	57	1	8	166	162
Eastern Region	119	132	11	3	265	259
Southern Region	170	152	30	12	364	361
Total	1,197	1,046	283	52	2,578	2,543
- Process of being sold	0	613	247	0	860	889
- Rented/other	1,197	0	0	52	1,249	1,234
Total unoccupied/ in process	0	433	36	0	469	420

Sold properties

