

Market news

Total lending by the HFF in May 2017 amounted to ISK 637m whereof 433m were mortgages for privately owned homes. In comparison, in April, these loans amounted to ISK 210m. The average amount of mortgages for privately owned homes was ISK 12.7m.

The yield of all classes of HFF bonds declined in May. The yield of HFF24 declined by 14 bp, HFF34 and HFF44 by 10 bp. The total turnover of HFF bonds amounted to ISK 6.8bn this month, compared to ISK 4.5bn in April 2017.

The HFF's payments due to HFF bonds and other liabilities amounted to ISK 353m in May. Prepayments amounted to ISK 4.8bn.

Development of delinquency

By the end of May, delinquent payments on loans to individuals amounted to ISK 1.2bn, with the underlying loan value around ISK 12,3bn or approximately 3.0% of HFF's loan portfolio to privately owned homes. There are 709 households currently in arrears. The amount of delinquent payments on loans to legal entities was around ISK 573m with an underlying loan value of ISK 2.1 bn. Thus 1.4% of the Fund's loans to legal entities are more than 90 days past due.

The total delinquent payments amounted to ISK 1.7bn at the end of the month compared to ISK 1.9bn at the end of April. Delinquency is a total of 2.6% of the Fund's loan portfolio. The corresponding percentage in May 2016 was 5.4%.

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

Outst. amount in the securities lending facility at the end of May

Series	HFF24	HFF34	HFF44
Outstanding amount (NV)	0,0	0,4	0,2

HFF Auctions, Lending and Payments

Actual figures 2017	Jan-May
HFF bond issuance (NV)	0,0
New HFF lending	4,4
HFF total payments	20,8

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

May 2017

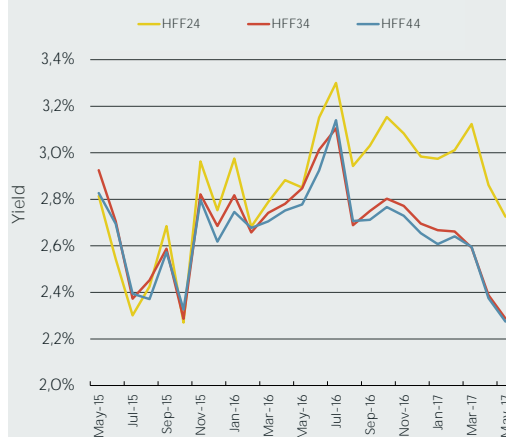
Summary

- Nearly 98% of households are performing on their loans
- Underlying loan value in arrears equals 2.6% of loan portfolio
- HFF's apartments numbered 553 whereof 323 apartments are rented out

HFF Lending Rate

4.20% fixed rate

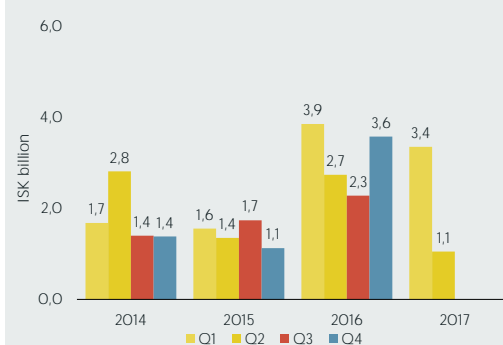
Yield of HFF Bonds



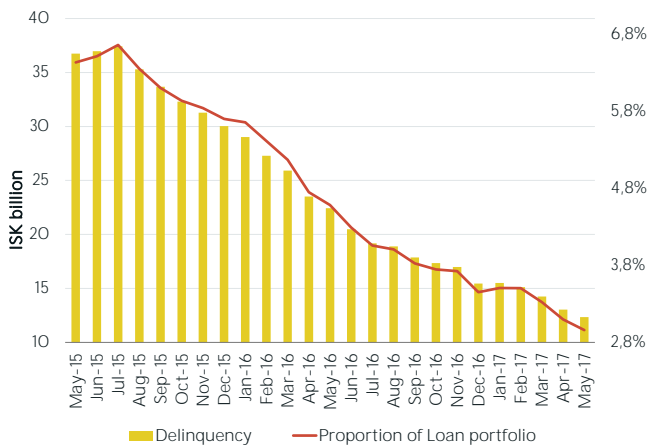
Series	Mar 2017	Apr 2017	May 2017	Duration	Face value	Outst.n. value
HFF24	3,12%	2,86%	2,73%	3,5	160,4	70,0
HFF34	2,59%	2,39%	2,29%	8,1	171,7	119,6
HFF44	2,60%	2,38%	2,27%	12,3	269,5	222,9

*Yield on the last trading day of each month
Duration (yrs) and class size (BISK) as of end of May 17
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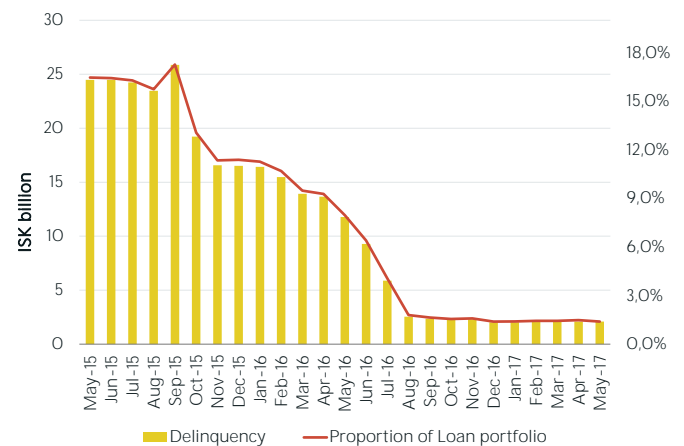
Total Lending by Quarter



Individuals - Delinquency



Legal Entities - Delinquency



HFF's Apartments held for sale

Property portfolio

The HFF owned 553 properties throughout Iceland by the end of May. Over the course of the month, the fund sold 22 property and 10 apartments were added to the HFF's portfolio. In addition, purchase offers for 47 properties have been accepted and bidders are currently engaged in financing the purchases.

Undergoing the sales process were 178 properties, most of which are already available for purchase, others are going through sales registration. A number of 323 apartments were rented throughout the country. A majority were rented to families and individuals who resided in the properties when the HFF acquired the properties.

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 to 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 May 514 properties or 93% of the HFF's portfolio have been rented or are undergoing the sales process or other procedures. A further 39 properties await assessment and will they either be rented out or go into sales process.

HFF's Property According to Regions and Status, 31.05.2017

	For sale	Rented	Empty	In process	Total May'17	Total Apr'17
Capital Area	27	58	10	5	100	102
Sth. Peninsula	16	96	3	3	118	118
Western Region	32	45	0	0	77	84
Westfjords	17	12	5	1	35	36
Northw. Region	8	3	0	1	12	13
Northe. Region	21	16	3	1	41	39
Eastern Region	39	28	4	0	71	74
Southern Region	18	65	14	2	99	99
Total	178	323	39	13	553	565

Sold properties

