

Market Developments

The Housing Financing Fund (HFF) issued almost ISK 1.9 billion in mortgages this month. Of that amount, approximately ISK 1.3 billion was for privately owned homes. In comparison, this amount was approximately ISK 1.7 billion in June of 2011. The average loan amount issued for privately owned homes in June came to around ISK 10.3 million.

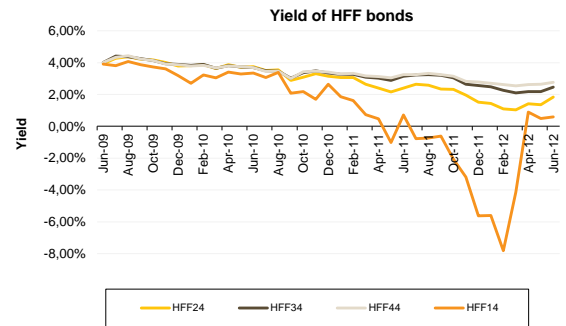
The Consumer Price Index (CPI) based on prices in June 2012 increased by 0.50% since May (0.61% less housing cost). In the last 12 months the CPI rose 5.4%, and 5.5% less housing cost. In the last 3 months the CPI increased by 1.3% which is equivalent to an annual inflation rate of 5.2%.

The Fund has issued a total of 611 mortgages for privately owned homes this year, compared to 1.119 for the same period in 2011.

The yield on HFF14, HFF24 and HFF34 increased by 4 – 30 basis points this month. HFF44 declined 2 basis points since last month. Since the beginning of the year, the yield on all HFF bond series has risen; HFF14 by 6.46%, HFF24 by 0.71%, HFF34 by 0.01% and HFF44 by 0.05%.

The total turnover of HFF bonds reached approximately ISK 51.2 billion this month, compared to roughly ISK 58.2 billion in May 2012.

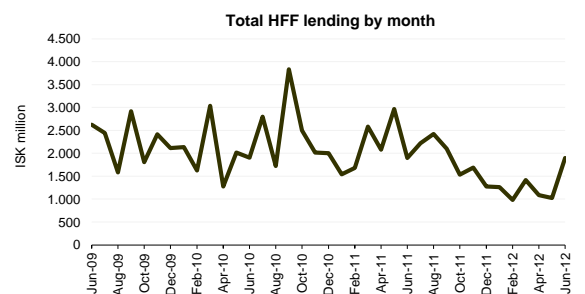
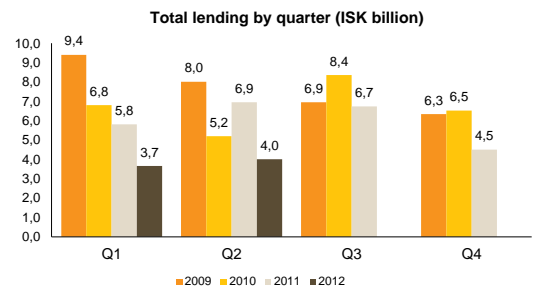
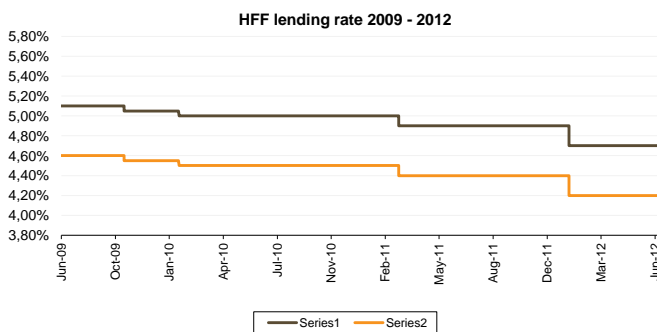
The Fund's amortization payments on HFF-bonds and other liabilities came to almost ISK 12.1 billion in June and prepaid mortgages amounted to ISK 1.5 billion.



Series	Apr. 2012	May 2012	June 2012	Duration	Face value	Outst. n. value
HFF14	0,49%	0,59%	0,86%	1,2	70,7	20,2
HFF24	1,35%	1,84%	2,14%	5,6	164,2	112,6
HFF34	2,17%	2,46%	2,50%	10,1	176,3	146,5
HFF44	2,65%	2,77%	2,75%	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	June 2012
Pension Funds	62,2%	61,9%
Securities and Investment Funds	11,5%	13,9%
Foreign Investors	8,0%	6,6%
Credit Institutions	4,5%	5,5%
Other Corporations	3,5%	3,8%
Individuals	3,5%	2,9%
Banks and Savings Banks	3,7%	2,2%
Others	3,3%	3,2%



HFF Auctions, Lending and Payments

Actual Figures 2012

Billion ISK	Forecast		Revised forecast		Actual January June 2012
	Q2	Actual Q2	Q2	2012	
HFF bond issuance*	6 - 7	0,0	24 - 30		3,3
New HFF lending	4 - 6	4,0	15 - 21		7,7
HFF total payments	19 - 21	9,4	54 - 60		41,1

*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

