

Market Developments

The Housing Financing Fund (HFF) issued roughly ISK 1 billion in mortgages this month. Of that amount, approximately ISK 700 million was for privately owned homes. In comparison, this amount was approximately ISK 2 billion in April of 2011. The average loan amount issued for privately owned homes came to around ISK 10 million. Total new mortgages issued so far this year amount to approximately ISK 3.7 billion compared to ISK 7 billion at the same time in 2011.

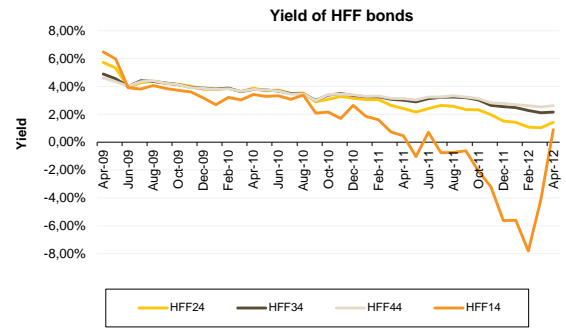
The Minister of Welfare, Guðbjartur Hannesson, has appointed Mr. Jóhann Ársælsson, a former member of the parliament, as chairman of HFF's Board of Directors. Mr. Ársælsson who has been a member of HFF's board since 2007, replaces Ms. Katrín Ólafsdóttir who recently resigned as chairman after taking a position at the Central Bank. The Minister also appointed Ms. Henny Hinz, an economist, as a board member and Ms. Steinunn Valdís Óskarsdóttir, a specialist at the Ministry of the Interior, as an alternate board member.

The Fund has issued 397 mortgages this year compared to 702 for the same period in 2011, a decrease of approximately 43%.

The yield on HFF14 and HFF24 fell this month, 41 and 7 basis points respectively. The yield on HFF 34, however, remained unchanged and HFF44 rose 1 basis point.

The total turnover of HFF bonds reached approximately ISK 18.6 billion this month, compared to roughly ISK 95 billion in March.

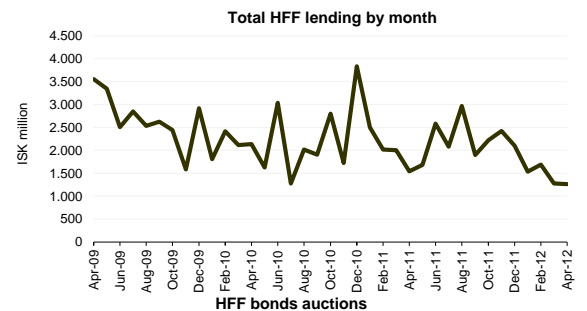
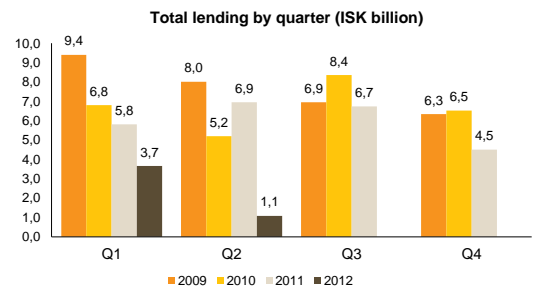
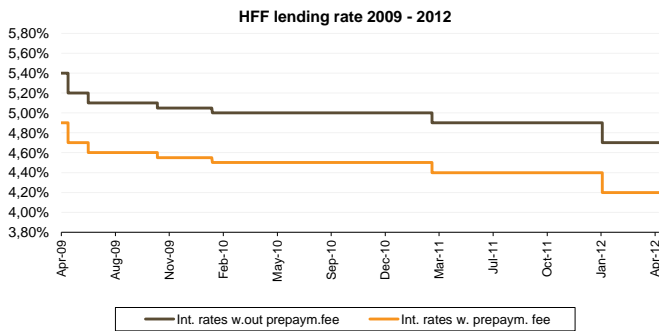
The Fund's amortization payments on HFF-bonds and other liabilities came to roughly ISK 8.7 billion million this month. Prepaid mortgages amounted to ISK 1.7 billion.



Series	Feb. 2012	Mar. 2012	Apr. 2012	Duration	Face value	Outst. n. value
HFF14	-4,14%	0,90%	0,49%	1,5	70,7	20,2
HFF24	1,04%	1,42%	1,35%	6,0	164,2	112,6
HFF34	2,11%	2,17%	2,17%	10,1	176,3	148,6
HFF44	2,54%	2,63%	2,65%	13,9	274,5	248,7

*Yield on the last trading day of each month
Duration (yrs) and class size (MISK) as of end of April '12
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.

HFF-bond holders (end of month)	Sept. 2011	April 2012
Pension Funds	62,2%	61,7%
Securities and Investment Funds	11,5%	13,8%
Foreign Investors	8,0%	8,6%
Credit Institutions	4,5%	4,8%
Other Corporations	3,5%	3,6%
Individuals	3,5%	2,9%
Banks and Savings Banks	3,7%	1,6%
Others	3,3%	3,0%



HFF Auctions, Lending and Payments

Actual Figures 2012

Billion ISK	Forecast		Revised forecast		Actual Januar
	Q2	Actual Q2	2012	2012	April 2012
HFF bond issuance*	6 - 7	0,0	24 - 30	24 - 30	3,3
New HFF lending	4 - 6	1,1	15 - 21	15 - 21	4,7
HFF total payments	19 - 21	8,7	54 - 60	54 - 60	28,3

*Nominal value

Revised forecast 2012

Billion ISK	2Q	3Q	4Q	Total
	HFF bond issuance (Mv)	9 - 11	6 - 8	9 - 11
HFF bond issuance (Nv)	6 - 7	4 - 6	6 - 7	16 - 20
New HFF lending	4 - 6	6 - 8	5 - 7	15 - 21
HFF total payments	19 - 21	16 - 18	19 - 21	54 - 60

